reach
people
subscribers
readers
consumers

News Corporation
Producing and distributing the most compelling content
to the farthest reaches of the globe.
The News Corporation Limited
as of June 30, 2001

Revenues by Industry Segment 2001

- Filmed Entertainment
- Television
- Cable Network Programming
- Magazines/Inserts
- Newspapers
- Book Publishing
- Other

Operating Income by Industry Segment 2001

- Filmed Entertainment
- Television
- Cable Network Programming
- Magazines/Inserts
- Newspapers
- Book Publishing
- Other

The News Corporation Limited
as of June 30, 2001

18%
7%
4%
11%
27%
26%
7%
14%
29%
7%
-4%
16%
32%
6%

Television
United States
FOX Broadcasting Company (a)
Fox Television Stations (a)
WNYW New York, NY
KTTV Los Angeles, CA
WFLD Chicago, IL
WTXF Philadelphia, PA
WFXT Boston, MA
KDFW Dallas, TX
KDFI-TV Dallas, TX
WTTG Washington, DC
WJBK Detroit, MI
WAGA Atlanta, GA
KRIV Houston, TX
WTVT Tampa, FL
WJW Cleveland, OH
KSAZ-TV Phoenix, AZ
KDVR Denver, CO
KTVI St. Louis, MO
WDAF-TV Kansas City, MO
WITI Milwaukee, WI
KSTU Salt Lake City, UT
WBRC Birmingham, AL
WHBQ-TV Memphis, TN
WGHP Greensboro, NC
KTBC Austin, TX
Chris-Craft (10 stations) (c)
Twentieth Television (a)
Echostar Communications Corporation (5%)

United Kingdom and Europe
British Sky Broadcasting (36.3%)
Stream (50%)
Balkan News Corporation

Asia (except Japan)
STAR
Channel [V] Music Networks Limited Partnership (87.5%)
Phoenix Satellite Television Holdings Limited (37.6%)
ESPN STAR Sports (50%)
VIVA Cinema (50%)
Asia Sports Group Limited (20%)

Japan
SKY PerfecTV! (8.1%)
News Broadcasting Japan (80%)
JSky Sports (14.3%)
Sky Movies Corporation (50%)
Nihon Eiga Satellite Broadcasting (15%)

Latin America
Canal Fox (a)
Sky Latin America DTH Platforms
Mexico - Innova (30%)
Brazil - NetSat (36%)
Sky Multi-Country Partners (30%)
Telecine (b) (12.5%)
Cine Canal (b) (22.5%)

Australia and New Zealand
FOXTEL (25%)
Fox Sports Australia (50%)
Sky Network Television (29.5%)

Filmed Entertainment
United States
Fox Filmed Entertainment (a)
Twentieth Century Fox Film Corp
Fox 2000 Pictures
Fox Searchlight Pictures
Fox Music
Twentieth Century Fox Home Entertainment
Twentieth Century Fox Licensing and Merchandising
Fox Interactive
Twentieth Century Fox Television
Fox Television Studios
Regency Television (b) (50%)
Blue Sky Studios

Australia
Fox Studios Australia (b) (50%)

Mexico
Fox Studios Baja (a)
The words "expect", "estimate", "anticipate", "predict", "believe" and similar expressions and variations thereof are intended to identify forward-looking statements. These statements appear in a number of places in this document and include statements regarding the intent, belief or current expectations of The News Corporation Limited, its Directors or its Officers with respect to, among other things, trends affecting the group's financial condition or results of operations. Readers of this document are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties. The Company does not ordinarily make projections of its future operating results and undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.
## Financial Highlights

(in Millions of Australian Dollars except for Earnings Per Share)

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<thead>
<tr>
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<td>$2,121</td>
<td>$2,212</td>
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<td>$2,020</td>
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Income before abnormal items:

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<tr>
<td>United States</td>
<td>$1,282</td>
<td>$1,259</td>
<td>$1,471</td>
<td>$1,800</td>
<td>$1,295</td>
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<tr>
<td>United Kingdom</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Australasia</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>$1,282</td>
<td>$1,259</td>
<td>$1,471</td>
<td>$1,800</td>
<td>$1,295</td>
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Net Income:

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<tr>
<td>United States</td>
<td>$(746)</td>
<td>$1,921</td>
<td>$1,088</td>
<td>$1,682</td>
<td>$720</td>
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<tr>
<td>United Kingdom</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Australasia</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>$(746)</td>
<td>$1,921</td>
<td>$1,088</td>
<td>$1,682</td>
<td>$720</td>
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Earnings per share:

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<tr>
<td>Income before abnormal items</td>
<td>$0.30</td>
<td>$0.30</td>
<td>$0.37</td>
<td>$0.46</td>
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<tr>
<td>Net income</td>
<td>$(0.19)</td>
<td>$0.47</td>
<td>$0.27</td>
<td>$0.43</td>
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## Financial Position

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<td>Assets</td>
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<td>$54,484</td>
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<td>$14,422</td>
<td>$11,339</td>
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Final worldwide listing 8/28/01 1:17 PM  Page 4
# Financial Highlights

*(in Millions of U.S. Dollars except for Earnings Per ADR)*

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</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>United States</td>
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<td>$10,507</td>
<td>$10,106</td>
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<td>$7,837</td>
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<td>2,270</td>
<td>2,227</td>
<td>2,097</td>
<td>2,077</td>
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<tr>
<td>Australasia</td>
<td>1,241</td>
<td>1,374</td>
<td>1,252</td>
<td>1,255</td>
<td>1,302</td>
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<tr>
<td><strong>Total Revenues</strong></td>
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<td>$14,151</td>
<td>$13,585</td>
<td>$12,841</td>
<td>$11,216</td>
</tr>
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| **Earnings before interest, taxes, depreciation and amortization (EBITDA)** |       |       |       |       |       |
| United States       | $1,329 | $1,338 | $1,380 | $1,423 | $986  |
| United Kingdom      | 551    | 562    | 478    | 491    | 453   |
| Australasia         | 170    | 184    | 177    | 161    | 136   |
| **Total EBITDA**    | $2,050 | $2,084 | $2,035 | $2,075 | $1,575 |

| **Income before abnormal items** |       |       |       |       |       |
| $691  | $794  | $917  | $1,220 | $1,009 |

| **Net Income** |       |       |       |       |       |
| $(445) | $1,213 | $678  | $1,140 | $561  |

| **Earnings per ADR** |       |       |       |       |       |
| Income before abnormal items | $0.64 | $0.77 | $0.92 | $1.26 | $1.18 |
| Net income | $(0.46) | $1.18 | $0.67 | $1.17 | $0.64 |

| **Financial Position** |       |       |       |       |       |
| Assets | $42,999 | $39,279 | $35,697 | $33,012 | $31,019 |
| Total Debt | $9,517 | $9,242 | $8,708 | $8,738 | $8,504 |

---

**Revenues by Geographic Segment 2001**

- **United States:** 75%
- **United Kingdom:** 16%
- **Australasia:** 9%
Chief Executive’s Review

There is no greater measure of a person or a company than the ability to grow stronger in the face of adversity.

In fiscal 2001, News Corporation encountered worldwide challenges – a global economic downturn, the consequent fall in advertising spending, currency fluctuations in key markets – and met them with success.

Our success this past year came not from any new strategy or venture but from a diligent focus on the Company’s core strengths: the fundamental skills and assets that have made News Corporation one of the world’s major media companies.

We turned to our strength in filmmaking and released some of the year’s most successful motion pictures, including the record-breaking X-Men and Cast Away, the internationally celebrated Moulin Rouge and, shortly after the end of the fiscal year, Planet of the Apes.

We demonstrated our strength in television production by creating more series for U.S. primetime television than any competitor, becoming the only studio to supply top-quality programming to all six major broadcast networks.
And we increased the strength of our own television platforms as the FOX network achieved its most competitive season ever, FX and Fox News Channel enjoyed breakout success on cable and STAR and BSkyB expanded and improved their satellite operations across Asia and Europe.

Meanwhile, our print businesses – chiefly newspapers, book publishing and consumer promotions – maintained their leadership in highly competitive markets.

Overall, our results for fiscal 2001 were slightly lower than the previous year, with revenues of US$13.8 billion and operating income of US$1.67 billion. I would have preferred that both figures be far higher and, if not for deteriorating economic conditions in key markets, I am certain they would have been.

World economic downturns are, of course, beyond our control. I am pleased to report, however, that in fiscal 2001 we made the very most of the factors we could control: our world-class creative content and its delivery to big screens, small screens and onto the printed page. Allow me to detail the impressive progress at our existing businesses as well as several important acquisitions and divestments we made during the past year.

Our Filmed Entertainment segment enjoyed an excellent year, more than doubling its operating income to US$271 million. Those results were driven by the record-breaking theatrical releases of X-Men and Cast Away; by the solid and steady success of motion pictures like What Lies Beneath, Dr. Dolittle 2 and Moulin Rouge; and by popular low-budget and niche films like Dude, Where’s My Car? and Quills.

But the box office success of these films was only the beginning of their profitability. More and more profits are flowing to our bottom line from the DVD and video sales of our recent releases and from our worldwide film library. In fiscal 2001, Twentieth Century Fox Home Entertainment achieved US$1 billion in net sales for the first time ever. These DVD and video sales provide a steady revenue stream that counters much of the famous volatility of the movie business.

Our expanding Twentieth Century Fox Television (TCFTV) division reinforced its position as the leader in television production as it created more primetime series for U.S. networks than any other studio. TCFTV produced three of the four biggest new hits last season – Dark Angel and Boston Public for FOX and Yes, Dear for CBS – in addition to signing significantly more favorable licensing agreements for Buffy the Vampire Slayer and Dharm and Greg. Crucially, many of TCFTV’s shows have become long-running hits, setting them up for sales into the lucrative syndication market. Of the 16 TCFTV shows that are returning this season, fully half will have entered the syndication market by fiscal 2003, and the remaining eight series are leading prospects to feed the highly profitable syndication pipeline in subsequent years.

In the Television segment, the FOX network engineered a pleasing turnaround. After faithfully working to rebuild its programming lineup, FOX posted the most growth among total viewers of any network during the year. FOX finished the season only three-tenths of a ratings point behind first-place NBC while winning the battle for viewers in the important young adult, male and teen demographics. Nominated in 2001 for a record 40 Emmy Awards, FOX has launched four new hit series in the past two seasons – Malcolm in the Middle, Titus, Boston Public and Dark Angel – and is earning widespread critical acclaim for its upcoming slate of shows in 2001-2002.
Meanwhile, our increasingly valuable U.S. cable networks continued to make dramatic gains. FX, our general entertainment channel, emerged as cable television’s fastest-growing network. Our decision to air NASCAR auto racing on FX proved a major ratings winner. And Fox News Channel graduated from promising upstart to the industry’s brightest star as it celebrated its first full fiscal year of profitability. Fox News regularly beat CNN in ratings while increasing its subscriber numbers to nearly 68 million.

In addition, the Company launched the National Geographic Channel in partnership with National Geographic Television in January. Instantly available to 10 million cable subscribers in the U.S., the channel – whose brand and outstanding programming are world-famous – secured additional cable launch commitments that will increase its penetration to more than 35 million homes by 2005.

In Asia, STAR increased its operating income by nearly 24 percent on the strength of advertising gains across its Asian markets – particularly in India, where STAR Plus broadcast the vast majority of the country’s most popular shows. Led by STAR Plus’s remarkable advertising gains and threefold increase in viewers, results increased substantially across STAR’s businesses. During the year, STAR also continued its powerful expansion with two pioneering investments in Asia’s cable industry: the acquisition of a 26 percent stake in Hathway Cable, India’s second-largest cable network; and a partnership with Taiwan’s KOOs Group to create the region’s first interactive digital cable TV platform.

In the UK, BSkyB achieved 25 percent revenue growth as its direct-to-home (DTH) subscriber base increased to 5.5 million. Just as encouraging was the 7 percent rise in annual revenue per subscriber (ARPU), while DTH churn declined to 10 percent. With a full 97 percent of its service now digital, BSkyB is well-positioned to turn off its analog service and see even greater increases in the all-important ARPU – already growing ahead of predictions – that will ensure revenue growth and profits in the future.

HarperCollins acquired and incorporated one of the most prestigious publishing houses in the U.K., Fourth Estate, in addition to earning greater profits and posting more bestsellers than ever.

And our newspapers, including some of the best-known mastheads in the world, maintained their circulations and market shares despite difficult economic conditions. Record sterling profits at the UK newspapers and continued strength at the top of the Australian market were a tribute to News Corporation’s nearly 50 years of excellence in the newspaper industry.

Of course, the year was not without its disappointments, in particular the underperformance of our new media businesses. News Corporation was not immune to the widely-lamented downfall of the dot-coms, and along with other media companies we were forced to consolidate or close several of our Internet-related operations during the year.

Yet I’m pleased to report that these investment failures were more than matched by a series of strategic acquisitions and divestments that better equip the Company to compete in the future.

In May 2001, the Company acquired an additional 17 percent interest in Gemstar-TV Guide International from Liberty Media, making News Corporation the largest shareholder in the world’s leading provider of interactive programming guides. An increasingly vital tool in the digital television age, Gemstar’s interactive programming guides (IPGs) were made available in more than 12 million American homes by the end of the fiscal year. New long-term
agreements with a half-dozen cable television companies in the U.S. ensure that the reach and the value of our IPGs will increase with the growth of interactive television.

