A constellation of media businesses, News Corporation’s global operations encompass the fields of filmed entertainment, newspapers, pay and free-to-air television, cable network programming, book publishing, magazines and consumer marketing.

Just as our assets span the world, our vision spans art and humor, audacity and compassion, information and innovation – whether in an American television series, an Indian game show, an Australian newspaper, an English sports broadcast or an international box-office hit.

Every day, hundreds of millions of people are entertained and enlightened by the authors and actors, printers and producers, reporters and directors who fulfill our mission. That mission remains unchanged after half a century of expansion and improvement: the creation and distribution of top-quality news, sports and entertainment around the world.
Filmed Entertainment

United States
Fox Filmed Entertainment (a)
Twentieth Century Fox Film Corporation
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
Twentieth Television
Regency Television (b) 50%
Blue Sky Studios

Australia
Fox Studios Australia (b) 50%
Premium Movie Partnership (b) 20%

Latin America
Fox Studios Baja (a)
Canal Fox (a)
Telecine (b) 12.5%

Television

United States
FOX Broadcasting Company (a)
Fox Television Stations (a)

WNYW New York, NY
WWOR New York, NY
KTTV Los Angeles, CA
KCOP Los Angeles, CA
WFLD Chicago, IL
WXTF Philadelphia, PA
KDFW Dallas, TX
KDFI Dallas, TX
WFXT Boston, MA
WTGG Washington DC
WDCA Washington DC
WAGA Atlanta, GA
WJLB Detroit, MI
KTXH Houston, TX
KSPF Minneapolis, MN
WFBC Tampa, FL
KSAZ Phoenix, AZ
KUTP Phoenix, AZ
WJW Cleveland, OH
KDVR Denver, CO
WBBW Orlando, FL
WOFU Orlando, FL
KTVI St. Louis, MO
WDAF Kansas City, MO
WITI Milwaukee, WI
KSTU Salt Lake City, UT
WBBR Birmingham, AL
WHBQ Memphis, TN
WGHP Greensboro, NC
KTBX Austin, TX
WUTB Baltimore, MD
WOGX Gainesville, FL
United Kingdom and Europe
British Sky Broadcasting 36%
Stream 50%
Balkan News Corporation 75%

Asia (except Japan)
STAR
Channel V [V] 87.5%
Phoenix Satellite Television 37.6%
ESPN STAR Sports 50%
Vijay Television 51%
Viva Cinema 50%
Zee Telefilms 3.9%
Space Shower Networks 10%

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

Latin America
Cine Canal (b) 22.5%
Sky Latin America DTH Platforms
Mexico – Innová 30%
Brazil – NetSat 36%
Sky Multi-Country Partners 30%

Australia and New Zealand
FOXTEL 25%
Fox Sports Australia 50%
Sky Network Television 30%
National Rugby League 50%

Cable Network Programming
United States
Fox News Channel (a)
Fox Cable Networks Group (a)
FX
Fox Movie Channel
Fox Sports Networks
Fox Regional Sports Networks
(13 owned and operated) (c)
Regional Programming Partners (b) 40%
Fox Sports World
Speed Channel
Fox Pan American Sports (b) 37.9%
Rogers Sports Net (b) 20%
National Sports Partners (b) 50%
National Advertising Partners (b) 50%
National Geographic Channel – Domestic (b) 66.7%
National Geographic Channel – International (b) 50%
Los Angeles Dodgers
STAPLES Center (b) 40%
LA Sports and Entertainment District (b) 40%
HealthSouth Training Center (b) 40%

Asia
Hathway Cable and Datacom 26%
Taiwan Cable Systems
(18 Affiliated Cable Systems) 20%

Newspapers
United States
New York Post

United Kingdom
The Times
The Sunday Times
The Sun
News of the World
TSL Education

Australia
More than 100 national, metropolitan, suburban, regional and Sunday titles, including the following:
The Australian
The Daily Telegraph
The Sunday Telegraph
Herald Sun
Sunday Herald Sun
The Courier Mail 41.7%
Sunday Mail (Brisbane) 41.7%
The Advertiser
Sunday Mail (Adelaide)
The Mercury
Sunday Tasmanian
The Sunday Times
Northern Territory News
Sunday Territorian

New Zealand
Independent Newspapers 45.3%

Fiji
The Fiji Times
Sunday Times
Nai Lalakai
Shanti Dutt

Papua New Guinea
Post-Courier 63%

Magazines and Inserts
United States and Canada
News America Marketing
In-Store
FSI (SmartSource Magazine)
SmartSource iGroup
News Marketing Canada
The Weekly Standard
Gemstar – TV Guide International 42.9%

Australia
InsideOut
donna hay

Book Publishing
United States, Canada, United Kingdom & Europe and Australasia
HarperCollins Publishers

Other
United Kingdom and Europe
NDS 79%
Broadsystem
The Wireless Group 19%
Convoys Group
Sky Radio 71.5%
Radio 538 42%
News Outdoor Group 75%

Australia and Asia
News Interactive
Festival Records
Newspoll 50%
Beijing PDN Xinren Information Technology 69.6%
UTV Software Communications 19.9%
Digwave Infrastructure Services 50%
Yesky.com 20%
21CN Cybernet Corporation 41%

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(a) Held by News Corporation’s 85.32%-owned FEG
(b) Reflects percentage held by News Corporation’s 85.32%-owned FEG
(c) Fox Regional Sports Networks are all owned 100% except Fox Sports Net South is 88%

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

(Australian dollars, in Millions except for Earnings Per Share)

<table>
<thead>
<tr>
<th>Year ended June 30,</th>
<th>2002</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$ 29,014</td>
<td>$ 25,578</td>
<td>$ 22,443</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$ 3,542</td>
<td>$ 3,093</td>
<td>$ 2,742</td>
</tr>
<tr>
<td>Associated entities, before Other items</td>
<td>$(314)</td>
<td>$(162)</td>
<td>$(228)</td>
</tr>
<tr>
<td>Income before Other items</td>
<td>$ 1,217</td>
<td>$ 1,282</td>
<td>$ 1,259</td>
</tr>
<tr>
<td>Other items, net</td>
<td>$(13,179)</td>
<td>$(2,028)</td>
<td>$ 662</td>
</tr>
<tr>
<td>Net Profit</td>
<td>$(11,962)</td>
<td>$(746)</td>
<td>$ 1,921</td>
</tr>
</tbody>
</table>

**Earnings per share**

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before Other items</td>
<td>$ 0.23</td>
<td>$ 0.30</td>
<td>$ 0.30</td>
</tr>
<tr>
<td>Net Profit</td>
<td>$(2.43)</td>
<td>$(0.19)</td>
<td>$ 0.47</td>
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</table>

**Financial Position**

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>$71,449</td>
<td>$84,961</td>
<td>$65,585</td>
</tr>
<tr>
<td>Debt</td>
<td>$15,441</td>
<td>$18,805</td>
<td>$15,431</td>
</tr>
</tbody>
</table>

Operating Income by **Geographic Segment 2002**

- United Kingdom and Europe 23%
- United States 70%
- Australasia 7%

Revenues by **Geographic Segment 2002**

- United Kingdom and Europe 15%
- United States 77%
- Australasia 8%

Note: These financial highlights are taken from the Concise Financial Report.
Financial Highlights

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

Year ended June 30,

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$15,195</td>
<td>$13,802</td>
<td>$14,151</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$ 1,855</td>
<td>$ 1,669</td>
<td>$ 1,729</td>
</tr>
<tr>
<td>Associated entities, before Other items</td>
<td>$(165)</td>
<td>$(88)</td>
<td>$(144)</td>
</tr>
<tr>
<td>Income before Other items</td>
<td>$ 636</td>
<td>$ 691</td>
<td>$ 794</td>
</tr>
<tr>
<td>Other items, net</td>
<td>$(6,901)</td>
<td>$(1,136)</td>
<td>$ 419</td>
</tr>
<tr>
<td>Net Profit</td>
<td>$(6,265)</td>
<td>$(445)</td>
<td>$ 1,213</td>
</tr>
</tbody>
</table>

Earnings per ADR

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before Other items</td>
<td>$ 0.49</td>
<td>$ 0.64</td>
<td>$ 0.77</td>
</tr>
<tr>
<td>Net Profit</td>
<td>$(5.09)</td>
<td>$(0.46)</td>
<td>$ 1.18</td>
</tr>
</tbody>
</table>

Financial Position

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
<th>2000</th>
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</thead>
<tbody>
<tr>
<td>Assets</td>
<td>$40,293</td>
<td>$42,999</td>
<td>$39,279</td>
</tr>
<tr>
<td>Debt</td>
<td>$ 8,709</td>
<td>$ 9,517</td>
<td>$ 9,242</td>
</tr>
</tbody>
</table>

Note: These financial highlights are taken from the Concise Financial Report
Chief Executive’s Review

We have long been proud of News Corporation’s stature not only as one of the world’s most successful media companies but as its most international. The films, television programs, newspapers, magazines, books and other products and services of our Company simply reach more people in more countries than those of any other media provider. Yet we do more than operate on a truly global scale: for almost 50 years we have operated according to the values that bind us to the communities we serve – and that unite people across the globe.

The past fiscal year gave us ample chance to exercise those values. It was a time of extraordinary events and exceptional difficulty for people, nations and industries around the world – during which our worldwide Company met challenges to our operations, and our principles, head-on. Our efforts have always been driven by a fierce egalitarian spirit, by a deep belief in fair play and in the rights of individuals. This is the spirit that has guided our diverse operations as we’ve catered to television audiences from Britain to Bangalore; as our newspapers have earned one loyal reader at a time from New York City to New Guinea; and as we have turned the vision and expertise of the individuals who manage our businesses into successful operations. It is also this spirit that has guided our principled response to world events during the past year, particularly the events of September 11.

Our journalists in New York – at the Post, at Fox News Channel and at our foreign newspaper bureaus based in the city – showed tremendous resolve and personal courage as they delivered exemplary coverage of the attacks and their aftermath from the front lines, even while being targeted themselves with anthrax contamination and terrorist threats. Our FOX network was one of the original organizers of the telethon that brought together the world’s most popular entertainers and raised US$180 million for the victims of September 11.

Months later, Fox News Channel initiated and led the charge against September 11 charities that were slow to distribute their funds; and the New York Post launched an awards program, based on nominations by the public, to honor New Yorkers who exemplify the strength of character that the city has shown since the attacks.

Our responses to momentous events were not limited to the U.S. during the past year. In the U.K., The Sun and The Times lent their distinctive voices to Britain’s historic debates over currency and politics. In India, the management and employees of STAR showed enormous bravery as they worked to serve their customers through that country’s political upheaval. And in Australia, the Daily Telegraph in Sydney organized and executed a phenomenally successful appeal for the sake of the victims of the destructive bushfires that struck New South Wales.

Media companies such as ours have an obligation to the communities we serve to be good and involved citizens. I was – and I remain – deeply proud of all our companies’ efforts during this past year to fulfill that essential function.

At the same time, we also have a fundamental responsibility to shareholders to operate our Company as efficiently and profitably as possible. Therefore, I am pleased to report that the Company’s results were extremely strong in fiscal 2002. Our revenues rose 10 percent to US$15.2 billion and
our operating income increased 11 percent to US$1.86 billion. In the face of unprecedented challenges we generated uncommon success. As strong as our results were, however, we were not able to transfer that strength to our share price. Like you, I am frustrated with the underperformance of our stock during this past fiscal year and know it is of little consolation that our peers—and indeed the overall U.S. market—experienced similar and greater losses. I and other members of our senior management team spent considerable time this past year educating the marketplace about our fundamental shareholder value in the hope that with a market rebound will come a rebound in our stock price to levels that more accurately reflect our true position.

Nevertheless, fiscal 2002 was a year of significant operational success.