Shortly after the end of the fiscal year, News Corporation finalized its acquisition of the 10 U.S. television stations formerly owned by Chris-Craft Industries. While our station group has been a leading profit engine for the Company for years, these additional stations significantly expand our presence in the top 10 television markets in the country. As a result of the acquisition and subsequent station swaps with ClearChannel Communications and Viacom, we will also enjoy the benefits of seven duopolies in the U.S. Fox Television Stations will own two stations in New York, Los Angeles, Dallas, Houston, Washington, Phoenix and Minneapolis, enabling significant operational cost savings and additional opportunities for advertisers.

Also following the close of the fiscal year, News Corporation and our partner Saban Entertainment announced the sale of Fox Family Worldwide to Walt Disney Company for approximately US$5.3 billion, including the assumption of approximately US$2.3 billion in debt. We are proud to have helped build Fox Family into a valuable global franchise, and pleased with our earnings and cash proceeds from the sale of this powerful asset.

In addition, News Corporation announced the merger of Stream, our Italian pay TV operations, with Telepiu, owned by Vivendi Universal’s Canal+. The resulting company, to be called Telepiu, will be one-quarter owned by News Corporation. If approved by Italian and E.U. regulatory authorities, the merger would mean considerable savings for News Corporation as we compete with new efficiency for the potentially immense rewards of the Italian pay TV market.

Yet far and away the Company's most exciting development – and the one that kept us busiest in fiscal 2001 – was that of Sky Global Networks, our worldwide network of satellite pay TV operations and related assets. Sky Global is a truly global collection of locally powerful television providers, one we plan to build into the largest distribution platform in the world. Shortly after the end of the fiscal year, we entered formal negotiations with General Motors and its subsidiary, Hughes Electronics, to merge Sky Global with Hughes. At the time of writing, these negotiations remain difficult and inconclusive. Regardless of the outcome, we will maintain our long-term plan to become a major force in television distribution as well as production.

Our company has been built by a worldwide team of people and businesses with an awesome ability to adapt and excel. To evolve as quickly and successfully as our company has for nearly five decades requires a workforce of exceptional talent. And turning around underperforming operations, maintaining leadership positions in fiercely competitive markets and rapidly integrating new assets requires employees with uncommon dedication. Every day, the employees of News Corporation's companies are asked to excel, and every day they do so with great – and growing – success.

I am extremely grateful, this year and every year, to the men and women of News Corporation who work so hard to please our customers around the world and to increase the value of our company for you, our shareholders. I look forward with all shareholders and employees of the Company to a future of even greater reward.
Our leading film and television studios reach hundreds of millions of people around the world.
News Corporation’s filmed entertainment division has released some of the most successful motion pictures of all time and produces more shows for primetime television than any other studio. Encompassing both the film and television production industries, the segment’s hit movies and top-rated TV series highlighted the strength of News Corporation’s creative content in fiscal 2001.

Fox Filmed Entertainment released 21 motion pictures during the fiscal year – 14 produced by Fox’s mainstream units and released by Twentieth Century Fox, five produced and released by Fox Searchlight Pictures and two co-produced with the partly-owned New Regency Films – as the film division’s operating income soared over the previous year’s.

The year opened with the record-breaking release of X-Men, which grossed approximately US$300 million in domestic and international box office revenues. What Lies Beneath, a co-production with DreamWorks, was released in July and grossed US$267 million worldwide. In December the teen hit Dude, Where’s My Car? earned box office receipts that were virtually three times its modest budget; yet that success was eclipsed by the phenomenal performance of Cast Away, another joint venture with DreamWorks, which shattered the record for Christmas weekend openings in the U.S before earning more than US$425 million at the box office worldwide. Cast Away was one of the year’s biggest hits, earning Tom Hanks an Oscar nomination for best actor and making Robert Zemeckis (who also directed What Lies Beneath) the first filmmaker in history with two US$100 million-grossing pictures in the same year. And Moulin Rouge, starring Nicole Kidman and produced in the Company’s Australian studios, premiered at the Cannes Film Festival in May before generating steady revenues at cinemas around the world.

Meanwhile, Monkeybone and Say It Isn’t So were released during the third quarter to disappointing box office results.

Soon after the end of fiscal 2001, Twentieth Century Fox released a slate of successful films. In July, Dr. Dolittle 2 generated strong box office receipts and Planet of the Apes enjoyed the biggest opening ever for a non-holiday weekend, grossing more than US$69 million.

Fox Studios Australia, a 50/50 joint venture with Lend Lease, had a busy fiscal year in Sydney. In addition to director Baz Luhrmann’s Moulin Rouge, the studio produced Star Wars Episode Two, Jerry Bruckheimer’s Down and Under, The Quiet American, and the landmark international television series Crash Palace. In its first full year open to the public, the studio’s cinema, retail and dining precinct drew more than five million visitors.
An increasingly important – and reliably profitable – part of the Company’s film operations is its video and DVD business, **Twentieth Century Fox Home Entertainment**. In fiscal 2001, Twentieth Century Fox Home Entertainment earned more than US$1 billion in net revenues as profits climbed to record levels for the fourth consecutive year. *X-Men* grossed US$137 million on video and DVD during the fiscal year, and *Cast Away* shot to number one in its June debut, selling over one million DVDs in its first 48 hours. DVD revenues were strong throughout the year, fueled by such million-unit sellers as *Fight Club, Big Momma’s House, Me, Myself & Irene* and *Men of Honor.*

**Twentieth Century Fox Home Entertainment International** achieved the biggest rental year in its history, increasing its revenues by nearly 19 percent on the strength of successful titles like *X-Men, Fight Club, The Beach* and *Me, Myself & Irene.*

In television production, **Twentieth Century Fox Television** produced three of last season’s four new hits on the U.S. networks: *Dark Angel* and *Boston Public,* the year’s top two new dramas, for FOX; and *Yes, Dear,* CBS’s strongest new series. For the second consecutive year, Twentieth Century Fox Television was the number one supplier of primetime shows to U.S. broadcast networks – and the studio’s dominance continues for a third year in the 2001-2002 season, for which the studio is supplying an industry-record 24 series. Twentieth Century Fox Television is the only television studio supplying programming to all six major U.S. broadcast networks.

Twentieth Century Fox Television made several significant licensing deals during fiscal 2001, including the licensing of *Buffy the Vampire Slayer* to UPN for two years at US$2.3 million per episode (an increase of US$1.2 million a show) and the one-year renewal of ABC’s rights to *Dharma & Greg* at US$2 million per episode (up from US$1.1 million a show). In the next two calendar years, Twentieth Century Fox Television will deliver six shows into U.S. syndication, feeding a profitable syndication pipeline and reinforcing the studio’s stature as one of the most successful television program producers in history.

**Fox Television Studios,** the Company’s integrated collection of independently-run production houses, delivered 64 hours of primetime programming to major U.S. networks in fiscal 2001, a 15 percent increase over the previous year. Fox Television Studios’ two main production units, **Regency Television** (a joint venture with New Regency Entertainment) and the **Greenblatt Janollari Studio,** have produced six successful broadcast network series – including *Malcolm in the Middle,* which was nominated for eight Emmy Awards and won a Peabody Award in 2001.

**Twentieth Century Fox International Television** enjoyed its sixth consecutive year of record revenues, bolstered by the unprecedented performance of *Titanic,* while increasing television series sales and solid feature film sales in the U.S. market. New output deals, like the ones recently concluded in Japan and Australia for pay TV and in Brazil and Japan for broadcast TV, ensure robust revenue streams for the company in future years.
Our television platforms reach three-quarters of the earth’s population.
Television

Spanning the planet, pioneering the industry’s most innovative technologies and broadcasting popular news, sports and entertainment to three-quarters of the world’s population, News Corporation’s television operations are without equal. The Company is an international leader in satellite and digital television, and its broadcast network and station group give News Corporation an increasingly powerful television presence in the U.S.

At the FOX Broadcasting Company, fiscal 2001 marked the most competitive season in the network’s history. FOX finished a close second in the key demographic of adults 18-49, up from its third-place finish the year before, while ranking number one among young adults, teens and male viewers. The network’s 40 Emmy nominations were the most ever garnered by FOX, and its success in launching four new hit series in the past two seasons – Malcolm in the Middle, Titus, Boston Public and Dark Angel – was unmatched by any other network.

FOX’s 7 percent ratings improvement among total viewers, the most growth of any U.S. broadcast network, was driven by the strong performance of both new and established shows. Boston Public and Dark Angel were the top two new dramas on television while mid-season hit Grounded for Life was the highest-rated new comedy on any network among teens. Boston Public, That ’70s Show, The X-Files and the perennially popular Police Videos, Cops and America’s Most Wanted all consistently won their time slots. FOX reigned on weekends, ranking number one among young adults on Friday nights, number one among key adult demographics on Saturday nights, and number one among key adult and teen demographics on Sunday nights with its lineup.
of Futurama, King of the Hill, The Simpsons, Malcolm in the Middle and The X-Files. In its 12th season, The Simpsons ranked among the top 10 most-watched primetime programs and posted significant gains over its ratings of the previous year.

In July 2001, News Corporation completed its purchase of the 10 stations owned by Chris-Craft Industries, giving the Company one of the strongest television station groups in the U.S. These new properties of the Fox Television Stations group – the most profitable of News Corporation’s television businesses in fiscal 2001 – create duopolies in the nation’s largest markets of New York and Los Angeles, resulting in more programming options, premium advertising rates, and operating cost efficiencies.

Sky Global Networks, comprising the majority of the Company’s international satellite television platforms and related assets, was formed shortly before the start of fiscal 2001. During the year, Sky Global entered negotiations with General Motors and its subsidiary Hughes Electronics, owner of U.S. satellite television provider DirecTV and other assets, with a view to merging Sky Global with Hughes. Such a merger would create a network of satellite television operations that would reach customers throughout much of the world.
In the UK, News Corporation’s 36.3 percent-owned BSkyB increased its revenues by 25 percent and operating profit by 88 percent while adding nearly a million direct-to-home (DTH) subscribers. Following the successful migration of subscribers from analog to digital service, 97 percent of BSkyB’s subscribers were digital by the end of the fiscal year, positioning the company to benefit from the greater efficiency and revenues of a fully digital service. BSkyB’s annual revenue per user rose 7 percent while DTH churn declined to 10 percent, indicating strong customer satisfaction. With more than 240 channels available via digital satellite – including 22 wholly-owned channels, 16 joint venture channels, 68 third-party channels, 82 audio music and radio channels and 37 free-to-air channels – BSkyB offered a broader choice to more viewers than ever before.

STAR, News Corporation’s pan-Asian television operation, enjoyed revenue growth exceeding 60 percent, driven by strong advertising gains throughout STAR’s broadcast region and by the success of its programming in India. At the end of the fiscal year, STAR was broadcasting 39 of India’s top 50 shows, having increased its advertising revenue in that country by 139 percent. STAR Plus, STAR’s flagship Hindi general entertainment channel, was the country’s number
one cable channel, quadrupling its audience over the prior year. Across Asia, in markets ranging from the Middle East to Pakistan to Singapore, an average of 63 million viewers watched STAR every day.

The evolution of STAR (formerly STAR TV) was evident not only in the success of its core television broadcasting business but in the company’s expansion into cable distribution and FM radio. In fiscal 2001, STAR made two landmark investments in Asia’s cable industry. In September 2000, the company acquired 26 percent of Hathway Cable, India’s second-largest cable network reaching 2.5 million homes. In May 2001, STAR forged an agreement with Taiwan’s KOOs
Group to create **China Network Systems**, 20 percent owned by STAR, making Taiwan a regional pioneer in interactive digital cable TV. Shortly after the fiscal year ended, STAR teamed with Music Broadcast Private Limited to launch **Radio City**, India’s first licensed commercial FM radio station, in Bangalore. Five more FM radio stations are expected to be launched in Mumbai, Delhi, Patna, Nagpur and Lucknow during fiscal 2002.

In China, the **Phoenix Chinese Channel**, 37.6 percent owned by STAR, remained the number one international television channel in China, reaching more than 42 million homes. In January 2001, **Phoenix Satellite Television Holdings** launched two new channels – **Phoenix InfoNews Channel**, the first satellite channel to deliver 24-hour news programming in Mandarin, and **Phoenix North America Chinese Channel**, providing news, drama and lifestyle programs 24 hours a day to Chinese communities in the U.S.

China’s **Channel [V]**, 87.5 percent owned by STAR, increased its audience and bolstered its status as one of the country’s most popular television platforms. In January 2001, the seventh annual Channel [V] Chinese Music Awards ceremony more than doubled its viewership over the year before, reaching an audience of nearly 90 million people.

**FOXTEL**, Australia’s leading pay TV operator and 25 percent owned by News Corporation, increased revenues and subscribers, reaching more than half the country’s pay TV homes. FOXTEL expanded its channel lineup and launched a range of new programs during the fiscal year, including the first worldwide pay TV drama series, **Crash Palace**, to be aired by FOXTEL in Australia, TV3 in New Zealand, BSkyB in the UK and News Corporation’s international entertainment channels in Spain, Latin America and Japan.

In Bulgaria, the start-up **Balkan News Corporation** was a groundbreaking success. Launched in November, the unit’s television station, bTV, quickly developed a popular and politically independent programming schedule and became operationally profitable before the end of fiscal 2001.

After the fiscal year ended, News Corporation announced it would merge **Stream**, the Company’s 50 percent-owned Italian pay TV operator, with Telepiu. The resulting entity, to be called Telepiu, will be one-quarter controlled by News Corporation. The merger is subject to Italian regulatory approval.
Our fast-growing cable operations reach more than 400 million subscribers.
News Corporation’s cable network operations have grown at an extraordinary pace to produce strong revenues, industry-altering channels and some of the most popular programming on cable television.