In the U.S., our Filmed Entertainment segment recorded operating income of US$473 million, a 78 percent increase over the previous year, fueled by the record-breaking theatrical releases of Planet of the Apes, Ice Age and Star Wars Episode II: Attack of the Clones; by the strong performance of home entertainment releases including the brilliant Moulin Rouge and Behind Enemy Lines; and by the pay-TV earnings of Planet of the Apes and Dr. Dolittle 2. These are the benefits of our exceptional string of motion pictures over the past year and a half: a content pipeline generating ongoing revenues as our films are released across a variety of ancillary windows. It is not luck that powered our fifth consecutive year of record revenues from DVD and VHS sales in the U.S. but rather the talents of our executives and their creative teams, the sheer quality of the films they create and the intelligent marketing and distribution strategies they employ to maximize these products’ potential.

Our television production business also helped to propel the earnings increase in Filmed Entertainment, as Twentieth Century Fox Television (TCFTV) furthered its reign as the number one supplier of series to networks. During the year, TCFTV sold the syndication rights to such successful shows as Buffy the Vampire Slayer, King of the Hill, The Practice and Ally McBeal as well as raising the license fees for network series including Dharma & Greg. Fox Television Studios’ Malcolm in the Middle – nominated for five Emmys in July 2002 – also continued to be a treasured television property, reflected in the sale, shortly after the fiscal year, of rights to re-broadcast the series to stations covering 30 percent of the U.S. With 24 of our television series incorporated into the U.S. broadcast networks’ schedules for next season – 15 of them returning from last season – the Company is poised to extend its unrivaled leadership in network program creation and to augment its line of syndication hits.

Perhaps the clearest evidence of our ability to strengthen our businesses in uncertain economic conditions and against any competition can be seen in the progress of our cable television platforms in fiscal 2002. Operating income at the cable segment increased 88 percent in fiscal 2002 as explosive gains were achieved across all the Company’s cable channels. Fox News Channel, once considered an improbable challenger to an unbeatable frontrunner, became the undisputed number one cable news channel on U.S. television in less than six years. Fox News beat CNN’s ratings 24 hours a day while adding more than 12 million subscribers and remained the most-watched cable news network for the second half of the fiscal year. FX emerged as a top 10 cable network as the fast-growing entertainment channel generated the highest ratings.
in the industry with its original movies and series and increased its subscribers by 20 percent. Fox Sports Networks improved its operating profit by 30 percent on the strength of double-digit revenue growth at the Regional Sports Networks and the continued rise of Speed Channel, which now boasts nearly 52 million subscribers. And National Geographic Channel, launched in partnership with National Geographic Television in January 2001, more than doubled its subscribers during the year to accomplish the most successful rollout of a U.S. cable network in history, after already achieving great international success.

Meanwhile, our Fox Television Stations group continued to thrive as the nation’s most enviable collection of local stations – and the Company’s most profitable business. In the past year we began to realize the incremental benefits of our duopolies in the top American markets as the group lowered overhead costs, improved operating efficiency and expanded its market share. Strategic acquisitions and swaps during the fiscal year helped the Company create four of those valuable duopolies – with a fifth, in Chicago, finalized in August 2002. As a result, the group now operates nine duopolies, including duopolies in the nation’s top three markets of New York, Los Angeles and Chicago. Our focused strategy of creating the most efficient television platforms in the most rewarding American markets continues to make the Fox Television Stations group a major growth engine for the Company.

While much of these stations’ programming, and thus their strength, is supplied by the FOX Broadcasting Company, the network itself endured a difficult year. Although FOX maintained its position as the number two network in the 2002 broadcast season in the coveted demographic of Adults 18 to 49, and despite the success of the groundbreaking new series *24* and *The Bernie Mac Show*, lower overall ratings, increased programming costs, losses from our sports contracts and the soft ad market combined to seriously hinder results. Following the departure of two of FOX’s most durable hit series, *The X-Files* and *Ally McBeal*, the network has taken aggressive steps to regain momentum. In June, FOX launched *American Idol*, which fast became the most popular series of the summer – averaging nearly 10 million viewers in its first few weeks – and we will continue to refine and redefine our programming to meet the needs of our viewers and advertisers going forward.

Our concerted efforts to improve our businesses generated positive results far beyond the U.S. In the U.K., BSkyB – 36 percent-owned by News Corporation – built on its success as the best digital satellite television service in the world. BSkyB’s phenomenal growth led the platform to operational profitability by the end of the year. The substantial increase of Sky’s direct-to-home subscriber base, 6.1 million strong by June 2002, fueled a 20 percent revenue improvement. With annual revenue per user having risen 11 percent and with churn impressively low, Sky continues to set the operational standard for digital television service everywhere.

STAR, too, achieved positive contributions for the second half of the fiscal year as the pan-Asian television platform improved its yearly operating income by 57 percent. At the close of fiscal 2002, STAR Plus celebrated two full years of unmatched excellence in the Indian market, having broadcast an average of 19 of the country’s top 20 cable shows every week. Our 37.6 percent-owned Phoenix Chinese Channel remained China’s leading independent television service, and our launch in March 2002 of a 24-hour Mandarin entertainment channel in Southern China made promising inroads into the most populous television market in the world.

In Book Publishing, HarperCollins continued its success, posting increased earnings across all its worldwide divisions while achieving some of the highest profit margins in the business. In its fifth consecutive year of rising profits, HarperCollins saw both its Canadian and U.K. divisions win those countries’ publisher of the year awards. With a record number of American bestsellers in the past year, with its September 2001 launch of the bilingual Rayo imprint and with the establishment of the HarperCollins India joint-venture shortly after the end of the fiscal year, HarperCollins continued to excel and expand across the globe.

As I’ve said, however, with worldwide presence come worldwide challenges, and the severity of global economic conditions in the first half of the

The past year was a time of extraordinary events and exceptional difficulty for people, nations and industries around the world - during which our worldwide Company met challenges to our operations, and our principles, head-on.
year took its toll. The poor advertising climate affected several of our businesses as we worked hard to retain our leadership positions in extremely competitive markets.

This battle was hard-fought at our newspaper operations, whose famous mastheads and loyal readerships make us the world’s leading English-language publisher. In the U.K., the solid market leadership of our papers enabled the majority of them to increase circulation revenues year-over-year; yet these gains were counteracted by ad revenue declines. In Australia, our papers’ circulation revenues also rose; but the downturn in national advertising, as well as higher newsprint costs, more than offset those increased revenues. Overall, operating income at the newspapers fell 12 percent from a year ago, kept from a steeper decline by our effective cost-cutting efforts.

The weakened ad market also forced us, in our second quarter, to substantially write down the value of our U.S. sports contracts with the National Football League, Major League Baseball and NASCAR auto racing. These contracts were signed in a far more robust economy and advertising climate, and we had no choice but to take the write-down to reflect the reduced value of these contracts.

As we have grown over the past five decades to a company with more than US$40 billion in assets, we have had to be entrepreneurial – and in that process we have had our setbacks. Two of them came this year.

In February 2002, we wrote down the value of News Corporation’s investment in Germany’s KirchMedia just as BSkyB wrote down its investment in KirchPayTV. Although we believed in the potential of the German market, and safeguarded that belief with an option to put BSkyB’s stake back to Kirch, a series of ill-fated investments on their part – as well as the decline of their business in an unforgiving economy – led Kirch to declare bankruptcy in May and rendered BSkyB’s put option virtually worthless. We also had to write down the book value of our investment in Gemstar-TV Guide International due to Gemstar’s diminished share price. Although this obviously came as a great disappointment, it represents no change in our fundamental belief in the future growth of this asset.

These were difficult but necessary decisions in a year of difficult operating conditions – and ultimately, for News Corporation, a year of real success. As a result of the positive momentum at nearly all our key businesses, our Company’s balance sheet is exceptionally strong. The sale, in October 2001, of our 49.5 percent stake in Fox Family Worldwide for US$1.7 billion added US$1.3 billion to our cash reserves. Moreover, our increased free cash flow for the full year, which rose to US$1.5 billion, enabled us to pay down debt while providing us with great stability and flexibility going forward. This fiscal strength will be all the more advantageous should our advertising markets, which have demonstrated a significant improvement over the past several weeks, continue their return to health.

Yet more than our balance sheet was bolstered during the past year: indeed, our Company itself is operating at full strength and to the best of our integrated abilities. The span of our international operations would not be nearly as valuable if it weren’t for our ability to work together, combining the strengths of assets across diverse media industries and the talents of employees across the world. The people of News Corporation – the creators and managers of our properties, the staff who improve our businesses daily and the shareholders whose support and vision we work to reward – are certainly our most valuable assets in every country, every economy and every year. In the past year those people were united by shared challenges and shared principles; it is the result of their hard work that our Company now stands so well-positioned for future success.

As a result of the positive momentum at nearly all our key businesses, our Company’s balance sheet is exceptionally strong.
the movies
that audiences crave ...

■ Animation sensation *Ice Age* grossed more than US$300 million worldwide after achieving the highest-grossing March opening – and the third-largest animated opening – in box office history
Filmed Entertainment

Some of the most successful motion pictures in history, the world’s favorite home entertainment, and an industry-leading number of primetime television series are created by News Corporation’s filmed entertainment operations.

During the year, Twentieth Century Fox’s outstanding run of films – including Planet of the Apes, Ice Age, Star Wars Episode II: Attack of the Clones, Minority Report, Shallow Hal and Dr. Dolittle 2 (released late in fiscal 2001) generated record-breaking theatrical openings and strong revenues worldwide. These films will continue to generate revenues as they are distributed across video, DVD, pay-TV and free television windows internationally. Profits at the Company’s home entertainment business rose to record levels for the fifth consecutive year, driven by the successful video and DVD releases of such films as Moulin Rouge and Kiss of the Dragon.

In television production, the Company again supplied more primetime shows to the major U.S. broadcast networks than any other studio – and will extend that leadership to four straight years with series created by Twentieth Century Fox Television and Fox Television Studios for the 2002-2003 season.

News Corporation’s filmed content is at the heart of its international success, and the segment’s results during fiscal 2002 are a testimony to the Company’s creative and distribution strengths.
*Minority Report*, starring Tom Cruise and directed by Stephen Spielberg, was the number-one film in the U.S. upon its release in June 2002.

Fiscal 2002 began with the spectacular success of *Planet of the Apes*, which grossed US$360 million in theaters worldwide by June 30. The film was an instant hit in the home entertainment market when released on DVD and video in November.
■ **Moulin Rouge**, released in fiscal 2001, won **two Academy Awards** and **three Golden Globe awards**. *Moulin Rouge* grossed more than US$175 million at the worldwide box office.

■ The debut of *Star Wars Episode II: Attack of the Clones* marked the **widest release of a motion picture ever**, helping to propel the film to box office revenues of more than US$500 million worldwide by the end of the fiscal year.

■ Other **solid box office performers** during the year included *Shallow Hal*, *Behind Enemy Lines* and *Unfaithful*.
Fiscal 2002 was the **fifth consecutive year of record-breaking revenues** from DVD and VHS sales in the U.S., which increased 18 percent over the previous year.

Apart from the **home entertainment success** of *Dr. Dolittle 2* and *Planet of the Apes*, five consecutive DVD releases debuted at number one on American sales charts: *Kiss of the Dragon*, *Don’t Say a Word*, *Joy Ride*, *Black Knight* and *Behind Enemy Lines*. 
The Company’s television production studios were the leading supplier of primetime shows to the networks for the third consecutive year. The industry leadership of Twentieth Century Fox Television and Fox Television Studios was solidified with the addition of FOX’s top-rated *The Bernie Mac Show* and the WB’s hit comedy, *Reba*.

Other high-rating series produced by Fox studios for FOX and other networks included *Malcolm in The Middle*, *The Shield*, *Yes, Dear*, *Judging Amy* and *The Practice*.

Syndication revenues from the Company’s slate of hit series continued to increase, with *Ally McBeal*, *King of The Hill*, *The Practice* and *Buffy the Vampire Slayer* all moving into the lucrative syndication market in fiscal 2002.

*The X-Files* ended its enormously successful eight-year run, while the final episode of the hit show *Ally McBeal* aired after five high-rating seasons.
the television shows that viewers tune into...
Television

With an industry-leading group of local American stations, a leading broadcast network in the U.S. and the most advanced television platforms across the globe, News Corporation is a clear leader in the worldwide television industry.

In the U.S., the 34-station Fox Television Stations group – still the most profitable of the Company’s television businesses despite a downturn in the advertising market – grew market share significantly as it continued to develop duopolies in the nation’s largest television markets. Meanwhile, the FOX Broadcasting Company focused its creative talents on fostering a ratings turnaround at the network after a disappointing 2001-2002 season. In the U.K., the successful rollout of BSkyB’s digital service counted its six-millionth subscriber. And in Asia, STAR grew its revenues more than 15 percent on the strength of the market leadership of STAR Plus in India and subscription revenue gains across the region. STAR recorded an operating profit for the first time during the second half of the fiscal year.

Whether pioneering a diverse television platform across the world’s largest continent or delivering news, sports and entertainment to one local community at a time, News Corporation’s television operations are unparalleled.

- The FOX Broadcasting Company continued to be the number one network among teen viewers and the number two network among Adults 18-49 despite a fall in overall ratings.
- The final season of hits *The X-Files* and *Ally McBeal* also marked the debut of *The Bernie Mac Show* – the season’s highest-rated new show among teens – and *24*, one of the most critically acclaimed new dramas on any network.
FOX built on the stunning success of its 2001 NASCAR broadcasts with higher average audiences for regular season races in 2002.

Following FOX’s broadcast of *Super Bowl XXXVI* – the most-watched program of the year on any network – *Malcolm in the Middle*, the Emmy Award-winning Fox Television Studios comedy, drew an extraordinary 31 million viewers.
Fox Television Stations **increased its market share, revenues and earnings** after completing the acquisition of the former Chris-Craft station group.

- Strategic swaps and acquisitions **created four new duopolies during the year**, with an additional duopoly in the Chicago market formed subsequent to the end of fiscal 2002.

- With the Chicago acquisition, **the station group includes nine major-market duopolies**, among them duopolies in the top three U.S. television markets: New York, Los Angeles and Chicago.
In the U.K., BSkyB, 36 percent-owned by News Corporation, solidified its position as the premier digital satellite television service as Sky's DTH subscriber base surpassed six million, its average revenue per subscriber rose and its churn rate remained among the lowest in the industry.
- In Asia, STAR **achieved operating profitability** for the second half of the fiscal year as it built on its businesses in India and Greater China.

- In India, **80 percent of cable homes watched STAR programming** each week and STAR's Hindi entertainment channel averaged 40 out of the top 50 programmes on cable.

- In Taiwan, STAR achieved **the number one position in the movie category** with STAR Mandarin Movies.

- In mainland China, Phoenix Chinese Channel, 37.6 percent-owned by News Corporation, remained **the nation's leading independent broadcaster**.

- STAR launched Xing Kong Wei Shi, a Mandarin entertainment channel, **the first all-new channel** granted cable carriage in mainland China.
the cable channels

that subscribers demand...

- Fox News Channel more than doubled its audience on a 24-hour basis and increased its primetime audience 92 percent to firmly establish itself as number one among U.S. news channels.

- The addition of 12.3 million subscribers at Fox News Channel enabled the Company to increase affiliate fees, while the rapid ratings rise led to a 72 percent increase in ad sales.
Cable Network Programming

News Corporation’s cable television channels have quickly graduated from promising upstarts to durable—and profitable—market leaders. The Company’s news and general entertainment channels, Fox News Channel and FX, are the two fastest-growing channels in the industry; its sports network, Fox Sports Net, is enjoying the largest ratings increase in its five-year history; and the recent launch of the National Geographic Channel in the U.S. and the Speed Channel relaunch have generated strong subscriber and ratings growth. As a result, the Company’s cable properties are now experiencing the profits that come with reaching and retaining the top positions in their markets.

In fiscal 2002 the cable sector’s operating income increased 88 percent on the strength of higher advertising and subscriber revenues. Fox News Channel grew its subscribers by 18 percent as it toppled CNN as the most popular news channel. FX achieved tremendous ratings and earnings growth on the strength of its powerful original series and NASCAR cablecasts, while Fox Sports Net, the Company’s regional sports networks, continued to dominate local sports markets across the U.S.

In fiscal 2002, the Company’s cable properties emerged as some of the most dynamic and admired channels on U.S. television.

- FX series *The Shield*, produced by Fox Television Studios, achieved the highest ratings in cable history for both its premiere episode and series finale. *Sins of the Father*, an FX made-for-TV movie, became the highest-rated original program in cable history.
FX exploited the phenomenal popularity of NASCAR, exceeding the ratings and viewership of the previous year’s NASCAR coverage. By the end of the fiscal year, FX was one of the top 10 cable channels among adults 18 to 49.

Speed Channel, formerly Speedvision, was relaunched with a full slate of NASCAR racing to complement its existing worldwide motor racing coverage.
In October 2001, the Company sold its 49.5 percent stake in Fox Family Worldwide to Walt Disney Company for **US$ 1.7 billion**

National Geographic Channel celebrated **the most successful launch** of a U.S. cable network in history and expanded from 12 million subscribers to 28 million

The world-famous LA Dodgers drew **more than three million fans** to Dodger Stadium for the sixth consecutive year and for the 15th time in the team’s history, a Major League Baseball record

Fox Sports Net launched the **Best Damned Sports Show Period** to rave reviews. Fox Sports Net’s **ratings, subscribers and operating income all increased**
Newspapers

The international newspaper operations of News Corporation, the largest of any English-language publisher, continue to lead markets large and small across the globe.

In fiscal 2002, the Company’s papers faced a worldwide economic and advertising downturn that cut into profits. Nonetheless, many of them managed to retain — and in many cases improve upon — their impressive circulations and revenues.

At News International papers in the U.K., higher circulation revenues and cost-cutting initiatives boosted the Company’s renowned mastheads despite the decline in advertising revenues. As a result of the Company’s diligence, nearly all its U.K. papers were able to increase market share over their competitors. At News Limited in Australia, circulation at most of the Company’s newspapers increased during the year. Meanwhile, in the U.S., the New York Post celebrated 200 years of excellence as its circulation climbed for an eighth consecutive year.

Founded nearly 50 years ago as the publisher of a single newspaper, News Corporation has made the art of good newspaper journalism a global strength.
The Herald Sun furthered its reign as Australia’s top-selling daily paper, outselling its nearest rival by an incredible three-to-one from Monday to Friday. Sales of the Sunday Herald Sun increased dramatically, boosted by a major redesign and the addition of new sections.

The Times continued to reach more opinion formers than any competitor. Average weekly sales of The Sunday Times increased by 1.6 percent to nearly 1.4 million.
Despite a year-on-year circulation drop, *The Sun* **maintained its leadership** of the U.K’s daily newspaper market with an average readership of more than nine million adults.

*News of the World*, the biggest-selling national newspaper in the U.K., **expanded its market share** in the Sunday market and increased its average weekly circulation to nearly four million.

*The Australian* **maintained its circulation** while it battled the downturn in Australian national newspaper advertising.

Sydney’s most popular daily paper, *The Daily Telegraph*, increased its circulation as *The Sunday Telegraph* remained Australia’s best-selling Sunday paper with a circulation more than **20 percent greater than its nearest competitor**.

News Corporation’s 45.3 percent-owned Independent Newspapers Limited remained New Zealand’s leading newspaper publisher as its 100 titles **maintained advertising sales and circulation levels**.
The New York Post achieved **larger daily circulation increases** in New York following September 11, 2001 than all its major competitors combined, and increased sales by 15.4 percent in the year to March 31.
Magazines and Inserts

News Corporation’s portfolio of consumer promotion media gives the Company unequaled access to consumers through newspaper inserts, in-store advertising, savings coupons and over the Internet. Meanwhile, the Company’s 42.9 percent-owned Gemstar-TV Guide International provides the world’s most valuable television guidance information and technology.

News Corporation’s consumer promotion group, News America Marketing, achieved dramatic growth during the year on the mounting success of its SmartSource marketing products.


Reaching millions of American shoppers every week, readers around the world and television viewers in more than 60 countries, the businesses in News Corporation’s magazines and inserts segment continued to be an integral part of consumers’ lives.

- In its 50th year, TV Guide magazine remained the top-selling weekly magazine in the U.S. with a circulation of more than 9 million
- Gemstar-TV Guide International forged long-term agreements with Sony Corporation, Matsushita Electric Industrial Company, Broadband Solutions, Mediacom and Victor Company of Japan that will expand the distribution of Gemstar’s interactive program guide
- In Australia, donna hay, a cooking magazine, significantly exceeded circulation expectations in its first year
- The Weekly Standard, News Corporation’s Washington-based political magazine, continued to shape the American policy debate as its subscription revenues increased
SmartSource Magazine, the most widely circulated newspaper insert in the U.S., grew its market share substantially during the year to 50 percent.

New SmartSource at-shelf programs drove incremental sales of more than US$5 million, bringing News America Marketing's in-store sales to record levels.
the books that readers desire ...
**Book Publishing**

News Corporation’s HarperCollins is a leading book publisher around the world, and its titles continued to fill bookstores and bestseller lists in fiscal 2002. HarperCollins achieved its fifth consecutive year of record profits across all its divisions in the U.S., the U.K., Canada and Australia/New Zealand as well as an unprecedented number of American bestsellers. With revenues exceeding US$1 billion, HarperCollins continued to set the highest operational standards in the book publishing industry. During the past fiscal year the company further diversified its operations with the U.S. launch of Fourth Estate, the distinguished HarperCollins UK imprint, and the debut of Rayo, a groundbreaking bilingual imprint dedicated to Latino authors. Zondervan, HarperCollins’ Evangelical Christian division, published the top five best-selling Bibles for calendar year 2001.

A powerhouse of award-winning authors and editors, vibrant international operations and expert management, HarperCollins is a favorite of book lovers across the globe.

- In fiscal 2002, HarperCollins claimed the **third-largest worldwide market share** of all English-language publishers.
- HarperCollins placed a record **106 titles on the New York Times bestseller list**, including nine number-one titles, as well as 46 titles on the Sunday Times list in the U.K.
- Zondervan’s **NIV Study Bible** was the **number one best-selling Bible** in the Christian Book Association.
In March 2002, HarperCollins UK was voted Publisher of the Year at the British Book Awards.

For the second year in a row HarperCollins UK published the British Book Awards’ Book of the Year: Pamela Stephenson’s best-selling Billy, a biography of her husband, comedian Billy Connolly.

In June 2002, HarperCollins Canada swept the Canadian Booksellers Association Awards with five Libris Awards for Author of the Year, Book of the Year, Editor of the Year, Sales Representative of the Year and Publisher of the Year.

HarperCollins celebrated the renaissance of J.R.R. Tolkien’s Lord of the Rings trilogy – whose sales rose 1000 percent over the previous year in the U.K., Canada, Australia and New Zealand – following the release of the film adaptation in December 2001.
other

the innovation that the future requires.

- NDS, a leading supplier of digital pay-TV systems and software, increased the distribution of its conditional access system to more than 28 million subscribers around the world.

- During fiscal 2002, NDS expanded its businesses across Asia, the U.S. and the U.K. by forging strategic agreements with Sichuan Provisional Networks and CCTV in China, Sky Life Korea in Korea, the Versatel digital cable system in Moscow and Bloomberg Interactive.

■ The National Rugby League, 50 percent owned by News Corporation, achieved strong crowds and substantial increases in television audiences – including a pay-TV ratings rise of more than 20 percent – during fiscal 2002.