**Fox Cable Networks Group**, which includes all of News Corporation’s cable programming operations except **Fox News Channel**, posted substantial gains in subscribers, ratings and revenue during the past fiscal year.

**FX**, one of cable television’s few general entertainment networks, emerged as the fastest-growing network on cable, producing record revenue and profit growth for the fiscal year. FX’s subscribers increased by 36 percent as the channel reached more than 66 million homes in the U.S. FX’s success was built on its original comedy series, exclusive made-for-television movies and NASCAR auto racing, which drove the network’s ratings in May 2001 up 121 percent over the prior year.
Fox Sports Net, the Company’s 21 regional sports networks, continued to dominate the local sports television market. During the fiscal year, Fox Sports Net launched its increasingly popular *Local Sports Report*, whose ratings rose 60 percent after moving to primetime in April.

In its fifth year of operation, Fox News Channel celebrated its first full year of profitability while expanding its subscriber base from 50 million to almost 68 million subscribers. For the past two fiscal years, Fox News Channel was the fastest-growing cable news network; in fiscal 2001 that momentum carried the channel to new heights as Fox News beat CNN’s ratings in five out of the last six months of the year. Fox News Channel’s primetime and 24-hour ratings more than doubled, putting the channel in an excellent position to become the leader in cable news.

The strength of its NASCAR programming led the Company to announce that it would increase its 32 percent stake in racing channel Speedvision to 85 percent in July 2001. It is expected that the acquisition will be made virtually cash-free by the exchange of the Company’s minority investments in The Golf Channel (exchanged in fiscal 2001) and Outdoor Life Network (to be exchanged in fiscal 2002) for stakes
Ownership of Speedvision will enable the Company to maximize the value of its long-term commitment to NASCAR by using a cable platform with 40 million subscribers.

In January 2001, the Company and its partner, National Geographic Télévision, launched the **National Geographic Channel** into approximately 10 million American homes. Since then, the channel has secured commitments to expand to 35 million homes within the next four years.

Shortly after the end of the fiscal year, News Corporation and Haim Saban, Chairman and Chief Executive Officer of **Fox Family Worldwide**, announced their agreement to sell Fox Family Worldwide to Walt Disney Company for approximately US$5.3 billion, including the assumption of approximately US$2.3 billion in debt. Excluded from this transaction was **Fox Kids Network**, a leading children's broadcast television network, which News Corporation agreed to acquire in full.

The Company’s world-famous **Los Angeles Dodgers** baseball team drew more than three million fans to Dodger Stadium for the fifth consecutive year and for the 15th time in its history, a Major League Baseball record.

Meanwhile, the Company’s 40 percent-owned **STAPLES Center**, home of the Los Angeles Lakers and Clippers basketball teams and the Los Angeles Kings ice hockey team, was awarded Arena of the Year by the venue and concert industry.
Our newspapers reach more readers in more countries than those of any other English-language publisher.
Newspapers

With operations on four continents, hundreds of mastheads and some 15,000 employees worldwide, News Corporation's newspaper business is unmatched by any other English-language publisher. In fiscal 2001, the Company's newspapers continued to excel in their markets despite challenging economic conditions.

In the past year, 70 percent of all British adults read a News International paper. Such powerful market presence helped the Company's newspapers in the UK achieve double-digit operating income growth, in local currency terms, despite the weakening advertising market.

The Times, one of the world's most revered papers, maintained its 30 percent market share, helped in part by the successful re-launch of its Saturday edition. The Sunday Times continued to be the nation's largest-circulation Sunday broadsheet with sales of almost 1.4 million – the paper's greatest sales figure in more than 20 years.
The Sun averaged nearly four million more readers each issue than its nearest competitor, while News of the World continued its reign as the UK’s most widely-read Sunday publication, selling more than twice as many copies as any rival paper.

TSL Education, the Company’s publisher of educational magazines, enjoyed a highly profitable year. Strong classified advertising helped The Times Educational Supplement, the teaching profession’s weekly newspaper in the UK, to increase its profits significantly. The Times Higher Education Supplement and Nursery World also continued to be profitable weekly publications. The Times Literary Supplement, the world’s oldest literary newspaper, will celebrate its centenary in January 2002. Meanwhile, Worldwide Learning, a new distance learning business focused on corporate education, won a number of substantial contracts in the financial services sector in China.

News Limited’s newspapers in Australia started fiscal 2001 with award-winning coverage of the Olympic Games in Sydney, an unprecedented team effort that helped circulation and ad sales soar in the first quarter.

The Australian, the nation’s pre-eminent broadsheet, maintained its circulation despite difficult market conditions.

In Sydney, the Daily Telegraph reaped more than three-quarters of the additional newspaper sales generated by the Olympics and remained New South Wales’s highest-circulating daily newspaper, outselling its nearest rival almost two-to-one on weekdays. Its Sunday stablemate, the Sunday Telegraph, widened its sales margin over its nearest competitor to 150,000, reaching 35 percent of the New South Wales population each week.
In fiscal 2001, the Herald & Weekly Times Limited continued to thrive, accounting for 72 percent of all metropolitan newspaper sales in Victoria. The Herald Sun maintained its position as Australia’s highest-circulating daily paper, while the Sunday Herald Sun was one of the country’s few papers to post significant circulation gains over the previous year. In February, in a first for Australia, the Herald & Weekly Times launched MX, a free, full-color commuter tabloid distributed every weekday. MX nearly doubled its circulation by the end of the fiscal year.

At the Company’s 41.7 percent-owned Queensland Newspapers, The Courier-Mail’s circulation dipped slightly in fiscal 2001, while the Sunday Mail maintained its sales. Both publications focused with increasing success on drawing more young and female readers.

In South Australia, The Advertiser turned 143 years old and maintained its strong circulation figures, reinforcing its status as Adelaide’s favorite publication.

In New Zealand, News Corporation’s 44.3 percent-owned Independent Newspapers Limited remained the country’s leading newspaper publisher, increasing revenues and operating income, in local currency terms, as its 100 titles continued to post strong sales.

In the U.S., the New York Post, nearing two hundred years of continuous publication, became the only daily metropolitan newspaper in the nation to achieve seven consecutive years of circulation growth while its rivals’ circulations declined. Fiscal 2001 also marked the completion of a state-of-the-art printing facility that will enhance the production and distribution capabilities of the paper and enable color printing.
In fiscal 2001, News Corporation became the largest shareholder in Gemstar-TV Guide International, the world’s leading provider of interactive programming guides and the supremely popular TV Guide magazine.

In May 2001, the Company acquired an additional 17 percent stake in Gemstar-TV Guide from Liberty Media in exchange for preferred shares in News Corporation. The transaction increased News Corporation’s interest in Gemstar-TV Guide to 38.5 percent. Formed in July 2000 through the merger of Gemstar International Group and TV Guide, Gemstar-TV Guide is a global leader in television entertainment technology and media, with products licensed to more than 180 companies in the cable, satellite, Internet and computer industries. Its TV Guide magazine remained the biggest-selling weekly magazine in the U.S.

During the fiscal year, Gemstar-TV Guide forged long-term agreements with Charter Communications, Canadian Cable Systems Alliance, Cogeco Cable, Shaw Cable systems, Comcast Communications and Adelphia Communications to deploy Gemstar-TV Guide’s interactive programming guides across those companies’ digital platforms. By the end of the year, the company’s interactive program guides were available in more than 12 million American homes.

The TV Guide brand continued to expand beyond the magazine and its circulation of nearly 10 million to become an increasingly powerful multi-media presence. The TV Guide Channel, a televised combination of channel listings and original programming, reached more than 53 million households, an increase of nearly two million homes, as it posted impressive ratings. TV Guide Online increased its number of users by more than 30 percent and at the end of the fiscal year was recording 92 million page views per month. TV Guide
Our magazines, newspaper inserts and in-store coupons reach tens of millions of consumers every week.
Interactive, TV Guide's interactive digital television platform, expanded from four million to seven million households during the fiscal year and is now available through nearly 2,000 cable systems across the U.S.

News America Marketing, News Corporation's portfolio of consumer promotion media, reaches millions of shoppers every week in stores, on the Internet and in the pages of SmartSource Magazine, the most widely circulated insert in the U.S. In fiscal 2001, News America Marketing extended its innovative product lines to provide more media for advertisers and greater discounts for consumers, solidifying its leadership of the in-store consumer promotion industry.

In Australia, News Magazines launched its first title, InsideOut, shortly before the start of fiscal 2001. The creative and practical home design magazine increased its circulation by 6 percent during the year, despite an overall decline among home and lifestyle magazines, and was nominated for four Australian Magazine Publishers awards.

In the U.S., the Company's political magazine, The Weekly Standard, increased its advertising revenue by almost 50 percent as its circulation continued to rise.

TV Guide Interactive expanded to seven million households during the fiscal year and is now available through nearly 2,000 cable systems across the U.S.
Our award-winning books reach more than 150 million readers a year.

The year's successes were a testimony to the popularity of HarperCollins's books. HarperCollins had a record 93 titles on the New York Times bestseller lists, 10 of them reaching the number one position. The company also populated the New York Times new children's bestseller list with 27 titles. Among those titles were the seven books comprising the enormously popular Series of Unfortunate Events by Lemony Snicket, which had sold nearly 1.5 million copies by the end of the fiscal year. Meanwhile, in the UK, the company posted 48 titles on The Sunday Times bestseller list.

HarperCollins also earned several of the publishing industry's highest awards. In October 2000, Gao Xingjian, author of Soul Mountain – first published in English by HarperCollins Australia – was awarded the 2000 Nobel Prize for Literature. In April 2001, Hirohito and the Making of Modern Japan by Herbert P. Bix, published by HarperCollins in the U.S., Australia and New Zealand, was awarded the Pulitzer Prize for Non-Fiction. The Pulitzer Prize for Fiction was presented to Michael Chabon for his novel The Amazing Adventures of Kavalier and Clay, which was published by HarperCollins in the UK, Australia and New Zealand. And HarperCollins UK's Man and Boy by Tony Parson was named Book of the Year at the British Book Awards.

In July 2000, HarperCollins announced the purchase of Fourth Estate, one of the UK's most respected publishing houses, which was incorporated as a new division of HarperCollins UK. The following month, the company announced the launch of Rayo, a groundbreaking imprint that will publish titles in English and Spanish for the fast-growing Hispanic market. In May 2001, HarperCollins Australia/New Zealand launched its new A&R Classics line, a series of classic Australian works published as high-quality paperbacks.

Fiscal 2001 was also the first year of HarperCollins' long-term arrangement to handle Scholastic's customer service, billing and credit functions, which provided steady and significant additional revenues during the year.
HarperCollins had a record 93 titles on the New York Times bestseller lists, 10 of them reaching the number one position.


During the fiscal year, HarperCollins launched several initiatives that reinforced its position at the vanguard of the modern publishing industry. In October 2000, the company joined forces with BET.com, the largest African American portal on the Internet, to create an innovative book channel. HarperCollins also forged an agreement with The Book Report Network to create high-quality Web sites for HarperCollins’ authors in the most comprehensive alliance to date between an Internet portal and a publisher. And in February 2001, the company launched PerfectBound, the industry's first global e-book imprint, publishing electronic titles in the U.S., the UK, Canada, Australia and New Zealand.
News Corporation’s **NDS**, a global leader in digital television technology, increased its subscribers by 33 percent in fiscal 2001. NDS, which supplies vital conditional access software to nearly half the world’s digital satellite pay TV customers, also grew its revenues 34 percent and its operating income 63 percent as the company won new customers in Europe, the Americas and Asia.

In December 2000, NDS acquired Orbis Technology, the leading developer of sports betting software for digital TV, the Internet and mobile technologies. During the fiscal year the company opened new offices in New York, Berlin and Bangalore as well as launching a foreign enterprise office in Beijing in May 2001.

NDS also forged strategic agreements with several new platforms, continuing to thrive at the cutting edge of the global digital television industry. In August 2000, NDS signed a contract to provide Tevel, a leading cable TV operator in Israel, with...
crucial systems and technologies as it moves from analog to digital service. In Spain, NDS won a contract with Auna Group to help create one of the largest digital cable TV systems in Europe. NDS was also part of the winning consortium, announced at the end of the fiscal year, that will launch Korea Digital Satellite Broadcasting, the country’s first digital pay TV operation.

News Corporation’s Broadsystem, one of the UK’s leading providers of outsourced database management and marketing communications, enjoyed another outstanding year, with revenues up 16 percent. Having won significant contracts with the UK government and Procter & Gamble during the fiscal year, Broadsystem is well-positioned for long-term and sustainable growth.

News Corp Music Group

is a growing presence in every major music market outside the U.S.

In Australia, the National Rugby League, 50 percent owned by News Corporation, continued to draw strong crowds while winning substantial corporate endorsement with the signing of Telstra, the Australian communications company, as the league’s major sponsor. Fox Sports’ pay TV broadcasts of the Telstra Premiership drew a 20 percent larger audience than the previous year, and the NRL continued to dominate free-to-air programming in Sydney. Long-term pay TV agreements were secured with Fox Sports in Australia and with Sky Television in New Zealand.