■ Broadcasts of the NRL were among the most-watched programs of any type in the Sydney and Brisbane markets during the 2002 rugby league season.

■ Broadsystem – a top U.K. provider of outsourced database management and marketing communications – won major accounts during the year with Inland Revenue, npower and MBNA while successfully integrating the operations of News Omnimedia, a News Corporation subsidiary specializing in mobile text services.
Table of Contents

39  Statement of Corporate Governance
44  Directors’ Report

Concise Financial Report

53  Discussion and Analysis
55  Statement of Financial Performance
56  Statement of Financial Position
57  Statement of Cash Flows
58  Notes to the Concise Financial Report
68  Directors’ Declaration

69  Independent Audit Report
70  Shareholder Information
Statement of Corporate Governance

FOR THE YEAR ENDED 30 JUNE, 2002

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 six 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 requires a majority 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 are not satisfied, the Nominating Committee will nominate candidates for Board positions. The Board 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.
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 has been 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 adjustments required to the financial statements as a result of the audit;
• to discuss any problems foreseen in the audit process;
• to discuss with the external auditors their judgements about the quality and acceptability of the accounting policies applied in the financial statements;
• to review the external auditors’ fees and performance and discuss with them their independence;
• to recommend to the Board that the financial statements be approved;
• to recommend to the Board the selection of the independent external auditors;
• 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.
Executive Committee
As at the date of the Directors’ Report, the Company’s Executive Committee is composed of the following Executive Directors and senior executives of the Company who are not members of the Board of Directors:

- K R Murdoch AC: Chairman and Chief Executive Officer, The News Corporation Limited
- A Ball: Chief Executive, British Sky Broadcasting Group plc
- P Carlucci: Chairman and Chief Executive Officer, News America Marketing
- P Chernin: President and Chief Operating Officer, The News Corporation Limited
- D F DeVo: Senior Executive Vice President, Chief Financial Officer, The News Corporation Limited
- A Disney: Executive Vice President for Content, The News Corporation Limited
- J Friedman: President and Chief Executive Officer, HarperCollins Publishers, Inc.
- J N Gianopulos: Chairman, Fox Filmed Entertainment
- G Ginsberg: Executive Vice President, Investor Relations and Corporate Communications, The News Corporation Limited
- S Grushow: Chairman, Fox Television Entertainment Group
- J Hartigan: Chief Executive Officer, News Limited
- D Hill: Chairman and Chief Executive Officer, Fox Sports Television Group
- L Hinton: Executive Chairman, News International plc
- J R Murdoch: Chairman and Chief Executive Officer, STAR Group; Executive Vice President, The News Corporation Limited
- L K Murdoch: Deputy Chief Operating Officer, The News Corporation Limited; Chairman, News 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: Co-President and Chief Operating Officer, Gemstar-TV Guide International
- 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. In 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 Internal Audit 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;
- 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;
- adequacy of reviews made by the operating companies to ensure an effective internal control environment is fostered; and
- economy and efficiency with which resources are employed.

The results of each audit and agreed-upon management action plan 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 them 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. However, 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.
The Standards deal with the following main areas:

- corporate assets and information:
  - company funds and property;
  - corporate records and accounting;
  - confidential and proprietary information;
  - insider trading;
  - legal disputes;
- conflicts of interest;
- dealing with others:
  - government officials;
  - business hospitality;
  - 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 and 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;
- continuous 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 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, 2002

The Directors present their report together with the Concise Financial Report of the Company for the year ended 30 June, 2002 and the auditors’ independent audit report thereon.

Directors

The following Directors were in office during the period 1 July, 2001 to the date of this report:

**K R Murdoch AC**

(Age 71). Managing Director and Chief Executive Officer of The News Corporation Limited since 1979, Chairman since 1991.
Director of Fox Entertainment Group, Inc. since 1985, Chairman since 1992 and Chief Executive Officer since 1995.
Chairman of STAR Group from 1993 to 1998, Director since 1993.
Director of British Sky Broadcasting Group plc since 1990 and Chairman since 1999.
Director of China Netcom Corporation (Hong Kong) Limited since 2001.
Member of the Nominating and Share Option Committees of The News Corporation Limited.

**G C Bible**

(Age 65). Chairman of Philip Morris Companies Incorporated since 1995 and Chief Executive Officer from 1995 to April 2002.
Non-executive Director of The News Corporation Limited since 1998.

**C Carey**

(Age 48). Director, President and Chief Executive Officer of Sky Global Networks, Inc. from 2001 to January 2002.
Director of STAR Group from 1993 to January 2002.
Director of Gateway, Inc. since 1996.

**P Chernin**

(Age 51). Executive Director, President and Chief Operating Officer of The News Corporation Limited since 1996.
Director, President and Chief Operating Officer of Fox Entertainment Group, Inc. since 1998.
Member of Advisory Board of PUMA AG since 1999.
Director of E*Trade Group, Inc. since 1999.

**K E Cowley AO**

(Age 67). Director of Independent Newspapers Limited since 1990, Chairman since 2001.
Director of The News Corporation Limited from 1979, Non-executive Director since 1997.
Director of R.M. Williams Holdings Limited since 1994.
Chairman of PMP Communications Limited from 1992 to 2001.
Directors’ Report (Continued)

FOR THE YEAR ENDED 30 JUNE, 2002

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.

R Eddington
(Age 52). Chief Executive of British Airways plc since 2000.
Non-executive Director of The News Corporation Limited since 2000, Executive Director from 1999 to 2000.
Director of John Swire & Sons Pty Limited since 1997.
Non-executive Director of Qantas Airways Limited since 2001.

J A M Erkko KBE
Chairman of Asipex AG since 1999.
Director of SanomaWSOY Group since 1999; Chairman from 1999 to 2001. Chairman of Sanoma Corporation from 1972 to 1999.
Vice Chairman of Kymmene Group from 1991 to 1995.
Chairman of Eurocable Oy Board of Directors from 1987 to 1995.
Member of the Audit and Compensation Committees of The News Corporation Limited.

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

G J Kraehe
Chairman, BHP Steel Limited since July 2002.
Managing Director and Chief Executive Officer of Southcorp Limited from 1994 to 2001.
Director of National Australia Bank since 1997.
Director of Brambles Industries since 2000.

J R Murdoch
(Age 29) Director of The News Corporation Limited since 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.
L K Murdoch
(Age 30). Executive Director of The News Corporation Limited since 1996 and Senior Executive Vice President from 1999 to 2000.
Deputy Chief Operating Officer since 2000.
Executive Director of News Limited since 1995, Chairman since 1997.
Director of Fox Entertainment Group, Inc. from February 2002.
Deputy Chairman of STAR Group since 1995.
Non-executive Director of NDS Group plc since February 2002.
Director of Foxtel Management Pty Limited since 1998.
Director of Beijing PDN Xinren Information Technology Co. Ltd. since 1996.

T J Perkins
(Age 70). Partner at Kleiner Perkins Caufield & Byers since 1980.
Director of Hewlett-Packard Company since May 2002.
Non-executive Director of The News Corporation Limited since 1996.
Member of the Audit Committee of The News Corporation Limited.

B C Roberts Jr.
Non-executive Director of The News Corporation Limited from 1995 to August 2002.

S S Shuman
(Age 67). Executive Vice President and Managing Director of Allen & Company Incorporated since 1970.
Non-executive Director of The News Corporation Limited since 1982.
Director of Six Flags, Inc. since 2000.
Member of the Audit and Compensation Committees of The News Corporation Limited.

A M Siskind
(Age 63). 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.
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>Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of meetings held:</td>
<td>7</td>
</tr>
<tr>
<td>Number of meetings attended:</td>
<td></td>
</tr>
<tr>
<td>K R Murdoch AC</td>
<td>7</td>
</tr>
<tr>
<td>G C Bible</td>
<td>5</td>
</tr>
<tr>
<td>C Carey</td>
<td>6</td>
</tr>
<tr>
<td>P Chernin</td>
<td>7</td>
</tr>
<tr>
<td>K E Cowley AO</td>
<td>6</td>
</tr>
<tr>
<td>D F DeVoe</td>
<td>7</td>
</tr>
<tr>
<td>R Eddington</td>
<td>6</td>
</tr>
<tr>
<td>J A M Erkko KBE</td>
<td>3</td>
</tr>
<tr>
<td>A S B Knight</td>
<td>6</td>
</tr>
<tr>
<td>G J Kraehe</td>
<td>5</td>
</tr>
<tr>
<td>J R Murdoch</td>
<td>7</td>
</tr>
<tr>
<td>L K Murdoch</td>
<td>7</td>
</tr>
<tr>
<td>T J Perkins</td>
<td>7</td>
</tr>
<tr>
<td>B C Roberts Jr.</td>
<td>7</td>
</tr>
<tr>
<td>S S Shuman</td>
<td>6</td>
</tr>
<tr>
<td>A M Siskind</td>
<td>7</td>
</tr>
</tbody>
</table>

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
The net loss attributable to members of the parent entity was $11,962 million (2001 $746 million). This result is after absorbing the after tax Other Revenues and Other Expenses of $11,989 million (2001 $1,255 million), the loss from associated entities Other Items of $1,120 million (2001 $87 million) and the change in accounting policy, after tax of $nil (2001 $686 million).

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 9 October, 2002 of a final unfranked dividend of 1.5 cents per ordinary share and 3.75 cents per preferred limited voting ordinary share on the issued shares at 6 September, 2002, the entitlement date for the final dividend. The final dividend has not been provided for in the attached financial statements in accordance with the Company’s accounting policy, as the dividend was not declared and announced by the Directors prior to 30 June, 2002. A discount of 10% will apply to the weighted average market price of the ordinary and preferred limited voting ordinary shares used to determine the respective entitlements under the Dividend Reinvestment Plan.

b) An interim unfranked dividend, in respect of profits for the year ended 30 June, 2002 of 1.5 cents per ordinary share and 3.75 cents per preferred limited voting ordinary share totalling $151 million was paid or distributed according to the operation of the Company’s Dividend Reinvestment Plan on 30 April, 2002.

c) A final unfranked dividend of 1.5 cents per ordinary share and 3.75 cents per preferred limited voting ordinary share totalling $142 million was provided for in last year’s accounts. The dividend of $142 million was paid or distributed according to the operation of the Company’s Dividend Reinvestment Plan on 11 October, 2001.

d) Unfranked dividends were paid on the outstanding perpetual preference shares during the year amounting to $52 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 established an 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 10 of the Concise Financial Report.
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.

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’ 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.
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, 2002:

<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</th>
</tr>
</thead>
<tbody>
<tr>
<td>G C Bible</td>
<td>33</td>
<td>30</td>
<td>63</td>
<td></td>
<td>12,000</td>
</tr>
<tr>
<td>K E Cowley AO</td>
<td>30</td>
<td>30</td>
<td>60</td>
<td></td>
<td>12,000</td>
</tr>
<tr>
<td>R Eddington</td>
<td>35</td>
<td>30</td>
<td>65</td>
<td></td>
<td>12,000</td>
</tr>
<tr>
<td>J A M Erkko KBE</td>
<td>25</td>
<td>30</td>
<td>55</td>
<td></td>
<td>12,000</td>
</tr>
<tr>
<td>A S B Knight</td>
<td>54</td>
<td>30</td>
<td>84</td>
<td></td>
<td>12,000</td>
</tr>
<tr>
<td>G J Kraehe</td>
<td>31</td>
<td>30</td>
<td>61</td>
<td></td>
<td>12,000</td>
</tr>
<tr>
<td>T J Perkins</td>
<td>39</td>
<td>30</td>
<td>69</td>
<td></td>
<td>12,000</td>
</tr>
<tr>
<td>B C Roberts Jr.</td>
<td>35</td>
<td>30</td>
<td>65</td>
<td></td>
<td>12,000</td>
</tr>
<tr>
<td>S S Shuman</td>
<td>120</td>
<td>30</td>
<td>150</td>
<td></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 six officers receiving the highest emoluments, of the Company, for the year ended 30 June, 2002:

<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</th>
</tr>
</thead>
<tbody>
<tr>
<td>K R Murdoch AC</td>
<td>4,357</td>
<td>3,000</td>
<td>1,849</td>
<td>674</td>
<td>9,206</td>
<td>260,000</td>
</tr>
<tr>
<td>C Carey</td>
<td>1,622</td>
<td>3,000</td>
<td>5,486[7]</td>
<td>674</td>
<td>10,782</td>
<td>1,000,000</td>
</tr>
<tr>
<td>P Chernin</td>
<td>7,565</td>
<td>7,000</td>
<td>729</td>
<td>2,592</td>
<td>17,886</td>
<td>260,000</td>
</tr>
<tr>
<td>D F DeVoe</td>
<td>1,754</td>
<td>2,000</td>
<td>315</td>
<td>674</td>
<td>4,743</td>
<td>260,000</td>
</tr>
<tr>
<td>J R Murdoch</td>
<td>735</td>
<td>500</td>
<td>10</td>
<td>415</td>
<td>1,660</td>
<td>160,000</td>
</tr>
<tr>
<td>L K Murdoch</td>
<td>1,313</td>
<td>700</td>
<td>137</td>
<td>674</td>
<td>2,824</td>
<td>260,000</td>
</tr>
<tr>
<td>A M Siskind</td>
<td>1,725</td>
<td>1,000</td>
<td>510</td>
<td>674</td>
<td>3,909</td>
<td>260,000</td>
</tr>
</tbody>
</table>

Directors’ Report (Continued)

FOR THE YEAR ENDED 30 JUNE, 2002
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 25.

[3] All options are over preferred limited voting ordinary shares and were granted during the financial year.


[5] The exercise price is A$14.03 and the options expire on 30 August, 2011 for each Executive Director.


[7] Includes US$5 million in compensation relating to the settlement of Mr. Carey’s employment agreement.

Directors’ Interests and Benefits
Information on Directors’ Shareholdings as at the date of this report are contained in the Full Financial Report Note 32.

Share Options
Details of the share options are disclosed in the Full Financial Report Note 25.

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 32.

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.

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
14 August, 2002
Discussion and Analysis of the Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2002

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 ended 30 June, 2002 was $3.5 billion, an increase of $0.4 billion, or 15% over the previous year. This result was driven by strong performances from the Filmed Entertainment and Cable Network Programming segments. The Filmed Entertainment segment produced a number of successful releases during the year including Planet of the Apes and Ice Age. The Cable Network Programming segment increased revenue and profitability due principally to continued growth in subscribers at both Fox News Channel and Fox Sports Networks. Offsetting these increases were lower operating profits at the Television segment and the Newspaper segment. The Television segment suffered a decline in operating income due to ratings softness at Fox Broadcasting Company, increased programming costs and a weak advertising market. The Newspaper segment also reported lower advertising revenues as a result of local market weakness in the advertising sector.

Net losses from associated entities for the year increased to $1,434 million from $249 million in 2001. Net losses from associated entities consist of operating losses from associated entities of $314 million and $162 million for the years ended 30 June, 2002 and 30 June, 2001 respectively. The increased operating losses were due to the unfavourable foreign exchange movements in our Latin American pay television platforms, losses recognised from our Italian pay television platform Stream S.p.A (“Stream”) and reduced profitability of Fox Sports Domestic Cable Networks primarily due to both lower revenues and higher costs at Madison Square Garden, an entertainment company owned by Regional Programming Partners. Additionally, net losses from associated entities include net charges for Other Items of $1,120 million and $87 million for the years ended 30 June, 2002 and 30 June, 2001 respectively. Associated entities Other Items for the year ended 30 June, 2002 primarily relate to the Company’s recorded share of British Sky Broadcasting Group plc (“BSkyB”) write-off of its investment in KirchPayTV.

The Company recorded a net loss from Other Items of $12.0 billion in 2002. This primarily reflected write downs in the Company’s carrying value of its investments in Gemstar-TV Guide International, Inc. (“Gemstar”), Stream and KirchMedia, and a write down of US national sporting contracts for Major League Baseball, NASCAR and the National Football League and non-US Cricket programming rights. These write downs were partially offset by a gain on the sale of the Company’s interest in Fox Family Worldwide.

The net loss attributable to members of the parent entity was $12.0 billion.
Statement of Financial Position

Total assets as at 30 June, 2002 declined $13.5 billion from the prior year to $71.4 billion. The major changes occurred in the following:

- Current receivables, non-current inventories and property, plant and equipment fell primarily due to the strengthening of the Australian dollar;
- Current inventory declined due to the write down of US national sporting contracts for Major League Baseball, NASCAR and the National Football League, as well as foreign currency movements;
- Investments in associated entities declined by $13.1 billion largely due to write downs of Gemstar and Stream, the Company’s sale of Fox Family Worldwide and a reduction in our investment in BSkyB resulting from the write down of their investment in KirchPayTV;
- Other investments reduced by $1.4 billion mainly due to the disposal of the remaining interest in EchoStar and a write-off of the investment in KirchMedia; and
- Publishing rights, titles and television licences increased $4.3 billion, despite adverse currency fluctuations of $2.8 billion, due to the acquisition of Chris-Craft Industries, Inc. and subsidiaries ("Chris-Craft"), Speedvision Network, LLC and Fox Sports International.

Total liabilities as at 30 June, 2002 declined $5.4 billion from the prior year to $32.0 billion. The major changes occurred in the following:

- Interest bearing liabilities fell $3.4 billion due to favourable currency movements of $1.9 billion and the repayment of $1.6 billion of debt during the year. The increase in current liabilities is due to a transfer of long term debt to current liabilities resulting from the further reduction in debt of $1.7 billion planned for 15 August, 2002;
- Total payables declined by $1.1 billion primarily due to the strengthening of the Australian dollar;
- Provisions increased by $0.8 billion mainly due to the provision made for future losses on the US national sporting contracts; and
- Exchangeable Preferred Securities declined $2.0 billion following the settlement of all outstanding obligations to MCI Communications Corporation.

Statement of Cash Flows

Overall cash increased by $0.7 billion due to the following:

- Cash provided by operating activities was $3.1 billion due to operating income of $3.5 billion and limited investments in working capital;
- Cash provided by investing activity was $0.4 billion. Investment spending was $3.4 billion, reflecting in part the acquisition of the Chris-Craft television stations and the Speedvision cable channel, as well as continued investment into various cable and pay television channels and platforms across Asia, Europe, Latin America and the United States of America. Proceeds from sale of non-current assets primarily represent the sale of our investments in Fox Family Worldwide and EchoStar. Capital expenditures amounted to $0.5 billion;
- Cash used in financing activities was $2.3 billion, primarily arising from the repayment of $1.6 billion of long term debt and the cash portion of the settlement of all outstanding obligations to MCI Communications Corporation; and
- The strengthening of the Australian dollar reduced reported cash by $0.4 billion.
## Statement of Financial Performance

**FOR THE YEAR ENDED 30 JUNE, 2002**

<table>
<thead>
<tr>
<th>Note</th>
<th>2002 A$ million</th>
<th>2001 A$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td>29,014</td>
<td>25,578</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>25,472</td>
<td>22,485</td>
</tr>
<tr>
<td>Operating income</td>
<td>3,542</td>
<td>3,093</td>
</tr>
<tr>
<td>Net loss from associated entities</td>
<td>(1,434)</td>
<td>(249)</td>
</tr>
<tr>
<td>Borrowing costs</td>
<td>(1,291)</td>
<td>(1,268)</td>
</tr>
<tr>
<td>Interest income</td>
<td>291</td>
<td>333</td>
</tr>
<tr>
<td>Net borrowing costs</td>
<td>(1,000)</td>
<td>(935)</td>
</tr>
<tr>
<td>Dividend on exchangeable preferred securities</td>
<td>(93)</td>
<td>(90)</td>
</tr>
<tr>
<td>Other revenues before income tax</td>
<td>6,527</td>
<td>3,335</td>
</tr>
<tr>
<td>Other expenses before income tax</td>
<td>(17,601)</td>
<td>(4,609)</td>
</tr>
<tr>
<td>Change in accounting policy before tax</td>
<td>(1,107)</td>
<td></td>
</tr>
<tr>
<td>Loss from ordinary activities before tax</td>
<td>(10,959)</td>
<td>(562)</td>
</tr>
<tr>
<td>Income tax (expense) benefit on</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary activities before change in accounting policy and other items</td>
<td>(640)</td>
<td>(428)</td>
</tr>
<tr>
<td>Other items</td>
<td>(15)</td>
<td>421</td>
</tr>
<tr>
<td>Change in accounting policy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income tax (expense) benefit</td>
<td>(655)</td>
<td>12</td>
</tr>
<tr>
<td>Net loss from ordinary activities after tax</td>
<td>(11,614)</td>
<td>(550)</td>
</tr>
<tr>
<td>Net profit attributable to outside equity interests</td>
<td>(348)</td>
<td>(196)</td>
</tr>
<tr>
<td>Net loss attributable to members of the parent entity</td>
<td>(11,962)</td>
<td>(746)</td>
</tr>
<tr>
<td>Net exchange gain (loss) arising on translation of net assets of controlled entities</td>
<td>(3,019)</td>
<td>3,372</td>
</tr>
<tr>
<td>Additional investment by an associated entity</td>
<td>(267)</td>
<td>1,060</td>
</tr>
<tr>
<td>Total change in equity other than those resulting from transactions with owners as owners</td>
<td>(15,248)</td>
<td>3,686</td>
</tr>
</tbody>
</table>

### Basic/diluted earnings per share on net loss attributable to members of the parent entity

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary shares</td>
<td>$(2.170)</td>
<td>$(0.174)</td>
</tr>
<tr>
<td>Preferred limited voting ordinary shares</td>
<td>$(2.604)</td>
<td>$(0.209)</td>
</tr>
<tr>
<td>Ordinary and preferred limited voting ordinary shares</td>
<td>$(2.431)</td>
<td>$(0.192)</td>
</tr>
</tbody>
</table>