Meanwhile, the News Corp Music Group concluded licensing agreements in fiscal 2001 with Sony Music Entertainment in Japan and Sony Music Asia that expanded the company’s presence to every major music market outside the U.S. Festival Mushroom Records Australia celebrated a highly successful fiscal year, producing five number one albums and six number one singles on the Australian charts. Festival Mushroom Records New Zealand also achieved a number one album and single, both associated with Moulin Rouge, a film released by News Corporation’s Twentieth Century Fox.
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Concise Report

For the year ended 30 June, 2001

A.C.N. 007 910 330
Statement of Corporate Governance

for the year ended 30 June, 2001

Board of Directors
The Board of Directors (the “Board”) oversees the business of The News Corporation Limited and its controlled entities ("the Company"). To assist in the execution of its responsibilities, the Board has established a number of Board Committees including a Nominating Committee, Compensation Committee, Share Option Committee and Audit Committee. It has also established an overall framework of internal control and a business risk management process, and has adopted appropriate ethical standards. Directors are classified as either Executive or Non-executive Directors, the former being those Directors engaged in full time employment by the Company.

The Board currently comprises seven Executive Directors, including the Chairman, and nine Non-executive Directors, ensuring independence and objectivity.

The Company’s Constitution authorises the Board to appoint Managing Directors (including the Chief Executive) with specific authorised duties and to elect a Chairman to preside at meetings. If a vote which needs to be decided by a majority vote results in a tie, the Chairman is granted a second and deciding vote.

Re-appointment of Directors
The Company’s Constitution provides that at every annual general meeting, one-third (or the nearest number to but not exceeding one-third) of the Directors (exclusive of any Managing Director, Directors of an age greater than 72 years and Directors appointed since the most recent annual general meeting) shall retire from office and all vacant directorships may be filled at that meeting.

The Directors to retire in each year are the Directors who have been in office longest since their last election or appointment. Retiring Directors are eligible for re-election. No Director (other than any Managing Director) can serve for a term longer than three years without re-election. Further, Directors appointed since the last annual general meeting must retire but are eligible to be re-elected for a three year term. Directors who are older than 72 must retire each year and are eligible to be re-elected for a one year term.

Directors may wish to seek independent advice relating to their duties as Board members. Any Director wishing to do this, at the Company’s expense, requires the prior consent of the Chairman. The Chairman considers these requests on a case by case basis.

Nominating Committee
The Nominating Committee consists of the following Directors:

K R Murdoch AC
A S B Knight
A M Siskind

The Nominating Committee meets as required to consider the composition of the Board which must satisfy the following parameters:

• there must be a minimum of five Directors;
• at least two Directors must be residents of Australia; and
• the Board members should represent a broad range of expertise and experience.

If at any time the Nominating Committee is of the view that any of the above criteria is not satisfied, the Nominating Committee will nominate candidates for Board positions to the Board which then needs to vote on those candidates. Persons voted into Board positions in this way then need to be re-elected by the shareholders at the next annual general meeting if they are to continue to hold office. The Nominating Committee will ask any Directors who are not properly performing their duties to retire.
Statement of Corporate Governance  (Continued)

Compensation Committee
The Compensation Committee consists of the following Directors:

J A M Erkko KBE
S S Shuman

Details of Directors’ remuneration, superannuation and retirement payments are set out on page 51.

The Compensation Committee is established to review and make recommendations to the Board on the remuneration of the Chief Executive and to review and make recommendations to the Chief Executive on the remuneration of the other senior executive officers.

Share Option Committee
The Share Option Committee consists of the following Directors:

K R Murdoch AC
A M Siskind

The Share Option Committee determines to whom and how many options should be granted in furtherance of the Company’s share option plans.

Audit Committee
The Audit Committee consists of the following Non-executive Directors:

S S Shuman, Chairman
J A M Erkko KBE
A S B Knight
T J Perkins

The Audit Committee, which operates under a Charter approved by the Board, meets at least twice each year with the Company’s internal and external auditors. The purpose of these meetings is:

• to review the yearly and half-yearly financial results and statements, the findings of the audit, and any adjustment required as a result of the audit;
• to recommend to the Board that the financial statements be approved;
• to discuss any problems foreseen in the audit process;
• to discuss with the external auditors their judgements about the quality of the accounting policies applied in the financial statements;
• to review the external auditors’ fees and performance and discuss with them their independence;
• to review the annual internal audit plan and the results of internal audit’s activities;
• to review the adequacy of internal controls; and
• to advise the Board on any other requested issues.

The Audit Committee invites senior executives of the Company, including the Chief Financial Officer and Group General Counsel, to participate in its meetings.
Statement of Corporate Governance  (Continued)

**Executive Committee**

As at the date of the Directors' Report the Company's Executive Committee is composed of the following members:

- K R Murdoch AC  Chairman and Chief Executive, The News Corporation Limited
- A Ball  Chief Executive, British Sky Broadcasting Group plc
- C Carey  President and Chief Executive Officer, Sky Global Networks, Inc.
- P Carlucci  Chairman and Chief Executive Officer, News America Marketing
- P Chernin  President and Chief Operating Officer, The News Corporation Limited
- D F DeVoe  Senior Executive Vice President, Chief Financial Officer, The News Corporation Limited
- A Disney  Executive Vice President for Content, The News Corporation Limited
- J Gianopulos  Chairman, Fox Filmed Entertainment
- G Ginsberg  Executive Vice President, Investor Relations and Corporate Communications, The News Corporation Limited
- S Grushow  President, Fox Television Entertainment Group
- D Hill  Chairman and Chief Executive Officer, Fox Sports Television Group
- L Hinton  Executive Chairman, News International plc
- B Mulligan  Chairman, Fox Television
- J R Murdoch  Executive Vice President, The News Corporation Limited; Chairman and Chief Executive Officer, STAR Group
- L K Murdoch  Chairman, News Limited; Deputy Chief Operating Officer, The News Corporation Limited
- A Peled  Chief Executive Officer, NDS Group plc
- M Pompadur  Executive Vice President, The News Corporation Limited
- T Rothman  Chairman, Fox Filmed Entertainment
- J Shell  President and Chief Executive Officer, Fox Cable Networks
- A M Siskind  Senior Executive Vice President, Group General Counsel, The News Corporation Limited
- M Stern  Chairman and Chief Executive Officer, Fox Television Stations

The primary objectives of the Executive Committee are to strengthen the co-ordination and profitability of the Company's activities. For purposes of advising the Board, the Executive Committee also considers strategic direction, brand management, corporate communications, human resources and risk management.

In the implementation of its Charter the Executive Committee:

- discusses major operating issues;
- evaluates opportunities and business risks;
- refines and redefines the Company's priorities worldwide and by market; and
- reviews and sets the strategic focus and direction of all major businesses of the Company.
Internal Controls and Risk Management

An internal audit function operates under a Charter which defines the purpose, authority and responsibility of the Internal Audit Group. The Group's mission is to provide an independent assessment of risk and the effectiveness of the Company's worldwide operational, administrative and financial internal control environment.

The areas of emphasis for the conduct of the assessment include the:

- adequacy, appropriateness and effectiveness of accounting and operating controls;
- economy and efficiency with which resources are employed;
- extent of compliance with Company policies and procedures;
- accuracy of and security over data and information;
- accountability for the Company's assets to safeguard against loss; and
- adequacy of reviews made by the operating companies to ensure an effective internal control environment is fostered.

The results of each audit and proposed recommendations are reported on a timely basis to the management responsible for implementing changes.

The Internal Audit Group reports to the Company's Audit Committee and meets with it at least twice a year to review the annual Internal Audit Plan and the results of its activities.

The activities of the Internal Audit Group are separate and distinct from the external auditors. Active coordination between the two groups is recognised as essential in order to maximise the Company's return on investment for audit services.

Ethical Standards

At a Board meeting on 27 February 1996, the Board adopted “Standards of Business Conduct”. The Standards confirm the Company's policy to conduct its affairs in compliance with all applicable laws and regulations and observe the highest standards of business ethics. The Company intends that the spirit, as well as the letter of those standards is followed by all Directors, officers and employees of the Company, its subsidiaries and divisions. This is communicated to each new Director, officer and employee and has already been communicated to those in positions at the time the Standards were adopted.
Statement of Corporate Governance (Continued)

The Standards deal with the following main areas:

* corporate assets and information:
  (a) company funds and property;
  (b) corporate records and accounting;
  (c) confidential and proprietary information;
  (d) insider trading; and
  (e) legal disputes.

* conflicts of interest;

* dealing with others:
  (a) government officials;
  (b) business hospitality; and
  (c) prohibited payments.

* equal opportunity and unlawful harassment;

* safety of the workplace and environmental protection; and

* relationships with competitors and other trade practices.

Employees are encouraged to raise any matters of concern with their supervisor or the relevant company’s general counsel.

Shareholders
Shareholders play an integral part in corporate governance. To give effect to this the Board ensures that shareholders are kept fully informed through:

* the Annual Report which is distributed to all shareholders and the Full Financial Report which is available to all shareholders on request;

* disclosures made to the Australian Securities and Investment Commission, US Securities and Exchange Commission, and the Stock Exchanges in Australia, New York, New Zealand and London; and

* notices and explanatory memoranda of extraordinary and general meetings.

Shareholders may raise matters of concern at general meetings and have the ultimate control in corporate governance as they vote for the members of the Board, the Company’s governing body.
Directors' Report
for the year ended 30 June, 2001


Directors
The following Directors were in office during the period 1 July, 2000 to the date of this report:

K R Murdoch AC

G C Bible

C Carey

P Chernin
K E Cowley AO
(Age 66). Director of Independent Newspapers Limited since 1990, Chairman since March 2001.
Director of The News Corporation Limited from 1979, Non-executive Director since 1997.

D F DeVoe
Director of Fox Entertainment Group, Inc. since 1991, Senior Executive Vice President and Chief Financial Officer since 1998.
Director of STAR Group since 1993.
Director of British Sky Broadcasting Group plc since 1994.
Non-executive Director of NDS Group plc since 1996.
Director of Sky Global Networks, Inc. since June 2001.

R Eddington
(Age 51). Chief Executive of British Airways plc since 2000.
Non-executive Director of The News Corporation Limited since 2000, Executive Director from 1999 to 2000.
Non-executive Director of John Swire & Sons Pty Limited since 1997.
Non-executive Director of Qantas Airways Limited since February 2001.

J A M Erkko KBE
Director of Finair from 1982 to 1993.
Chairman of Eurocable Oy Board of Directors from 1987 to 1995.
Vice Chairman of Kymmene Group from 1991 to 1995.
Member of the Audit and Compensation Committees of The News Corporation Limited.

A S B Knight
Member of the Audit and Nominating Committees of The News Corporation Limited.
Non-executive Director of Rothschild Investment Trust Capital Partners plc since 1997.

G J Kraehe
Managing Director and Chief Executive Officer of Southcorp Limited from 1994 to March 2001.
Director and Member of the Business Council of Australia since 1999.
Director of National Australia Bank since 1997.
Director of Brambles Industries since 2000.

J R Murdoch
(Age 28). Director of The News Corporation Limited since December 2000.
Chairman and Chief Executive Officer of STAR Group since 2000.
Non-executive Director of NDS Group plc since 1999.
Director of YankeesNets LLC since 1999.
Directors' Report (Continued)

L K Murdoch
(Age 29). Director of News Limited since 1995, Chairman since 1997.
Director of The News Corporation Limited since 1996 and Senior Executive Vice President from 1999 to 2000.
Deputy Chief Operating Officer since 2000.
Director of Beijing PDN Xinren Information Technology Co. Ltd. since 1996.
Deputy Chairman of STAR Group since 1995.
Director of Foxtel Management Pty Limited since 1998.

T J Perkins
(Age 69). Senior Partner at Kleiner Perkins Caufield & Byers since 1980.
Director of Compaq Computer Corporation since 1997.
Non-executive Director of The News Corporation Limited since 1996.
Member of the Audit Committee of The News Corporation Limited.

B C Roberts Jr.
(Age 58). Chairman of Worldcom, Inc. since 1998. Director of MCI Communications Corporation from 1985 to 1998,
Chairman from 1992 to 1998.
Non-executive Director of The News Corporation Limited since 1995.

S S Shuman
(Age 66). Executive Vice President and Managing Director of Allen & Company Incorporated since 1970.
Non-executive Director of The News Corporation Limited since 1982.
Director of Bayou Steel Corporation since 1986.
Director of Western Multiplex Corporation since 2000.
Director of Six Flags, Inc. since 2000.
Member of the Audit and Compensation Committees of The News Corporation Limited.

A M Siskind
(Age 62). Director and Group General Counsel of The News Corporation Limited since 1991, Senior Executive Vice President
since 1996.
Director of British Sky Broadcasting Group plc since 1992.
Director of STAR Group since 1993.
Non-executive Director of NDS Group plc since 1996.
Director, Senior Executive Vice President and General Counsel of Fox Entertainment Group, Inc. since 1998.
Director of Sky Global Networks, Inc. since 1998.
Member of the Nominating and Share Option Committees of The News Corporation Limited.
Directors' Meetings

The following Directors were in office during the financial year, and attended the following number of Board meetings:

<table>
<thead>
<tr>
<th>Directors' Meetings</th>
<th>Nominating</th>
<th>Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of meetings held:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>1</td>
<td>4</td>
</tr>
</tbody>
</table>

Number of meetings attended:

- K R Murdoch AC: 6, 1
- G C Bible: 6
- C Carey: 5
- P Chernin: 6
- K E Cowley AO: 5
- D F DeVoe: 6
- R Eddington: 6
- J A M Erkko KBE: 5, 2
- A S B Knight: 5, 2
- G J Kraehe: 3
- J R Murdoch: 4
- L K Murdoch: 6
- T J Perkins: 6, 3
- B C Roberts Jr.: 6
- S S Shuman: 6, 4
- A M Siskind: 6, 1

Numerous other meetings of the Board attended by a quorum of two or more Directors were held to deal with the day to day business of the Company.