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

AS AT 30 JUNE, 2002

<table>
<thead>
<tr>
<th>Assets</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>6,337</td>
<td>5,615</td>
</tr>
<tr>
<td>Receivables</td>
<td>5,809</td>
<td>6,683</td>
</tr>
<tr>
<td>Inventories</td>
<td>1,935</td>
<td>3,259</td>
</tr>
<tr>
<td>Other</td>
<td>566</td>
<td>616</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>14,647</td>
<td>16,173</td>
</tr>
<tr>
<td><strong>Non-Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>796</td>
<td>762</td>
</tr>
<tr>
<td>Investments in associated entities</td>
<td>6,875</td>
<td>20,022</td>
</tr>
<tr>
<td>Other investments</td>
<td>1,712</td>
<td>3,129</td>
</tr>
<tr>
<td>Inventories</td>
<td>4,232</td>
<td>5,219</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>6,671</td>
<td>7,110</td>
</tr>
<tr>
<td>Publishing rights, titles and television licences</td>
<td>35,348</td>
<td>31,051</td>
</tr>
<tr>
<td>Goodwill</td>
<td>455</td>
<td>519</td>
</tr>
<tr>
<td>Other</td>
<td>705</td>
<td>976</td>
</tr>
<tr>
<td><strong>Total Non-Current Assets</strong></td>
<td>56,794</td>
<td>68,788</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>71,441</td>
<td>84,961</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and Shareholders’ Equity</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest bearing liabilities</td>
<td>1,856</td>
<td>63</td>
</tr>
<tr>
<td>Payables</td>
<td>8,073</td>
<td>8,777</td>
</tr>
<tr>
<td>Tax liabilities</td>
<td>848</td>
<td>550</td>
</tr>
<tr>
<td>Provisions</td>
<td>228</td>
<td>386</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>11,005</td>
<td>9,776</td>
</tr>
<tr>
<td><strong>Non-Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest bearing liabilities</td>
<td>13,585</td>
<td>18,742</td>
</tr>
<tr>
<td>Payables</td>
<td>4,054</td>
<td>4,465</td>
</tr>
<tr>
<td>Tax liabilities</td>
<td>434</td>
<td>426</td>
</tr>
<tr>
<td>Provisions</td>
<td>1,205</td>
<td>290</td>
</tr>
<tr>
<td><strong>Total Non-Current Liabilities excluding exchangeable preferred securities</strong></td>
<td>19,278</td>
<td>23,923</td>
</tr>
<tr>
<td>Exchangeable preferred securities</td>
<td>1,690</td>
<td>3,667</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>31,973</td>
<td>37,366</td>
</tr>
<tr>
<td><strong>Shareholders’ Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributed equity</td>
<td>28,239</td>
<td>20,735</td>
</tr>
<tr>
<td>Reserves</td>
<td>6,351</td>
<td>10,899</td>
</tr>
<tr>
<td>Retained profits</td>
<td>9</td>
<td>10,906</td>
</tr>
<tr>
<td><strong>Shareholders’ equity attributable to members of the parent entity</strong></td>
<td>34,591</td>
<td>42,540</td>
</tr>
<tr>
<td>Outside equity interests in controlled entities</td>
<td>4,877</td>
<td>5,055</td>
</tr>
<tr>
<td><strong>Total Shareholders’ Equity</strong></td>
<td>39,468</td>
<td>47,595</td>
</tr>
<tr>
<td><strong>Total Liabilities and Shareholders’ Equity</strong></td>
<td>71,441</td>
<td>84,961</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, 2002**

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating activity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss attributable to members of the parent entity</td>
<td>(11,962)</td>
<td>(746)</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>388</td>
<td>242</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>749</td>
<td>706</td>
</tr>
<tr>
<td>Provisions</td>
<td>378</td>
<td>188</td>
</tr>
<tr>
<td>Other items, net</td>
<td>13,179</td>
<td>1,342</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>(51)</td>
<td>(410)</td>
</tr>
<tr>
<td>Inventories</td>
<td>515</td>
<td>(889)</td>
</tr>
<tr>
<td>Payables</td>
<td>(118)</td>
<td>(199)</td>
</tr>
<tr>
<td>Cash provided by operating activity</td>
<td>3,078</td>
<td>920</td>
</tr>
</tbody>
</table>

| **Investing and other activity** |        |        |
| Property, plant and equipment   | (505)  | (1,113) |
| Investments                     | (3,379)| (3,053)|
| Proceeds from sale of non-current assets | 4,284  | 2,387  |
| Cash provided (used) by investing activity | 400    | (1,779)|

| **Financing activity**         |        |        |
| Issuance of debt               |        | 1,496  |
| Repayment of debt              | (2,181)| (63)   |
| Issuance of shares             | 133    | 56     |
| Repurchase of preferred shares | (278)  | (205)  |
| Dividends paid                 | (7)    | (5)    |
| Leasing and other finance costs|        |        |
| Cash provided (used) by financing activity | (2,333)| 1,188  |

| **Net increase in cash**       |        |        |
| Opening cash balance           | 1,145  | 329    |
| Exchange movement on opening cash balance | (423)  | 648    |
| Closing cash balance           | 6,337  | 5,615  |

| **Gross cash flows from operating activity** |        |        |
| Cash from trading operations   |        |        |
| Receipts                       | 28,970 | 25,176 |
| Payments                       | (24,423)| (23,120)|
| Dividend and distribution receipts | 4,547  | 2,056  |
| Interest receipts              | 38     | 86     |
| Interest payments              | 247    | 302    |
| Income tax payments            | (1,324)| (1,225)|
| Dividends paid on exchangeable preferred securities | (337)  | (209)  |
| Cash provided by operating activity | (93)   | (90)   |

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.
THE NEWS CORPORATION LIMITED
Annual Report 2002

Notes to and forming part of the Concise Financial Report
FOR THE YEAR ENDED 30 JUNE, 2002

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 prior 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 prior year one-off pre-tax charge to profit of $1,107 million with an associated tax benefit of $421 million. The effect of this change on prior year was a reduction in net profit attributable to members of the parent entity 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 purposes 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 has not recorded any revaluation increments since 1990.

Dividends payable are recognised when their payment is determined by, and announced following, a meeting of the Board of Directors. This represents a change in accounting policy over the prior year whereby dividends were accrued at year-end, even though determined by the Board of Directors at a later date. This change in accounting policy is not material to the financial statements.

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

Expenses are classified according to their function, as this is considered to be the most relevant information about the Company’s financial performance. The various functions of the Company are considered to align with the segments in which the Company operates.

Where necessary, comparative amounts have been adjusted to conform to changes in the current year presentation, and in particular to comply with the new requirements of AASB 1005 “Segment Reporting”, AASB 1018 “Statement of Financial Performance” and AASB 1027 “Earnings per Share”.

Except as noted above, the Concise Financial Report has been prepared on a basis consistent with the previous year, and in accordance with historical cost conventions.
## Note 2
### Business segment data

<table>
<thead>
<tr>
<th>Note</th>
<th>2002 A$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Filmed Entertainment</td>
</tr>
<tr>
<td>Sales revenue</td>
<td>7,714</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(6,810)</td>
</tr>
<tr>
<td>Operating income</td>
<td>904</td>
</tr>
<tr>
<td>Net profit (loss) from associated entities before other items</td>
<td>5</td>
</tr>
<tr>
<td>Net borrowing costs</td>
<td>(1,000)</td>
</tr>
<tr>
<td>Dividends on exchangeable preferred securities</td>
<td>(93)</td>
</tr>
<tr>
<td>Income tax expense before other items</td>
<td>(640)</td>
</tr>
<tr>
<td>Outside equity interest before other items</td>
<td>3</td>
</tr>
<tr>
<td>Profit before other items</td>
<td>1,217</td>
</tr>
<tr>
<td>Other revenues before income tax</td>
<td>6</td>
</tr>
<tr>
<td>Other expenses before income tax</td>
<td>6</td>
</tr>
<tr>
<td>Income tax expense on other items</td>
<td>6</td>
</tr>
<tr>
<td>Net loss from associate other items</td>
<td>5</td>
</tr>
<tr>
<td>Outside equity interest on other items</td>
<td>3</td>
</tr>
<tr>
<td>Net profit (loss) attributable to members of the parent entity</td>
<td>885</td>
</tr>
</tbody>
</table>
NOTE 2
Business segment data (continued)

<table>
<thead>
<tr>
<th>Note</th>
<th>Filmed Entertainment</th>
<th>Television</th>
<th>Cable Network Programming</th>
<th>Magazines &amp; Inserts</th>
<th>Newspapers</th>
<th>Book Publishing</th>
<th>Other</th>
<th>Unallocated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td>6,795</td>
<td>6,838</td>
<td>2,696</td>
<td>1,675</td>
<td>4,600</td>
<td>1,907</td>
<td>1,067</td>
<td>25,578</td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(6,308)</td>
<td>(5,831)</td>
<td>(2,499)</td>
<td>(1,238)</td>
<td>(3,696)</td>
<td>(1,702)</td>
<td>(1,211)</td>
<td>(22,485)</td>
<td></td>
</tr>
<tr>
<td>Operating income</td>
<td>487</td>
<td>1,007</td>
<td>197</td>
<td>437</td>
<td>904</td>
<td>205</td>
<td>(144)</td>
<td>3,093</td>
<td></td>
</tr>
<tr>
<td>Net profit (loss) from associated entities before other items</td>
<td>5</td>
<td>(28)</td>
<td>(316)</td>
<td>15</td>
<td>34</td>
<td>133</td>
<td>(162)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net borrowing costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(935)</td>
<td>(935)</td>
<td></td>
</tr>
<tr>
<td>Dividends on exchangeable preferred securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(90)</td>
<td>(90)</td>
<td></td>
</tr>
<tr>
<td>Income tax expense before change in accounting policy and other items</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(428)</td>
<td>(428)</td>
<td></td>
</tr>
<tr>
<td>Outside equity interest before other items</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(196)</td>
<td>(196)</td>
<td></td>
</tr>
<tr>
<td>Profit before change in accounting policy and other items</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,282</td>
<td></td>
</tr>
<tr>
<td>Other revenues before income tax</td>
<td>6</td>
<td>723</td>
<td>1,213</td>
<td></td>
<td></td>
<td>1,399</td>
<td></td>
<td>3,335</td>
<td></td>
</tr>
<tr>
<td>Other expenses before income tax</td>
<td>6</td>
<td>(888)</td>
<td>(1,111)</td>
<td>(68)</td>
<td></td>
<td>(2,542)</td>
<td></td>
<td>(4,609)</td>
<td></td>
</tr>
<tr>
<td>Income tax benefit on other items</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>19</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>Net loss from associate other items</td>
<td>5</td>
<td>(78)</td>
<td></td>
<td>(9)</td>
<td></td>
<td></td>
<td></td>
<td>(87)</td>
<td></td>
</tr>
<tr>
<td>Change in accounting policy</td>
<td>7</td>
<td>(1,107)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(1,107)</td>
<td></td>
</tr>
<tr>
<td>Income tax benefit on change in accounting policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>421</td>
<td></td>
</tr>
<tr>
<td>Net profit (loss) attributable to members of the parent entity</td>
<td>(648)</td>
<td>448</td>
<td>314</td>
<td>369</td>
<td>929</td>
<td>205</td>
<td>(1,154)</td>
<td>(1,209)</td>
<td>(746)</td>
</tr>
</tbody>
</table>

Total segment revenue per AASB 1005 “Segment Reporting” is the addition of sales revenue, net profit (loss) from associated entities before Other Items, Other Revenues before income tax and net profit (loss) from associate Other Items.

Intersegment revenues generated primarily by the Filmed Entertainment segment of $1,484 million (2001 $843 million) have been eliminated within the Filmed Entertainment segment. Intersegment operating income generated primarily by the Filmed Entertainment segment of $76 million (2001 $24 million) has been eliminated on consolidation within the Filmed Entertainment segment.
Notes to and forming part of the Concise Financial Report (Continued)

FOR THE YEAR ENDED 30 JUNE, 2002

NOTE 2
Business segment data (continued)

<table>
<thead>
<tr>
<th></th>
<th>2002 A$ million</th>
<th>2001 A$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Filmed Entertainment</td>
<td>Television</td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in</td>
<td>99</td>
<td>1,179</td>
</tr>
<tr>
<td>associated entities</td>
<td>Segment assets</td>
<td>7,380</td>
</tr>
<tr>
<td>Corporate assets</td>
<td>Total Assets</td>
<td>7,479</td>
</tr>
<tr>
<td>Liabilities</td>
<td>Segment liabilities</td>
<td>4,209</td>
</tr>
<tr>
<td>Corporate liabilities</td>
<td>Total liabilities</td>
<td>4,209</td>
</tr>
<tr>
<td>Depreciation and</td>
<td>131</td>
<td>133</td>
</tr>
<tr>
<td>amortisation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

For 2002, Management has redefined the Filmed Entertainment segment to reflect a change in how the business is analysed and evaluated. The redefined segment includes all of the previous filmed entertainment activity along with certain activities previously included in the Television segment, primarily comprised of divisions which produce and distribute television programming and also distribute feature motion pictures for syndication and cable television in the United States. Prior year segment disclosures have been reclassified to conform to current year presentation.
Notes to and forming part of the Concise Financial Report (Continued)

FOR THE YEAR ENDED 30 JUNE, 2002

<table>
<thead>
<tr>
<th>NOTE 3</th>
<th>Outside equity interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outside equity interest before other items</td>
<td>(278)</td>
</tr>
<tr>
<td>Outside equity interest on other items</td>
<td>(70)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>(348)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NOTE 4</th>
<th>Dividends</th>
</tr>
</thead>
</table>

Dividends provided for or paid during the year:

<table>
<thead>
<tr>
<th>Class of Shares</th>
<th>Dividend per share</th>
<th>Franking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary</td>
<td>1.5 cents</td>
<td>Unfranked</td>
</tr>
<tr>
<td>Ordinary</td>
<td>1.5 cents</td>
<td>50% Franked at 34% tax rate</td>
</tr>
<tr>
<td>Preferred limited voting ordinary</td>
<td>3.75 cents</td>
<td>Unfranked</td>
</tr>
<tr>
<td>Preferred limited voting ordinary</td>
<td>3.75 cents</td>
<td>50% Franked at 34% tax rate</td>
</tr>
<tr>
<td>Perpetual preference</td>
<td>(i)</td>
<td>Unfranked</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>9</td>
<td>203</td>
</tr>
<tr>
<td><strong>Balance</strong></td>
<td>203</td>
<td>305</td>
</tr>
</tbody>
</table>

(i) Dividends on 10 million 8 5/8% cumulative preference shares and 3.8 million adjustable rate perpetual preference shares.

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

The Directors of The News Corporation Limited recommend the payment on 9 October, 2002 of a final unfranked dividend of 1.5 cents per ordinary share and 3.75 cents per preferred limited voting ordinary share on the issued shares at 6 September, 2002, the entitlement date for the final dividend. The final dividend has not been provided for in the financial statements, in accordance with the Company’s accounting policy, as the dividend was not declared and announced by the Directors prior to 30 June, 2002.

The balance of the franking account of the parent entity 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 $0.5 million (2001 $0.5 million).
NOTES TO AND FORMING PART OF THE CONCISE FINANCIAL REPORT  (CONTINUED)

FOR THE YEAR ENDED 30 JUNE, 2002

NOTE 5
Associated entities

The Company’s share of the profit (loss) after income tax of its associated entities consist principally of:


<table>
<thead>
<tr>
<th>Associated Entity</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>British Sky Broadcasting Group plc</td>
<td>(51)</td>
<td>(76)</td>
</tr>
<tr>
<td>Stream, S.p.A</td>
<td>(66)</td>
<td></td>
</tr>
<tr>
<td>Sky Latin America</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Sat Servicos Ltda (Brazil)</td>
<td>(120)</td>
<td>(101)</td>
</tr>
<tr>
<td>Innova, S.de R.L de C.V. (Mexico)</td>
<td>(92)</td>
<td>(52)</td>
</tr>
<tr>
<td>Other</td>
<td>(78)</td>
<td>(63)</td>
</tr>
<tr>
<td>Fox Sports Domestic Cable (USA)</td>
<td>33</td>
<td>89</td>
</tr>
<tr>
<td>FOXTTEL</td>
<td>(15)</td>
<td>(11)</td>
</tr>
<tr>
<td>ESPN Star Sports</td>
<td>(11)</td>
<td>(23)</td>
</tr>
<tr>
<td>Other associated entities</td>
<td>(86)</td>
<td></td>
</tr>
<tr>
<td>Operating (loss) after income tax before other items</td>
<td>(314)</td>
<td>(162)</td>
</tr>
<tr>
<td>Other items after income tax (a)</td>
<td>(1,120)</td>
<td>(87)</td>
</tr>
<tr>
<td>Operating (loss) after income tax and other items</td>
<td>(1,434)</td>
<td>(249)</td>
</tr>
</tbody>
</table>

(a) The 2002 Other Items primarily represents the Company’s equity accounted share of the write off by its associate British Sky Broadcasting Group plc (“BSkyB”) of its investment in KirchPayTV. At 30 June, 2002, the Company’s investment in BSkyB is recorded at zero, and as a result the Company has ceased to equity account its share of BSkyB’s results. As at 30 June, 2002, the Company has not recorded $135 million of its share of BSkyB’s losses, and will not recommence equity accounting until its share of cumulative profits and reserve movements totalling this amount has been recorded by BSkyB in the future.
NOTE 6
Other Items

The loss from ordinary activities before tax includes the following Other Items whose disclosure is relevant in explaining the financial performance of the Company.

Sale of Echostar shares (a) 468 415
Sale of Fox Family Worldwide (b) 2,323
Sale of Outdoor Life (c) 271
Sale of TM3 (d) 18
Sale of The Golf Channel (e) 476
Healtheon/Web MD transaction restructure, net (f) (426)
Write down of investment in One.Tel (g) (576)
Write down of investment in Stream (h) (590)
Write down of investment in KirchMedia (i) (460)
Write down of investment in Gemstar (j) (11,138)
Write down of sports rights (k) (1,861)
Early extinguishment of debt (l) (191)
Restructuring costs (40) (258)
Disposal and write down of other non-current assets (m) (756) (923)

(11,974) (1,274)

Income tax (expense) benefit attributable to other items (15) 19
Other (loss) after tax (11,989) (1,255)

Other (loss) after tax comprises:
Other revenues before income tax 5,627 3,335
Other expenses before income tax (17,601) (4,609)
Income tax (expense) benefit attributable to other items (15) 19

(11,989) (1,255)

(a) During the year, the Company sold its investment in EchoStar Communications Corporation for total consideration of $1.312 million (2001 $635 million) and recorded a gain on the sale of $468 million (2001 $415 million).

(b) In October, 2001, a subsidiary of the Company, Fox Broadcasting Company (“FOX”), Haim Saban and the other shareholders of Fox Family Worldwide, Inc (“FFW”), sold FFW to The Walt Disney Company for total consideration of approximately $10.3 billion which included the assumption of certain debt. FOX received proceeds of $3,242 million. As a result of this transaction, the Company recognised a gain on sale of $2,323 million.

(c) On 25 July, 2001, as a result of the exercise of rights by existing shareholders, a subsidiary of the Company, Fox Entertainment Group (“FEG”) acquired 50.23% of Outdoor Life Network, LLC (“Outdoor Life”) for approximately $608 million. This acquisition resulted in FEG owning 83.18% of Outdoor Life. On 23 August, 2001, a shareholder of Outdoor Life exercised its option to acquire FEG’s ownership interest in Outdoor Life for $977 million in cash. Upon the closing of the sale, FEG recognised a gain of $271 million.

(d) In January, 2001, the Company agreed to sell its wholly owned subsidiary TM3 Femsenen Gmbh & Co. KG to KirchMedia for cash consideration of $265 million and $427 million in KirchMedia’s newly issued stock. The Company recorded a gain on this sale of $18 million.
OTHER ITEMS (CONTINUED)

(e) In June, 2001, the Company sold its 31% interest in The Golf Channel for total consideration of approximately $695 million, of which $676 million was received in cash during fiscal 2001. The Company recorded a gain on the sale of $476 million in relation to this transaction.

(f) 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 for consideration valued at $433 million.

(g) 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, 2001, One.Tel was placed in administration. The carrying value of the investment in One.Tel has been fully written down due to the liquidation of its operations.

(h) During the year, the Company wrote down its investment in Stream S.p.A. by $590 million to an amount considered by the Directors to be the recoverable amount at 30 June, 2002. The Company will continue to monitor this investment and as circumstances change will assess the future recoverability of its carrying value.

(i) Given the financial uncertainties surrounding KirchPayTV and its parent Kirch Gruppe, the Company has recognised a charge of $460 million to fully write down its investment in KirchMedia.

(j) As at 30 June, 2002, the Company owned approximately 175 million shares in Gemstar-TV Guide and recorded a charge to reflect the permanent impairment in carrying value of $111.1 billion. The charge was determined by reference to Gemstar’s share price at 28 June, 2002 of US$5.39 per share.

(k) As a result of the downturn in sports related advertising during the year, together with the reduction in long term forecast advertising growth rates, in accordance with the Company’s accounting policies, the Directors reevaluated the recoverability of the costs of certain sports contracts, principally in the United States. Accordingly, the Company recorded a one-time other expense of $1.861 billion relating to National Football League ($753 million), NASCAR ($578 million), Major League Baseball ($437 million) and non-US Cricket programming rights ($93 million).

(l) During the year, the Company extinguished a substantial portion of debt owing on 10 1/8% Senior Debentures due October, 2012 and on 8 5/8% Senior Notes due 2003. The Company recognised a loss of $64 million and $47 million respectively due to the early extinguishment of debt. In June, 2002 the Company and Fox Sports Networks, LLC, an indirect subsidiary of the Company, irrevocably called for the redemption of all outstanding 8.875% Senior Notes and the 9.75% Senior Discounted Notes. The Company recognised a loss of $80 million on the irrevocable early extinguishment of the debt.

(m) During 2001 the Company wrote down certain of its non-current assets, in particular its investment in Zee Telefilms and certain new media assets. During 2002, the Company further wrote down certain non-current assets, mainly interactive, media and sporting assets, to their recoverable amount. During 2002, the Company also disposed of various non-current assets for an aggregate consideration of $96 million (2001 $880 million). During the year the Company also settled certain liabilities owing to MCI Communications Corporation ("MCI"), including accrued interest, of US$1,017 million for US$930 million, consisting of 121.2 million preferred limited voting ordinary shares valued at US$680 million and US$250 million in cash. The Company recognised a gain of $166 million on the settlement.
NOTE 7
Change in accounting policy

Change in accounting policy before tax

At the beginning of the prior 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 prior year one-off pre-tax charge to profit of $1,107 million with an associated tax benefit of $421 million. The effect of this change on prior year was a reduction in net profit attributable to members of the parent entity 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 8
Additional investment by an associated entity

The reduction in associated entity reserves of $267 million (2001 $1,060 million increase) primarily arises as during the previous year British Sky Broadcasting Group plc (“BSkyB”) issued new equity as consideration for several transactions, including the acquisition of Sports Internet Group and the remaining shares in British Interactive Broadcasting Holdings Limited (“BiB”). These issuances reduced the Company’s ownership interest in BSkyB from 37.1% to 36.2%. In accordance with AASB 1016 “Accounting for Investments in Associates”, in the year to 30 June, 2001 the Company recorded an increase in its investment in BSkyB and a corresponding increase in reserves of $1,060 million. In the year to 30 June, 2002, the Company recorded a decrease in its investment in BSkyB and a corresponding decrease in reserves of $240 million. As a result the Company has recorded the change in its share of BSkyB’s reserves following the above transactions.

NOTE 9
Retained profits

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retained profits at the beginning of the financial year</td>
<td>10,906</td>
<td>11,691</td>
</tr>
<tr>
<td>Net loss attributable to members of the parent entity</td>
<td>(11,962)</td>
<td>(746)</td>
</tr>
<tr>
<td>Dividends provided for or paid</td>
<td>(203)</td>
<td>(305)</td>
</tr>
<tr>
<td>Aggregate amount transferred from reserves</td>
<td>1,260</td>
<td>266</td>
</tr>
<tr>
<td>Retained profits at the end of the financial year</td>
<td>1</td>
<td>10,906</td>
</tr>
</tbody>
</table>

Dividends on ordinary and preferred limited voting ordinary shares are paid out of the retained profits of the parent entity, The News Corporation Limited. The parent entity has retained profits as at 30 June, 2002 of $13.7 billion.
NOTE 10  
Subsequent events

In June, 2002, the Company entered into an agreement to acquire the television station WPWR-TV in Chicago from Newsweb Corporation for US$425 million in cash. The acquisition is subject to customary regulatory approval. The acquisition is expected to close in the first quarter of fiscal 2003.