Principal Activities of the Company

The principal activities of the Company during the financial year were:

- filmed entertainment;
- television;
- cable network programming;
- magazines and inserts;
- newspapers; and
- book publishing.

The principal activities of associated entities include:

- satellite, television and cable broadcasting;
- newspaper publishing; and
- print and electronic television guidance applications.
Group Results
Profit before change in accounting policy and abnormals was $1,282 million (2000 $1,259 million). The net loss attributable to members of the parent entity was $746 million (2000 $1,921 million profit). This result is after absorbing the after tax charge of $686 million (2000 $nil) arising from a change in accounting policy. The Company and its associates also recorded a net abnormal charge after tax of $1,342 million (2000 $662 million gain).

These results are after deducting the outside equity interest in controlled entities.

Dividends
The following dividends have been paid or proposed since the beginning of the financial year:

a) The Directors of The News Corporation Limited recommend the payment on 11 October, 2001 of a final unfranked dividend of 1.5 cents per ordinary share and 3.75 cents per preferred limited voting ordinary share ("preferred share") on the issued shares at 7 September, 2001, the entitlement date for the proposed final dividend. The final dividend will absorb $142 million subject to the operation of the Company's Dividend Reinvestment Plan. A discount of 10% will apply to the weighted average market price of the ordinary and preferred shares used to determine the respective entitlements under the Dividend Reinvestment Plan.

b) An interim dividend franked to 50%, in respect of profits for the year ended 30 June, 2001 of 1.5 cents per ordinary share and 3.75 cents per preferred share totalling $112 million was paid or distributed according to the operation of the Company's Dividend Reinvestment Plan on 28 April, 2001.

c) A final fully franked dividend of 1.5 cents per ordinary share and 3.75 cents per preferred share totalling $111 million was provided for in last year's accounts. The dividend of $111 million was paid or distributed according to the operation of the Company's Dividend Reinvestment Plan on 18 October, 2000.

d) Unfranked dividends were paid on the outstanding perpetual preference shares during the year amounting to $51 million.
Review of Operations
A review of the operations of the Company during the financial year and of the results of those operations is detailed in the front section of this Annual Report.

State of Affairs of the Company during the Financial Year
The Directors are not aware of any significant change in the state of affairs of the Company that occurred during the financial year which has not been covered elsewhere in this Annual Report.

Likely Developments
Other than matters referred to in this report and in the state of affairs of the Company in the review of operations, the Directors have no reference to make to likely developments in the operations of the Company and the expected results of those operations in subsequent financial years. In the opinion of the Directors, any further disclosure would prejudice the interest of the Company.

Environmental Regulations
The Company’s operations are subject to various environmental regulations in the countries in which it has a presence.

In Australia the Company has an established environmental management system in each jurisdiction which monitors compliance with existing environmental regulations and new regulations as they are enacted. The management system includes procedures to be followed should an incident occur which adversely impacts the environment. The Company’s operations hold all relevant environmental licences and permits and have implemented monitoring procedures to ensure that it complies with licence conditions.

The Directors are not aware of any breaches of any legislation during the financial year which are material in nature.

Subsequent Events
The Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in the financial years subsequent to the current financial year, except as referred to in Note 8 of the Concise Financial Report.
Directors' Report  (Continued)

Directors and Senior Executives' Remuneration

Non-executive Directors
Fees paid to Non-executive Directors on the Board take into consideration the level of fees paid to Board members of other multinational corporations, the size and complexity of the Company's operations and the responsibilities and workload requirements of Board members.

Because the focus of the Board is on the long-term direction of the Company, there is no direct link between Non-executive Director remuneration and the short-term results of the Company.

Directors' fees are not paid to Executive Directors since the responsibilities of Board membership are considered in determining remuneration provided as part of the normal employment conditions.

Executive Directors
The broad remuneration policy is to ensure each compensation package properly reflects the relevant person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. As the Company operates in a highly competitive environment and continually seeks to improve value for shareholders, it is imperative that remuneration levels are set to be among the leaders of major multinational corporations, in the appropriate markets.
Directors’ Report (Continued)

Directors and Senior Executives’ Remuneration (Continued)

The table below sets out the fees and other amounts paid by the Company to Non-executive Directors of the Company for the year ended 30 June 2001:

<table>
<thead>
<tr>
<th>Name</th>
<th>Fees</th>
<th>Other Amounts</th>
<th>Value of Options</th>
<th>Total</th>
<th>Number of Options Granted</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$000</td>
<td>US$000</td>
<td>US$000</td>
<td>US$000</td>
<td></td>
</tr>
<tr>
<td>Non-executive Directors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G C Bible</td>
<td>37</td>
<td></td>
<td>44</td>
<td>81</td>
<td>12,000</td>
</tr>
<tr>
<td>K E Cowley AO</td>
<td>29</td>
<td></td>
<td>44</td>
<td>73</td>
<td>12,000</td>
</tr>
<tr>
<td>R Eddington</td>
<td>42</td>
<td></td>
<td>44</td>
<td>86</td>
<td>12,000</td>
</tr>
<tr>
<td>J A M Erkko KBE</td>
<td>36</td>
<td></td>
<td>44</td>
<td>80</td>
<td>12,000</td>
</tr>
<tr>
<td>A S B Knight</td>
<td>53</td>
<td></td>
<td>44</td>
<td>97</td>
<td>12,000</td>
</tr>
<tr>
<td>G J Kraehe</td>
<td>16</td>
<td></td>
<td></td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>T J Perkins</td>
<td>40</td>
<td></td>
<td>44</td>
<td>84</td>
<td>12,000</td>
</tr>
<tr>
<td>B C Roberts Jr.</td>
<td>37</td>
<td></td>
<td>44</td>
<td>81</td>
<td>12,000</td>
</tr>
<tr>
<td>S S Shuman</td>
<td>120</td>
<td></td>
<td>44</td>
<td>164</td>
<td>12,000</td>
</tr>
</tbody>
</table>

The table below sets out the fees and other amounts paid by the Company to Executive Directors and the five officers receiving the highest emoluments, of the Company, for the year ended 30 June, 2001:

<table>
<thead>
<tr>
<th>Name</th>
<th>Salary</th>
<th>Bonuses</th>
<th>Other Amounts</th>
<th>Value of Options</th>
<th>Total</th>
<th>Number of Options Granted</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$000</td>
<td>US$000</td>
<td>US$000</td>
<td>US$000</td>
<td>US$000</td>
<td></td>
</tr>
<tr>
<td>Executive Directors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>K R Murdoch AC</td>
<td>4,357</td>
<td>3,000</td>
<td>221</td>
<td>986</td>
<td>7,578</td>
<td>240,000</td>
</tr>
<tr>
<td>C Carey</td>
<td>1,638</td>
<td>3,000</td>
<td>26</td>
<td>986</td>
<td>5,650</td>
<td>1,000,000</td>
</tr>
<tr>
<td>P Chernin</td>
<td>7,000</td>
<td>8,500</td>
<td>527</td>
<td>4,106</td>
<td>20,133</td>
<td></td>
</tr>
<tr>
<td>D F DeVoe</td>
<td>1,675</td>
<td>2,000</td>
<td>41</td>
<td>986</td>
<td>4,702</td>
<td>240,000</td>
</tr>
<tr>
<td>J R Murdoch</td>
<td>700</td>
<td>300</td>
<td>10</td>
<td>2,053</td>
<td>3,063</td>
<td>500,000</td>
</tr>
<tr>
<td>L K Murdoch</td>
<td>1,250</td>
<td>500</td>
<td>24</td>
<td>821</td>
<td>2,595</td>
<td>200,000</td>
</tr>
<tr>
<td>A M Siskind</td>
<td>1,650</td>
<td>1,000</td>
<td>52</td>
<td>986</td>
<td>3,688</td>
<td>240,000</td>
</tr>
<tr>
<td>Officers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R Ailes</td>
<td>2,283</td>
<td>2,500</td>
<td>6</td>
<td>1,027</td>
<td>5,816</td>
<td>250,000</td>
</tr>
<tr>
<td>J Gianopoulos</td>
<td>1,500</td>
<td>750</td>
<td>26</td>
<td>2,401</td>
<td>4,677</td>
<td>584,800</td>
</tr>
<tr>
<td>S Grushow</td>
<td>2,000</td>
<td>2,250</td>
<td>22</td>
<td>930</td>
<td>5,202</td>
<td>226,400</td>
</tr>
<tr>
<td>T Rothman</td>
<td>1,500</td>
<td>750</td>
<td>25</td>
<td>2,495</td>
<td>4,770</td>
<td>607,600</td>
</tr>
<tr>
<td>M Stern</td>
<td>1,850</td>
<td>2,374</td>
<td>30</td>
<td>4,291</td>
<td>8,545</td>
<td>1,250,000[6]</td>
</tr>
</tbody>
</table>
Directors and Senior Executives’ Remuneration (continued)

[1] Other amounts comprise contributions to the Company pension plans and the cost of limited non-cash benefits in addition to salary for executives in line with local country regulations and competitive market conditions.

[2] These options are valued using the Black-Scholes Option Pricing Model. These options are granted under the Company’s various executive share option plans described in the Full Financial Report Note 24.

[3] All options were granted during the financial year.

[4] The exercise price of the options is A$17.83 and the options expire on 18 October, 2010 for each Director.


[6] Received two grants:
   - 500,000 options – the exercise price is A$18.15 and the options expire on 1 August, 2010; and
   - 750,000 options – the exercise price is A$12.68 and the options expire on 1 January, 2011.

Directors’ Interests and benefits

Information on Directors’ Shareholdings as at the date of this report are contained in the Full Financial Report Note 31.

Share Options

Details of the share options are disclosed in the Full Financial Report Note 24. Since 30 June, 2001 no options have lapsed.

The options carry no right to participate in any other share issue and no options have been exercised by a Director, except as noted in the Full Financial Report Note 31.

Indemnification of Directors

To the extent permitted by law, the Company has indemnified (fully insured) each Director, principal executive officer and secretary of the Company.

The Company has agreed to indemnify these officers against any liability that may arise as a result of work performed in their respective capacities.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors’ and Officers’ Liability and Legal Expenses insurance contracts as such disclosure is prohibited under the terms of the contract.
Directors’ Report (Continued)

Rounding of Amounts
The parent entity is a company of the kind specified in Australian Securities and Investments Commission class order 98/0100. In accordance with that class order, amounts in this report and the accompanying Concise Financial Report have been rounded off to the nearest million dollars unless specifically stated to be otherwise.

This report is made and signed in accordance with a resolution of Directors.

K R Murdoch AC
Director

D F DeVoe
Director
16 August, 2001
Discussion and Analysis of the Financial Statements
for the year ended 30 June, 2001

About the Concise Financial Report

A copy of the Full Financial Report, including the Independent Audit Report on the Full Financial Report, is available and will be sent to any shareholder without charge on request by phoning Australia 61 2 9288 3233, United Kingdom 44 207 782 6000 or United States 1 212 852 7059. All reports can be accessed via the internet at www.newscorp.com.

Statement of Financial Performance
Operating income for the year to 30 June, 2001 was $3.1 billion, an increase of $0.4 billion, or 13% over the previous year. This performance resulted from improvements in the annual operating profits in the Filmed Entertainment, Cable Network Programming, and Book Publishing segments due to strong theatrical and home video performances of current year releases, growth in the cable subscriber base, along with improved ratings, and higher margin title sales at HarperCollins. These results were partially offset by a lower contribution from the television segment as a result of a soft US advertising market. Operating income was also favourably impacted by a continued weakening of the Australian dollar against the US dollar.

During the year, losses from associated entities amounted to $162 million before abnormal charges, a decline of $66 million over the previous year. These improved results were primarily driven by continued growth of direct to home subscriptions across several pay television platforms, despite higher programming costs.

The Company recorded abnormal gains of $1.0 billion and abnormal charges of $2.3 billion during the year, resulting in a net abnormal charge after tax of $1.3 billion. The net abnormal charge primarily arose from the write-down of the Company’s investment in OneTel and various new media investments, and the restructure of the Healtheon / WebMD transaction, offset partially by gains on disposals of assets, including shares in Echostar. In addition, the Company recorded a one-off net charge after tax and outside equity interest of $0.7 billion arising from a change in accounting policy with regards to, amongst other things, the treatment of marketing and development costs incurred in the production and distribution of films.

Profit before change in accounting policy and abnormalities was $1.3 billion, up 2% on the previous year.


Discussion and Analysis of the Financial Statements  (Continued)

Statement of Financial Position
Total assets as at 30 June, 2001 increased $19.4 billion to $85.0 billion from the prior year total of $65.6 billion. The major changes occurred in the following:

- Cash increased $1.0 billion to $5.6 billion as outlined in the commentary on the statement of cash flows;
- Current receivables increased $1.4 billion to $6.7 billion, and current inventories by $0.6 billion to $3.3 billion largely due to the favourable exchange impact of a weakened Australian dollar;
- Investments in associated entities increased $11.4 billion to $20.0 billion. This increase was primarily due to the acquisition of a further 17% of Gemstar - TV Guide, investment in various cable and pay television operations in Asia and Europe, and a favourable exchange impact;
- Other investments decreased $2.1 billion to $3.1 billion largely due to the impact of recording a writedown in the investments in One.Tel and Healtheon / WebMD; and
- Non current inventories increased $1.2 billion to $5.2 billion, property, plant and equipment increased $1.2 billion to $7.1 billion and publishing rights, titles and television licences increased $4.2 billion to $31.1 billion. These increases all primarily reflect favourable exchange movements.