In June, 2002, the Company irrevocably called for the redemption of all of the outstanding 9.75% Senior Discount Notes due 2007 and all of the outstanding 8.875% Senior Notes due 2007. The redemption date is 15 August, 2002.
Directors' Declaration

FOR THE YEAR ENDED 30 JUNE, 2002

The Directors of The News Corporation Limited declare that:

a) the Concise Financial Report set out on pages 53 to 67 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

14 August, 2002
Independent Audit Report

FOR THE YEAR ENDED 30 JUNE, 2002

To the members of The News Corporation Limited

Matters relating to the Electronic Presentation of the Audited Concise Financial Report

This audit report relates to the concise financial report of The News Corporation Limited for the year ended 30 June 2002 included on The News Corporation Limited web site. The parent entity’s directors are responsible for the integrity of the The News Corporation Limited web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited concise financial report to confirm the information included in the audited concise financial report presented on this web site.

Scope

We have audited the concise financial report of The News Corporation Limited, comprising the Statement of Financial Performance, the Statement of Financial Position, the Statement of Cash Flows, Note 1 to 10 and the Directors’ Declaration for the financial year ended 30 June, 2002, in order to express an opinion on it to the members of the parent entity. The parent entity’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 2002. Our audit report on the full financial report was signed on 14 August, 2002 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 AASB 1039 “Concise Financial Reports” applicable in Australia.

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 AASB 1039 “Concise Financial Reports”.

Ernst & Young

C N Westworth
Partner
Sydney
14 August, 2002
Shareholder Information

**At 14 August, 2002**

**Corporate Ownership – Ordinary Shares**
Number of Ordinary Shareholders 65,411

Voting rights
On show of hands – one vote for each member
On poll – one vote for each share held

**Distribution of shareholding**

<table>
<thead>
<tr>
<th>Shareholding Range</th>
<th>Number of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-1,000</td>
<td>41,754</td>
</tr>
<tr>
<td>1,001-5,000</td>
<td>19,310</td>
</tr>
<tr>
<td>5,001-10,000</td>
<td>2,436</td>
</tr>
<tr>
<td>10,001-100,000</td>
<td>1,681</td>
</tr>
<tr>
<td>100,001 and over</td>
<td>230</td>
</tr>
<tr>
<td>Holding less than a marketable parcel</td>
<td>2,801</td>
</tr>
</tbody>
</table>

**Top twenty shareholders as at 14 August, 2002**

<table>
<thead>
<tr>
<th>Shareholder Name</th>
<th>Number of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cruden Investments Pty. Limited and controlled entities</td>
<td>623,686,192</td>
</tr>
<tr>
<td>Citicorp Nominees Pty. Limited</td>
<td>393,695,038</td>
</tr>
<tr>
<td>Chase Manhattan Nominees Limited</td>
<td>246,654,070</td>
</tr>
<tr>
<td>Westpac Custodian Nominees Limited</td>
<td>159,571,542</td>
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<tr>
<td>National Nominees Limited</td>
<td>154,042,378</td>
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<tr>
<td>ANZ Nominees Limited</td>
<td>62,461,322</td>
</tr>
<tr>
<td>RBC Global Services Australia Nominees Pty. Limited</td>
<td>48,842,139</td>
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<tr>
<td>AMP Life Limited</td>
<td>35,274,342</td>
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<tr>
<td>Commonwealth Custodial Services Limited</td>
<td>35,117,325</td>
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<tr>
<td>Queensland Investment Corporation</td>
<td>31,805,355</td>
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<tr>
<td>Cogent Nominees Pty. Limited</td>
<td>19,952,887</td>
</tr>
<tr>
<td>HSBC Custody Nominees (Australia) Limited</td>
<td>14,138,034</td>
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<tr>
<td>MLC Limited</td>
<td>12,839,564</td>
</tr>
<tr>
<td>The National Mutual Life Association of A/Asia Limited</td>
<td>12,245,801</td>
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<tr>
<td>NRMA Nominees Pty. Limited</td>
<td>7,171,107</td>
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<tr>
<td>Warnford Nominees Pty. Limited</td>
<td>6,674,811</td>
</tr>
<tr>
<td>News Nominees Pty. Limited</td>
<td>6,300,959</td>
</tr>
<tr>
<td>Zurich Australia Limited</td>
<td>4,719,533</td>
</tr>
<tr>
<td>Transport Accident Commission</td>
<td>4,587,027</td>
</tr>
<tr>
<td>CSS Board</td>
<td>3,939,851</td>
</tr>
</tbody>
</table>

Total: 1,883,719,277

Percentage of issued ordinary shares held by twenty largest holders 89.94%

**Substantial Shareholders**
Cruden Investments Pty. Limited and controlled entities 623,686,192
Corporate Ownership – Preferred Limited Voting Ordinary Shares

Number of Preferred Limited Voting Ordinary Shareholders 20,349

A holder of a preferred limited voting ordinary share (“preferred share”) shall be entitled to vote at any general meeting of the members of the Company by virtue of holding such share mutatis mutandis in the same manner and subject to the same conditions as the holder of an ordinary share (including as to the number of votes which may be cast on a poll) but only in the following circumstances and not otherwise:

(i) on a proposal to reduce the share capital of the Company, or on a proposal to wind up or during the winding up of the Company, or on a proposal for the disposal of the whole of the property, business and undertaking of the Company;

(ii) on a proposal that affects rights attached to the preferred share;

(iii) during a period during which a Dividend (or part of a Dividend) in respect of the preferred share is in arrears; or

(iv) on a resolution to approve the terms of a buy-back agreement.

Distribution of shareholding

<table>
<thead>
<tr>
<th>Holding</th>
<th>Number</th>
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</thead>
<tbody>
<tr>
<td>1-1,000</td>
<td>11,636</td>
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<tr>
<td>1,001-5,000</td>
<td>6,535</td>
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<tr>
<td>5,001-10,000</td>
<td>1,135</td>
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<tr>
<td>10,001-100,000</td>
<td>856</td>
</tr>
<tr>
<td>100,001 and over</td>
<td>187</td>
</tr>
<tr>
<td>Holding less than a marketable parcel</td>
<td>1,399</td>
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</table>

Top twenty shareholders as at 14 August, 2002

- Citcorp Nominees Pty. Limited 1,947,449,091
- Chase Manhattan Nominees Limited 282,008,977
- Cruden Investments Pty. Limited and controlled entities 220,030,721
- National Nominees Limited 143,447,676
- Westpac Custodian Nominees Limited 109,066,888
- RBC Global Services Australia Nominees Pty. Limited 79,445,711
- Commonwealth Custodial Services Limited 49,382,452
- Queensland Investment Corporation 34,986,849
- ANZ Nominees Limited 31,620,230
- MLC Limited 30,992,412
- AMP Life Limited 30,476,818
- Cogent Nominees Pty. Limited 25,584,754
- HSBC Custody Nominees (Australia) Limited 14,478,464
- NRMA Nominees Pty. Limited 10,746,698
- ING Life Limited 10,724,761
- Government Superannuation Office 9,181,986
- Bond Street Custodians Limited 9,080,560
- Ogier Trustee Limited 8,411,440
- Zurich Australia Limited 7,532,792
- Victorian Workcover Authority 7,395,883

3,062,045,163

Percentage of Preferred Limited Voting Ordinary Shares held by twenty largest holders 95.43%
## Board of Directors and Executive Management Committee

**Directors**

<table>
<thead>
<tr>
<th>Name</th>
<th>Title and Affiliation</th>
</tr>
</thead>
<tbody>
<tr>
<td>K. Rupert Murdoch, AC</td>
<td>CHAIRMAN AND CHIEF EXECUTIVE</td>
</tr>
<tr>
<td>Geoffrey C. Bible</td>
<td></td>
</tr>
<tr>
<td>Chase Carey</td>
<td></td>
</tr>
<tr>
<td>Peter Chernin</td>
<td></td>
</tr>
<tr>
<td>Kenneth E. Cowley, AO</td>
<td></td>
</tr>
<tr>
<td>David F. DeVoe</td>
<td></td>
</tr>
<tr>
<td>Roderick I. Eddington</td>
<td></td>
</tr>
<tr>
<td>Dr. Aatos J. Erkko, KBE</td>
<td></td>
</tr>
<tr>
<td>Andrew S.B. Knight</td>
<td></td>
</tr>
<tr>
<td>Graham Kraehe</td>
<td></td>
</tr>
<tr>
<td>James R. Murdoch</td>
<td></td>
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<tr>
<td>Lachlan K. Murdoch</td>
<td></td>
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<tr>
<td>Thomas J. Perkins</td>
<td></td>
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<tr>
<td>Bert C. Roberts, Jr.</td>
<td></td>
</tr>
<tr>
<td>Stanley S. Shuman</td>
<td></td>
</tr>
<tr>
<td>Arthur M. Siskind</td>
<td></td>
</tr>
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</table>

**Executive Management Committee**

<table>
<thead>
<tr>
<th>Name</th>
<th>Title and Affiliation</th>
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</thead>
<tbody>
<tr>
<td>Rupert Murdoch</td>
<td>CHAIRMAN AND CHIEF EXECUTIVE</td>
</tr>
<tr>
<td>Tony Ball</td>
<td>CHIEF EXECUTIVE</td>
</tr>
<tr>
<td>Paul Carlucci</td>
<td>CHAIRMAN AND CHIEF EXECUTIVE OFFICER</td>
</tr>
<tr>
<td>Peter Chernin</td>
<td>PRESIDENT AND CHIEF OPERATING OFFICER</td>
</tr>
<tr>
<td>David DeVoe</td>
<td>SENIOR EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER</td>
</tr>
<tr>
<td>Anthea Disney</td>
<td>EXECUTIVE VICE PRESIDENT, CONTENT</td>
</tr>
<tr>
<td>Jane Friedman</td>
<td>PRESIDENT AND CHIEF EXECUTIVE OFFICER</td>
</tr>
<tr>
<td>James Gianopulos</td>
<td>CHAIRMAN</td>
</tr>
<tr>
<td>Gary Ginsberg</td>
<td>EXECUTIVE VICE PRESIDENT, INVESTOR RELATIONS AND CORPORATE COMMUNICATIONS</td>
</tr>
<tr>
<td>Sandy Grusshow</td>
<td>CHAIRMAN</td>
</tr>
<tr>
<td>John Hartigan</td>
<td>CHIEF EXECUTIVE OFFICER</td>
</tr>
<tr>
<td>David Hill</td>
<td>CHAIRMAN AND CHIEF EXECUTIVE OFFICER</td>
</tr>
<tr>
<td>Les Hinton</td>
<td>EXECUTIVE CHAIRMAN</td>
</tr>
<tr>
<td>James Murdoch</td>
<td>CHAIRMAN AND CHIEF EXECUTIVE OFFICER</td>
</tr>
<tr>
<td>Lachlan Murdoch</td>
<td>DEPUTY CHIEF OPERATING OFFICER</td>
</tr>
<tr>
<td>Abe Peled</td>
<td>CHIEF EXECUTIVE OFFICER</td>
</tr>
<tr>
<td>Martin Pompadur</td>
<td>EXECUTIVE VICE PRESIDENT</td>
</tr>
<tr>
<td>Thomas Rothman</td>
<td>CHAIRMAN</td>
</tr>
<tr>
<td>Jeff Shell</td>
<td>CO-PRESIDENT AND CHIEF OPERATING OFFICER</td>
</tr>
<tr>
<td>Arthur Siskind</td>
<td>SENIOR EXECUTIVE VICE PRESIDENT AND GROUP GENERAL COUNSEL</td>
</tr>
<tr>
<td>Mitchell Stern</td>
<td>CHAIRMAN AND CHIEF EXECUTIVE OFFICER</td>
</tr>
</tbody>
</table>
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
Ernst & Young

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

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

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Telephone 61 (2) 9288 3233

United Kingdom:
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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 2002 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 2002 Annual Report can be found at: www.newscorp.com