Total liabilities as at 30 June, 2001 increased by $4.4 billion to $37.4 billion from $32.9 billion as at 30 June, 2000. The major reason for this increase is the exchange impact of a weakened Australian dollar against the US dollar, partially offset by the impact on liabilities of the restructured Healtheon / WebMD transaction.

Statement of Cash Flows
Overall cash increased by $1.0 billion to $5.6 billion due to the following:

- Cash provided by operating activity was $0.9 billion after considering the further investment of $0.9 billion in inventories, primarily in acquiring sporting rights and television programming inventories;
- Cash used in investing activities was a net amount of $1.8 billion. Investment spend was $3.1 billion, reflecting investments in cable and pay television operations in Asia and Europe, investment in the first half of the year in various new media businesses, and continued support for both Sky Latin America and various U.S. cable channels. Proceeds from the sale of non-current assets amounted to $2.4 billion, reflecting the sales of Echostar shares, The Health Network, The Golf Channel, and TM3. In addition, a further $1.1 billion was spent on upgrades to property, plant and equipment, the largest project being at the New York Post;
- Cash provided by financing activities was $1.2 billion, driven by the issuance of Liquid Yield Option Notes due February 2021, raising $1.5 billion; and
- The weakening of the Australian dollar increased reported cash on hand by $0.6 billion.
## Statement of Financial Performance

for the year ended 30 June, 2001

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>A$ million</td>
<td>A$ million</td>
</tr>
<tr>
<td>2</td>
<td>Sales revenue</td>
<td>25,578</td>
<td>22,443</td>
</tr>
<tr>
<td></td>
<td>Operating expenses</td>
<td>17,642</td>
<td>16,047</td>
</tr>
<tr>
<td></td>
<td>Selling, general and administrative expenses</td>
<td>4,137</td>
<td>3,092</td>
</tr>
<tr>
<td></td>
<td>Depreciation and amortisation</td>
<td>706</td>
<td>562</td>
</tr>
<tr>
<td>2</td>
<td>Operating income</td>
<td>3,093</td>
<td>2,742</td>
</tr>
<tr>
<td>4</td>
<td>Net (loss) from associated entities</td>
<td>(249)</td>
<td>(298)</td>
</tr>
<tr>
<td></td>
<td>Borrowing costs</td>
<td>(1,268)</td>
<td>(1,169)</td>
</tr>
<tr>
<td></td>
<td>Interest income</td>
<td>333</td>
<td>355</td>
</tr>
<tr>
<td></td>
<td>Net borrowing costs</td>
<td>(935)</td>
<td>(814)</td>
</tr>
<tr>
<td></td>
<td>Dividend on exchangeable preferred securities</td>
<td>(90)</td>
<td>(79)</td>
</tr>
<tr>
<td></td>
<td>Profit before change in accounting policy, abnormals and tax</td>
<td>1,819</td>
<td>1,551</td>
</tr>
<tr>
<td>5</td>
<td>Abnormal gains before tax</td>
<td>1,023</td>
<td>1,530</td>
</tr>
<tr>
<td>5</td>
<td>Abnormal charges before tax</td>
<td>(2,297)</td>
<td>(344)</td>
</tr>
<tr>
<td>6</td>
<td>Change in accounting policy before tax</td>
<td>(1,107)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Profit (loss) from ordinary activities before tax</td>
<td>(562)</td>
<td>2,737</td>
</tr>
<tr>
<td></td>
<td>Income tax benefit (expense)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ordinary activities before change in accounting policy and abnormals</td>
<td>(428)</td>
<td>(225)</td>
</tr>
<tr>
<td>5</td>
<td>Abnormal gains and charges</td>
<td>19</td>
<td>(454)</td>
</tr>
<tr>
<td></td>
<td>Change in accounting policy</td>
<td>421</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Net income tax benefit (expense)</td>
<td>12</td>
<td>(679)</td>
</tr>
<tr>
<td></td>
<td>Net profit (loss) from ordinary activities after tax</td>
<td>(550)</td>
<td>2,058</td>
</tr>
<tr>
<td></td>
<td>Outside equity interests</td>
<td>(196)</td>
<td>(137)</td>
</tr>
<tr>
<td></td>
<td>Net profit (loss) attributable to members of the parent entity</td>
<td>(746)</td>
<td>1,921</td>
</tr>
<tr>
<td></td>
<td>Net exchange gains arising on translation of net assets of controlled entities</td>
<td>3,372</td>
<td>2,223</td>
</tr>
<tr>
<td></td>
<td>Additional investment by an associated entity</td>
<td>1,060</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total change in equity other than those resulting from transactions with owners as owners</td>
<td>3,686</td>
<td>4,144</td>
</tr>
<tr>
<td></td>
<td>Profit before change in accounting policy and abnormals</td>
<td>1,282</td>
<td>1,259</td>
</tr>
</tbody>
</table>

### Earnings per share on net profit (loss) attributable to members of the parent entity

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before change in accounting policy and abnormals</td>
<td>$0.297</td>
<td>$0.303</td>
</tr>
<tr>
<td>After change in accounting policy and abnormals</td>
<td>$(0.192)</td>
<td>$0.469</td>
</tr>
</tbody>
</table>

Diluted earnings per share is not materially different from basic earnings per share.

The Statement of Financial Performance is to be read in conjunction with the accompanying notes.
### Statement of Financial Position

as at 30 June, 2001

<table>
<thead>
<tr>
<th>Assets</th>
<th>Note</th>
<th>2001 A$ million</th>
<th>2000 A$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td></td>
<td>5,615</td>
<td>4,638</td>
</tr>
<tr>
<td>Receivables</td>
<td></td>
<td>6,683</td>
<td>5,331</td>
</tr>
<tr>
<td>Inventories</td>
<td></td>
<td>3,259</td>
<td>2,646</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>616</td>
<td>512</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td></td>
<td>16,173</td>
<td>13,127</td>
</tr>
<tr>
<td><strong>Non-Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td></td>
<td>762</td>
<td>509</td>
</tr>
<tr>
<td>Investments in associated entities</td>
<td></td>
<td>20,022</td>
<td>8,602</td>
</tr>
<tr>
<td>Other investments</td>
<td></td>
<td>3,129</td>
<td>5,204</td>
</tr>
<tr>
<td>Inventories</td>
<td></td>
<td>5,219</td>
<td>4,027</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td></td>
<td>7,110</td>
<td>5,948</td>
</tr>
<tr>
<td>Publishing rights, titles and television licences</td>
<td></td>
<td>31,051</td>
<td>26,884</td>
</tr>
<tr>
<td>Goodwill</td>
<td></td>
<td>519</td>
<td>348</td>
</tr>
<tr>
<td>Tax assets</td>
<td></td>
<td>103</td>
<td>95</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>873</td>
<td>841</td>
</tr>
<tr>
<td><strong>Total Non-Current Assets</strong></td>
<td></td>
<td>68,788</td>
<td>52,458</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td>84,961</td>
<td>65,585</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and Shareholders’ Equity</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest bearing liabilities</td>
<td></td>
<td>63</td>
<td>50</td>
</tr>
<tr>
<td>Payables</td>
<td></td>
<td>8,777</td>
<td>7,986</td>
</tr>
<tr>
<td>Tax liabilities</td>
<td></td>
<td>550</td>
<td>662</td>
</tr>
<tr>
<td>Provisions</td>
<td></td>
<td>386</td>
<td>310</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td></td>
<td>9,776</td>
<td>9,008</td>
</tr>
<tr>
<td><strong>Non-Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest bearing liabilities</td>
<td></td>
<td>18,742</td>
<td>15,381</td>
</tr>
<tr>
<td>Payables</td>
<td></td>
<td>4,465</td>
<td>4,664</td>
</tr>
<tr>
<td>Tax liabilities</td>
<td></td>
<td>426</td>
<td>704</td>
</tr>
<tr>
<td>Provisions</td>
<td></td>
<td>290</td>
<td>153</td>
</tr>
<tr>
<td><strong>Total Non-Current Liabilities</strong></td>
<td></td>
<td>23,923</td>
<td>20,902</td>
</tr>
<tr>
<td>Exchangeable preferred securities</td>
<td></td>
<td>3,667</td>
<td>3,015</td>
</tr>
<tr>
<td><strong>Total Liabilities including exchangeable preferred securities</strong></td>
<td></td>
<td>37,366</td>
<td>32,925</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shareholders’ Equity</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributed equity</td>
<td></td>
<td>20,735</td>
<td>11,369</td>
</tr>
<tr>
<td>Reserves</td>
<td></td>
<td>10,899</td>
<td>6,819</td>
</tr>
<tr>
<td>Retained profits</td>
<td>7</td>
<td>10,906</td>
<td>11,691</td>
</tr>
<tr>
<td><strong>Shareholders’ equity attributable to members of the parent entity</strong></td>
<td></td>
<td>42,540</td>
<td>29,879</td>
</tr>
<tr>
<td>Outside equity interests in controlled entities</td>
<td></td>
<td>5,055</td>
<td>2,781</td>
</tr>
<tr>
<td><strong>Total Shareholders’ Equity</strong></td>
<td></td>
<td>47,595</td>
<td>32,660</td>
</tr>
<tr>
<td><strong>Total Liabilities and Shareholders’ Equity</strong></td>
<td></td>
<td>84,961</td>
<td>65,585</td>
</tr>
</tbody>
</table>

The Statement of Financial Position is to be read in conjunction with the accompanying notes.
Statement of Cash Flows
for the year ended 30 June, 2001

<table>
<thead>
<tr>
<th></th>
<th>Consolidated</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2001</td>
<td>2000</td>
</tr>
<tr>
<td></td>
<td>A$ million</td>
<td></td>
</tr>
<tr>
<td><strong>Operating activity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit (loss) attributable to members of the parent entity</td>
<td>(746)</td>
<td>1,921</td>
</tr>
<tr>
<td>Adjustment for non-cash and non-operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Associated entity earnings net of dividends</td>
<td>242</td>
<td>295</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>706</td>
<td>562</td>
</tr>
<tr>
<td>Provisions and other</td>
<td>188</td>
<td>142</td>
</tr>
<tr>
<td>Abnormal items after tax</td>
<td>1,342</td>
<td>(662)</td>
</tr>
<tr>
<td>Change in accounting policy after tax</td>
<td>686</td>
<td></td>
</tr>
<tr>
<td>Change in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>(410)</td>
<td>(598)</td>
</tr>
<tr>
<td>Inventories</td>
<td>(889)</td>
<td>(1,088)</td>
</tr>
<tr>
<td>Payables</td>
<td>(199)</td>
<td>(39)</td>
</tr>
<tr>
<td><strong>Cash provided by operating activity</strong></td>
<td>920</td>
<td>533</td>
</tr>
<tr>
<td><strong>Investing and other activity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>(1,113)</td>
<td>(671)</td>
</tr>
<tr>
<td>Investments</td>
<td>(3,053)</td>
<td>(4,157)</td>
</tr>
<tr>
<td>Proceeds from sale of non-current assets</td>
<td>2,387</td>
<td>3,341</td>
</tr>
<tr>
<td><strong>Cash (used) by investing activity</strong></td>
<td>(1,779)</td>
<td>(1,487)</td>
</tr>
<tr>
<td><strong>Financing activity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuance of debt</td>
<td>1,496</td>
<td></td>
</tr>
<tr>
<td>Repayment of debt</td>
<td>(63)</td>
<td>(1,621)</td>
</tr>
<tr>
<td>Issuance of shares in a subsidiary</td>
<td></td>
<td>317</td>
</tr>
<tr>
<td>Issuance of shares</td>
<td>56</td>
<td>127</td>
</tr>
<tr>
<td>Repurchase of preferred shares, net</td>
<td>(91)</td>
<td>(1,166)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(205)</td>
<td>(236)</td>
</tr>
<tr>
<td>Leasing and other finance costs</td>
<td>(5)</td>
<td>(52)</td>
</tr>
<tr>
<td><strong>Cash provided (used) by financing activity</strong></td>
<td>1,188</td>
<td>(2,631)</td>
</tr>
<tr>
<td><strong>Net (decrease) increase in cash</strong></td>
<td>329</td>
<td>(3,585)</td>
</tr>
<tr>
<td>Opening cash balance</td>
<td>4,638</td>
<td>7,483</td>
</tr>
<tr>
<td>Exchange movement on opening cash balance</td>
<td>648</td>
<td>740</td>
</tr>
<tr>
<td><strong>Closing cash balance</strong></td>
<td>5,615</td>
<td>4,638</td>
</tr>
<tr>
<td><strong>Gross cash flows from operating activity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash from trading operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts</td>
<td>25,176</td>
<td>21,846</td>
</tr>
<tr>
<td>Payments</td>
<td>(23,120)</td>
<td>(20,300)</td>
</tr>
<tr>
<td></td>
<td>2,056</td>
<td>1,546</td>
</tr>
<tr>
<td>Dividend and distribution receipts</td>
<td>86</td>
<td>74</td>
</tr>
<tr>
<td>Interest receipts</td>
<td>302</td>
<td>283</td>
</tr>
<tr>
<td>Interest payments</td>
<td>(1,225)</td>
<td>(1,127)</td>
</tr>
<tr>
<td>Income tax payments</td>
<td>(209)</td>
<td>(164)</td>
</tr>
<tr>
<td>Dividends paid on exchangeable preferred securities</td>
<td>(90)</td>
<td>(79)</td>
</tr>
<tr>
<td><strong>Cash provided by operating activity</strong></td>
<td>920</td>
<td>533</td>
</tr>
</tbody>
</table>

For the purposes of the Statement of Cash Flows, cash includes cash at bank, on deposit and on hand.
The Statement of Cash Flows is to be read in conjunction with the accompanying notes.
Notes to and Forming Part of the Concise Financial Report

for the year ended 30 June, 2001

Note 1 Basis of preparation of concise financial report

The Concise Financial Report has been prepared in accordance with the Corporations Act (2001), Accounting Standard AASB 1039 “Concise Financial Reports” and other mandatory professional reporting requirements. The financial statements and specific disclosures have been derived from The News Corporation Limited’s Full Financial Report for the financial year. Other information included in the Concise Financial Report is consistent with The News Corporation Limited’s Full Financial Report. The Concise Financial Report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the Full Financial Report.

At the beginning of the current financial year, the Company changed its accounting policy with regards to, amongst other things, the treatment of marketing and development costs incurred in the production and distribution of films whereby marketing and certain development costs, previously capitalised and expensed over time, are now expensed as incurred. This change in accounting policy provides better comparability of the Company’s results against its competitors and has also ensured continued consistency with United States generally accepted accounting principles for producers and distributors of films. The net impact of this change in accounting policy net of outside equity interest was a one-off pre-tax charge to profit of $1,107 million with an associated tax benefit of $421 million. The effect of this change is a reduction in net profit attributable to members of $686 million and a corresponding reduction in the carrying value of inventory of $1,338 million, a reduction in tax liabilities of $509 million and in outside equity interest of $143 million.

In accordance with the requirements of AASB 1041 “Revaluation of Non-Current Assets”, publishing rights, titles and television licences, investments and land and buildings previously carried at valuation were reverted to a cost basis of measurement. For the purpose of transitioning to a cost basis, the existing revalued carrying amounts at 1 July, 2000 were deemed to be their cost. This change in accounting policy had no impact on the financial position or financial performance of the Company as presented in this financial report.

The Company discloses as abnormal gains and charges the financial impact of transactions which are included within profit (loss) from ordinary activities that are considered abnormal by reason of their size, nature and effect on the Company’s financial performance for the year.

Except as noted above, the financial statements have been prepared on a basis consistent with the previous year, and in accordance with historic cost principles.

The principal component of operating expenses is the amortisation of film and television programming costs which amounted to $9,751 million (2000 $8,401 million).

Note 2 Industry and geographic segment data

By industry
Sales revenue
Filmed entertainment
Television
Cable network programming
Magazines and inserts
Newspapers
Book publishing
Other

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Filmed entertainment</td>
<td>6,625</td>
<td>6,113</td>
</tr>
<tr>
<td>Television</td>
<td>7,008</td>
<td>5,843</td>
</tr>
<tr>
<td>Cable network programming</td>
<td>2,696</td>
<td>2,005</td>
</tr>
<tr>
<td>Magazines and inserts</td>
<td>1,675</td>
<td>1,585</td>
</tr>
<tr>
<td>Newspapers</td>
<td>4,600</td>
<td>4,448</td>
</tr>
<tr>
<td>Book publishing</td>
<td>1,907</td>
<td>1,634</td>
</tr>
<tr>
<td>Other</td>
<td>1,067</td>
<td>813</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25,578</strong></td>
<td><strong>22,443</strong></td>
</tr>
</tbody>
</table>
Notes to and Forming Part of the Concise Financial Report (Continued)

<table>
<thead>
<tr>
<th>Note</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2001</td>
</tr>
<tr>
<td>2</td>
<td></td>
</tr>
<tr>
<td><strong>By industry (continued)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td></td>
</tr>
<tr>
<td>Filmed entertainment</td>
<td>503</td>
</tr>
<tr>
<td>Television</td>
<td>991</td>
</tr>
<tr>
<td>Cable network programming</td>
<td>197</td>
</tr>
<tr>
<td>Magazines and inserts</td>
<td>437</td>
</tr>
<tr>
<td>Newspapers</td>
<td>904</td>
</tr>
<tr>
<td>Book publishing</td>
<td>205</td>
</tr>
<tr>
<td>Other</td>
<td>(144)</td>
</tr>
<tr>
<td>Operating income</td>
<td>3,093</td>
</tr>
<tr>
<td>Net (loss) from associated entities before abnormals</td>
<td>4 (162)</td>
</tr>
<tr>
<td>Net borrowing costs</td>
<td>(935)</td>
</tr>
<tr>
<td>Dividend on exchangeable preferred securities</td>
<td>(90)</td>
</tr>
<tr>
<td>Tax on ordinary activities before change in accounting policy and abnormals</td>
<td>(428)</td>
</tr>
<tr>
<td>Outside equity interest</td>
<td>(196)</td>
</tr>
<tr>
<td>Profit before change in accounting policy and abnormals</td>
<td>1,282</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Filmed entertainment</td>
<td>8,527</td>
</tr>
<tr>
<td>Television</td>
<td>21,135</td>
</tr>
<tr>
<td>Cable network programming</td>
<td>9,545</td>
</tr>
<tr>
<td>Magazines and inserts</td>
<td>2,929</td>
</tr>
<tr>
<td>Newspapers</td>
<td>8,627</td>
</tr>
<tr>
<td>Book publishing</td>
<td>3,340</td>
</tr>
<tr>
<td>Other</td>
<td>2,093</td>
</tr>
<tr>
<td>Corporate assets and investments</td>
<td>28,765</td>
</tr>
<tr>
<td>Total assets</td>
<td>84,961</td>
</tr>
<tr>
<td><strong>By geographic area</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Sales revenue</strong></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>19,094</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>4,185</td>
</tr>
<tr>
<td>Australasia</td>
<td>2,299</td>
</tr>
<tr>
<td>Total sales revenue</td>
<td>25,578</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>2,079</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>816</td>
</tr>
<tr>
<td>Australasia</td>
<td>198</td>
</tr>
<tr>
<td>Total operating income</td>
<td>3,093</td>
</tr>
<tr>
<td>Net (loss) from associated entities before abnormals</td>
<td>4 (162)</td>
</tr>
<tr>
<td>Net borrowing costs</td>
<td>(935)</td>
</tr>
<tr>
<td>Dividend on exchangeable preferred securities</td>
<td>(90)</td>
</tr>
<tr>
<td>Tax on ordinary activities before change in accounting policy and abnormals</td>
<td>(428)</td>
</tr>
<tr>
<td>Outside equity interest</td>
<td>(196)</td>
</tr>
<tr>
<td>Profit before change in accounting policy and abnormals</td>
<td>1,282</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>43,110</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>7,514</td>
</tr>
<tr>
<td>Australasia</td>
<td>5,572</td>
</tr>
<tr>
<td>Total assets</td>
<td>56,296</td>
</tr>
</tbody>
</table>

Sales are grouped by countries of origin.
There were no material intersegment sales within geographic areas.
Australasia comprises Australia, Asia, Fiji, Papua New Guinea and New Zealand.
## Notes to and Forming Part of the Concise Financial Report (Continued)

### Note 3  Dividends

Dividends provided for or paid during the year:

<table>
<thead>
<tr>
<th>Class of Shares</th>
<th>Dividend per share</th>
<th>Franking</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary</td>
<td>1.5 cents</td>
<td>Unfranked</td>
<td>31</td>
<td>30</td>
</tr>
<tr>
<td>Ordinary</td>
<td>1.5 cents</td>
<td>Fully franked (36%)</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td>Ordinary</td>
<td>1.5 cents</td>
<td>Franked to 50% (34%)</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>Preferred limited voting ordinary</td>
<td>3.75 cents</td>
<td>Unfranked</td>
<td>111</td>
<td>95</td>
</tr>
<tr>
<td>Preferred limited voting ordinary</td>
<td>3.75 cents</td>
<td>Fully franked (36%)</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>Preferred limited voting ordinary</td>
<td>3.75 cents</td>
<td>Franked to 50% (34%)</td>
<td>81</td>
<td></td>
</tr>
<tr>
<td>Perpetual preference shares</td>
<td></td>
<td>Unfranked</td>
<td>51</td>
<td>45</td>
</tr>
<tr>
<td>Subsidiary preference shares 1</td>
<td>5.147%</td>
<td>Unfranked</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>7</td>
<td>305</td>
</tr>
</tbody>
</table>

1. Adjustable rate cumulative preference dividends.
2. This class of equity was retired in July 1999.

For full payment details of the above mentioned dividends refer to Directors' Report on page 48.

The balance of the franking account adjusted for franking credits which will arise from the payment of income tax provided for in the financial statements, and after deducting franking credits to be used in payment of the above dividends, is $14 million (30%) (2000 $26 million (34%)).

### Note 4  Associated entities

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating (loss)</td>
<td>(136)</td>
<td>(125)</td>
</tr>
<tr>
<td>Abnormals</td>
<td>(90)</td>
<td>(84)</td>
</tr>
<tr>
<td>Operating (loss) after abnormals</td>
<td>(226)</td>
<td>(209)</td>
</tr>
<tr>
<td>Income tax expense attributable to operating income</td>
<td>(26)</td>
<td>(103)</td>
</tr>
<tr>
<td>Income tax benefit attributable to abnormals</td>
<td>3</td>
<td>14</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(23)</td>
<td>(89)</td>
</tr>
<tr>
<td>Operating (loss) after tax</td>
<td>(249)</td>
<td>(298)</td>
</tr>
</tbody>
</table>
Notes to and Forming Part of the Concise Financial Report (Continued)

<table>
<thead>
<tr>
<th>Note</th>
<th>Abnormal gains and charges</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Abnormal gains:</strong></td>
</tr>
<tr>
<td></td>
<td>EchoStar transaction</td>
</tr>
<tr>
<td></td>
<td>News Digital Systems float</td>
</tr>
<tr>
<td></td>
<td>Disposal of non-current assets</td>
</tr>
<tr>
<td></td>
<td><strong>Total Abnormal gains:</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Abnormal charges:</strong></td>
</tr>
<tr>
<td></td>
<td>Disposal and write down of non-current assets</td>
</tr>
<tr>
<td></td>
<td>Restructuring costs</td>
</tr>
<tr>
<td></td>
<td>Healtheon/WebMD transaction, net (a)</td>
</tr>
<tr>
<td></td>
<td>Write down of investment in One.Tel (b)</td>
</tr>
<tr>
<td></td>
<td><strong>Total Abnormal charges:</strong></td>
</tr>
<tr>
<td></td>
<td>Income tax (expense) benefit attributable to abnormal items</td>
</tr>
<tr>
<td></td>
<td><strong>Abnormal (loss) profit after tax:</strong></td>
</tr>
</tbody>
</table>

(a) As a result of the restructure of the Company’s investment in Healtheon/WebMD ("WebMD"), the Company swapped out of its preferred stock investment and recognised an impairment loss on its remaining common stock interest in WebMD. In exchange for the preferred shares the Company received the ownership interest in The Health Network ("THN"), warrants to purchase additional common stock in WebMD, a reduction in its obligation to provide future media services to and license content from WebMD and the elimination of future funding commitments to an international joint venture. The reduction in the carrying value of the Company’s obligations are non-cash and not reflected in the Statement of Cash Flows. The Company subsequently sold its interest in THN.

(b) In May, 2001, the Company became aware of serious financial problems at One.Tel Limited, an Australian telecommunications company in which the Company owns approximately 24% of the outstanding equity. Upon completion of One.Tel’s auditors’ review of its current financial condition in late May, One.Tel was placed in administration. The carrying value of the investment in One.Tel has been fully written down due to its plans to liquidate its operations.

Note 6 Change in accounting policy

Change in accounting policy before tax (1,107)

At the beginning of the current financial year, the Company changed its accounting policy with regards to, amongst other things, the treatment of marketing and development costs incurred in the production and distribution of films whereby marketing and certain development costs, previously capitalised and expensed over time, are now expensed as incurred. This change in accounting policy provides better comparability of the Company’s results against its competitors and has also ensured continued consistency with United States generally accepted accounting principles for producers and distributors of films. The net impact of this change in accounting policy net of outside equity interest was a one-off pre-tax charge to profit of $1,107 million with an associated tax benefit of $421 million. The effect of this change is a reduction in net profit attributable to members of $686 million and a corresponding reduction in the carrying value of inventory of $1,338 million, a reduction in tax liabilities of $509 million and in outside equity interest of $143 million.

Note 7 Retained profits

Retained profits at the beginning of the financial year 11,691 9,737
Net profit (loss) attributable to members of the parent entity (746) 1,921
Dividends provided for or paid 3 (305) (284)
Aggregate amount transferred from reserves 266 317

Retained profits at the end of the financial year 10,906 11,691
Notes to and Forming Part of the Concise Financial Report  (Continued)

Note 8  Subsequent events

The Company and Liberty Media Corporation (“Liberty”) at 30 June, 2001, each owned 50% of Fox Sports International. On 15 July, 2001, under a pre-existing option, Liberty exercised its right to sell its 50% interest in Fox Sports International to the Company in exchange for an aggregate 3,633,866 ADRs of the Company representing 14,535,464 preferred shares. Under the terms of this transaction, the Company will transfer the acquired interest in Fox Sports International to Fox Entertainment Group, Inc. (“FEG”) for approximately 3,632,000 shares of FEG Class A common shares. The transaction is expected to close during the second quarter of fiscal 2002.

In July, 2001, the US Federal Communications Commission approved the Company's acquisition of Chris-Craft Industries, Inc., BHC Communications, Inc. and United Television, Inc. Total consideration paid amounted to US$2.03 billion in cash and the issuance of 68,854,209 ADRs representing 275,416,836 preferred limited voting ordinary shares. The Company subsequently transferred the acquired business (excluding approximately US$1.7 billion in cash) to FEG which will operate the acquired stations. FEG issued the Company 122,244,272 Class A common shares of FEG. This increased the Company's equity interest in FEG from 82.76% to approximately 85.25% while its voting interest remained at 97.8%.

In March, 2001, certain investors in Speedvision Network LLC (“Speedvision”) and Outdoor Life Network LLC (“Outdoor Life”) exercised their rights to require certain subsidiaries of FEG to purchase all of the interests held by them in Speedvision and Outdoor Life. The aggregate ownership percentage of the investors was approximately 53.44% and 50.23% of Speedvision and Outdoor Life, respectively. Based on independent fair value determinations of these interests, on 25 July, 2001, FEG paid total consideration of approximately US$401 million and US$309 million to purchase the investors' interests in Speedvision and Outdoor Life, respectively, which resulted in FEG owning approximately 85.46% of Speedvision and approximately 83.18% of Outdoor Life. The remaining interests in Speedvision and Outdoor Life are owned by Comcast Corporation (“Comcast”). As a result of FEG's purchase of the additional 53.44% of Speedvision as described above, the Company will consolidate the results of Speedvision.

Shortly after the exercise of the Speedvision and Outdoor Life purchase options described above, FEG entered into a Purchase Agreement with Comcast pursuant to which FEG may sell its approximate 83.18% interest in Outdoor Life to Comcast. Pursuant to the Purchase Agreement, Comcast can elect to call FEG’s interest in Outdoor Life during the 30 day period which commenced on 25 July, 2001 and ends on 23 August, 2001 for approximately US$512 million.

In July, 2001, the Company entered into an agreement with Vivendi Universal and certain of its subsidiaries (“Vivendi”) to merge the Company's interest in Stream, S.p.A. with Vivendi's interest in Telepiu, S.p.A. subject to regulatory approval. Upon regulatory approval of the merger, the Company has agreed to purchase Telecom Italia's interest in Stream such that the Company will own 100% of Stream prior to merger. The merged entity will be 25% owned by the Company and 75% owned by Vivendi. The Company will have the right, exercisable at eighteen months from closing of the merger and again at thirty-six months from closing of the merger, to increase its stake in the merged entity to 50%.

In December, 2000, Haim Saban, Chairman and Chief Executive Officer of Fox Family Worldwide, Inc. (“FFW”), exercised his right to require Fox Broadcasting Company to purchase all of the Class B Common Stock of FFW held by Mr Saban, other former stockholders of Saban Entertainment, Inc. and their transferees (“the Saban Interest”). In January, 2001, a subsidiary of Fox Broadcasting Company exercised its option to purchase the Saban Interest. In July, 2001, the Company, Haim Saban and the other stockholders of FFW reached a definitive agreement to sell FFW to The Walt Disney Company (“Disney”) for total consideration of approximately US$3.3 billion (including the assumption of certain debt). Fox Broadcasting Company has entered into programming arrangements with Disney to allow the continued broadcast of certain FFW programming on Fox affiliates through the Fox Kids Network following closing of the FFW sale to Disney. This transaction is expected to close during the second quarter of fiscal 2002.
Directors’ Declaration

for the year ended 30 June, 2001

The Directors of The News Corporation Limited declare that:

a) the Concise Financial Report set out on pages 54 to 63 complies with Accounting Standard AASB 1039 “Concise Financial Reports”; and

b) has been derived from and is consistent with the Full Financial Report for the financial year.

This declaration is made in accordance with a resolution of Directors.

K R Murdoch AC

Director

D F DeVoe

Director

16 August, 2001
INDEPENDENT AUDIT REPORT

To the Members of The News Corporation Limited:

Scope
We have audited the concise financial report of The News Corporation Limited for the financial year ended 30 June, 2001 as set out on pages 54 to 64, in order to express an opinion on it to the members of the Company. The Company's directors are responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report of The News Corporation Limited for the year ended 30 June, 2001. Our audit on the full financial report was signed on 16 August, 2001 and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report and examination, on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report is presented fairly in accordance with Accounting Standard AASB1039 “Concise Financial Reports”.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion
In our opinion, the concise financial report of The News Corporation Limited complies with Accounting Standard AASB1039 “Concise Financial Reports”.

Arthur Andersen
Chartered Accountants

Martyn Scrivens
Partner
16 August, 2001
Shareholder Information

as at 16 August, 2001

Corporate Ownership - Ordinary Shares
Number of ordinary shareholders 41,442
Voting rights
On show of hands - one vote for each member
On poll - one vote for each share held

Distribution of shareholding
1 - 1,000 27,121
1,001 - 5,000 11,155
5,001 - 10,000 1,563
10,001 - 100,000 1,353
100,001 and over 250

Holding less than a marketable parcel 1,954

Top twenty shareholders as at 16 August, 2001
Cruden Investments Pty. Limited and controlled entities 607,821,230
Citicorp Nominees Pty. Limited 409,192,990
Chase Manhattan Nominees Limited 227,898,049
National Nominees Limited 168,204,330
Westpac Custodian Nominees Limited 129,762,642
ANZ Nominees Limited 77,129,127
AMP Life Limited 37,623,252
Queensland Investment Corporation 34,592,673
Commonwealth Custodial Services Limited 32,096,540
JP Morgan Custodial Services Pty. Limited 23,000,053
HSBC Custody Nominees (Australia) Limited 20,759,429
Cogent Nominees Pty. Limited 19,067,431
Perpetual Trustees Victoria Limited 15,052,057
MLC Limited 14,966,307
RBC Global Services Australia Nominees Pty. Limited 13,653,024
The National Mutual Life Association of Australasia Limited 11,133,492
Perpetual Trustees Nominees Limited 10,304,864
Perpetual Nominees Limited 9,788,969
News Nominees Pty. Limited 9,151,882
NRMA Nominees Pty. Limited 8,897,830

1,880,096,171

Percentage of issued ordinary shares held by twenty largest holders 89.88%

Substantial shareholders
Cruden Investments Pty. Limited and controlled entities 607,821,230
Corporate Ownership - Preferred Limited Voting Ordinary Shares

Number of preferred limited voting ordinary shareholders 18,170

Voting rights - preferred limited voting ordinary shares do not have voting rights except:

(a) upon any proposed resolution to reduce the share capital of The News Corporation Limited, or to sanction the disposal of the whole of the property, business and undertaking of The News Corporation Limited, or when any preferential dividend declared on such share has been declared and due for payment, and remains unpaid for more than six months; or

(b) upon any proposed resolution which directly affects the rights or privileges of preferred limited voting ordinary shareholders, in which case a preferred limited voting ordinary shareholder has the same voting rights as those conferred on ordinary shareholders in respect of each ordinary share.

Distribution of shareholding

<table>
<thead>
<tr>
<th>Holding Range</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 1,000</td>
<td>10,937</td>
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<tr>
<td>1,001 - 5,000</td>
<td>5,335</td>
</tr>
<tr>
<td>5,001 - 10,000</td>
<td>889</td>
</tr>
<tr>
<td>10,001 - 100,000</td>
<td>787</td>
</tr>
<tr>
<td>100,001 and over</td>
<td>222</td>
</tr>
<tr>
<td>Holding less than a marketable parcel</td>
<td>1,108</td>
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</table>

Top twenty shareholders as at 16 August, 2001

<table>
<thead>
<tr>
<th>Shareholder Name</th>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citicorp Nominees Pty. Limited</td>
<td>1,826,381,089</td>
</tr>
<tr>
<td>Cruden Investments Pty. Limited and controlled entities</td>
<td>231,040,214</td>
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<tr>
<td>Chase Manhattan Nominees Limited</td>
<td>215,184,345</td>
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<td>National Nominees Limited</td>
<td>118,550,348</td>
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<td>Westpac Custodian Nominees Limited</td>
<td>84,307,564</td>
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<tr>
<td>Commonwealth Custodial Services Limited</td>
<td>37,527,727</td>
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<tr>
<td>Queensland Investment Corporation</td>
<td>36,069,291</td>
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<tr>
<td>AMP Life Limited</td>
<td>33,379,829</td>
</tr>
<tr>
<td>MLC Limited</td>
<td>25,556,082</td>
</tr>
<tr>
<td>Cogent Nominees Pty. Limited</td>
<td>20,217,286</td>
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<td>JP Morgan Custodial Services Pty. Limited</td>
<td>20,042,505</td>
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<td>Perpetual Trustees Nominees Limited</td>
<td>18,358,043</td>
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<td>ANZ Nominees Limited</td>
<td>16,513,852</td>
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<td>Perpetual Trustees Victoria Limited</td>
<td>15,005,475</td>
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<td>NRMA Nominees Pty. Limited</td>
<td>12,059,627</td>
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<td>RBC Global Services Australia Nominees Pty. Limited</td>
<td>11,087,665</td>
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<tr>
<td>ING Life Limited</td>
<td>10,760,954</td>
</tr>
<tr>
<td>Perpetual Nominees Limited</td>
<td>10,683,320</td>
</tr>
<tr>
<td>The National Mutual Life Association of Australasia Limited</td>
<td>8,551,108</td>
</tr>
<tr>
<td>Ogier Trustee Limited</td>
<td>7,899,712</td>
</tr>
</tbody>
</table>

Percentage of issued preferred limited voting ordinary shares held by twenty largest holders 93.94%
## Board of Directors and Executive Management Committee

### Directors
- **K. Rupert Murdoch, AC**  
  *Chairman and Chief Executive*
- **Geoffrey C. Bible**
- **Chase Carey**
- **Peter Chernin**
- **Kenneth E. Cowley, AO**
- **David F. DeVoe**
- **Roderick I. Eddington**
- **Dr. Aatos J. Erkko, KBE**
- **Andrew S.B. Knight**
- **Graham Kraehe**
- **James R. Murdoch**
- **Lachlan K. Murdoch**
- **David F. Devoe**
- **Anthea Disney**
- **James N. Gianopulos**
- **Bert C. Roberts, Jr.**
- **Stanley S. Shuman**
- **Arthur M. Siskind**

### Executive Management Committee
- **K. Rupert Murdoch**  
  *Chairman and Chief Executive*
- **Les Hinton**  
  *Executive Chairman*
- **Tony Ball**  
  *Chief Executive*
- **Brian Mulligan**  
  *Chairman*
- **Chase Carey**  
  *President and Chief Executive Officer*
- **James R. Murdoch**  
  *Chairman and Chief Executive Officer*
- **Paul Carlucci**  
  *Chairman and Chief Executive Officer*
- **Lachlan K. Murdoch**  
  *Deputy Chief Operating Officer*
- **Peter Chernin**  
  *President and Chief Operating Officer*
- **Abe Peled**  
  *Chief Executive Officer*
- **David F. Devoe**  
  *Senior Executive Vice President and Chief Financial Officer*
- **Martin Pompadur**  
  *Executive Vice President*
- **Anthea Disney**  
  *Executive Vice President, Content*
- **Thomas Rothman**  
  *Chairman*
- **Gary Ginsberg**  
  *Executive Vice President, Investor Relations and Corporate Communications*
- **Jeff Shell**  
  *President and Chief Executive Officer*
- **Sandy Grushow**  
  *President*
- **Arthur M. Siskind**  
  *Senior Executive Vice President and Group General Counsel*
- **David Hill**  
  *Chairman and Chief Executive Officer*
- **Mitchell Stern**  
  *Chairman and Chief Executive Officer*
Supplemental Information

Secretaries
Keith D. Brodie (Sydney)
Robert K. Moon (Adelaide)
Laura A. O’Leary (New York)

Head Office
2 Holt Street
Sydney, N.S.W. Australia 2010
Telephone 61 (2) 9288 3000

Registered Office
121 King William Street
Adelaide, S.A. Australia 5000
Telephone 61 (8) 8206 2000

A.C.N
007 910 330

Auditors
Arthur Andersen
Chartered Accountants

Share Registers
Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
Adelaide, S.A.
Australia 5000
Telephone 61 (8) 8236 2300

Computershare Services plc
P.O. Box 82
The Pavilions
Bridgewater Road
Bristol
BS99 7NH
Telephone 44 (870) 702 0003

ADR Depository
Citibank, N.A.
ADR Department
111 Wall Street, 5th Floor
New York, New York 10043
Shareholder Services
Telephone 1 (877) 248 4237

Requests for Annual Reports
Australasia:
2 Holt Street
Sydney, N.S.W. Australia 2010
Telephone 61 (2) 9288 3233

United Kingdom:
1 Virginia Street
London, E98 1XY
Telephone 44 (20) 7782 6000
Fax 44 (20) 7895 9020

United States:
1211 Avenue of Americas
New York, NY 10036
Telephone 1 (212) 852 7059

Through the Web:
www.newscorp.com/public/ir/index

Financial Statements
The financial statements in this Concise Annual Report have come from the Group’s full 2001 Financial Report. A copy of the Full Financial Report is available free of charge upon request from the addresses above.

The News Corporation Limited Notice of Meeting
A separate Notice of Meeting and Proxy Form are enclosed with this report.

The interactive version of the News Corporation 2001 Annual Report can be found at: www.newscorp.com