SILVERSTAR MINING CORP.
Form 10-Q
May 17, 2010

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2010

Commission File Number 333-140299

SILVERSTAR MINING CORP.
(Exact name of registrant as specified in its charter)

Nevada (State or other jurisdiction of incorporation or organization)	98-04256287 (IRS Employer Identification No.)
164-997 Hornby Street, Vancouver, BC, Canada V6Z 1V3 (Address of principal executive offices)	V6Z 1V3 (Zip Code)

604-960-0523
(Registrant's telephone number, including area code)

N/A (Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the SecuritiesExchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [X] YES [ ] NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-K (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). [ ] YES [X] NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer [ ]		Accelerated filer [ ]
Non-accelerated filer [ ]	(Do not check if a smaller reporting company)	Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act [ ] YES [X] NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. Our company had 42,168,837 shares of $0.001 par value common stock issued and outstanding as of March 31, 2010 and as of the date of the filing of this quarterly report.

PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements.

Our unaudited interim consolidated financial statements for the three month period ended March 31, 2010 immediately follow and are a integral part of this quarterly report. They are stated in United States Dollars (US$) and are prepared in accordance with United States generally accepted accounting principles.

Silverstar Mining Corp.
(A Development Stage Company)

Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 March 2010

Silverstar Mining Corp.
(A Development Stage Company)
Consolidated Balance Sheets
(Expressed in U.S. Dollars)
(Unaudited)

	As at 31 March 2010	As at 30 September 2009 (audited)
	$	$
Assets		
Current		
Cash and cash equivalents	111	1,013
	111	1,013
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 6)	12,039	16,501
Convertible debentures (Note 7)	16,365	15,616
Shareholder demand loan (Note 8)	31,085	-
Due to related parties (Note 9)	7,500	8,500
	66,989	40,617
Stockholders' equity		
Capital stock (Note 11)		
Authorized		
225,000,000 of common shares, par value $0.001		
Issued and outstanding		
31 March 2010 – 42,168,837 common shares, par value $0.001		
30 September 2009 – 42,168,837 common shares, par value $0.001	42,169	42,169
Additional paid-in capital	1,309,852	1,297,852
Deficit, accumulated during the development stage	(1,418,899)	(1,379,625)
	(66,878)	(39,604)
	111	1,013

Nature, Basis of Presentation and Continuance of Operations (Note 1), Commitment (Note 14) and Subsequent Event (Note 15)

On behalf of the Board:

“Lawrence Siccia” Director
Lawrence Siccia

The accompanying notes are an integral part of these financial statements.

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Silverstar Mining Corp.
(A Development Stage Company)
Consolidated Statements of Operations
(Expressed in U.S. Dollars)
(Unaudited)

	For the period from the date of incorporation on 5 December 2003 to 31 March 2010	For the three month period ended 31 March 2010	For the three month period ended 31 March 2009	For the six month period ended 31 March 2010	For the six month period ended 31 March 2009
	$	$	$	$	$
Expenses					
Bank charges and interest (Notes 7, 8 and 13)	20,628	1,247	138	2,950	517
Consulting	138,467	-	3,500	-	57,000
Exploration and development (recovery) (Note 5)	12,428	(600)	-	(600)	2,459
Filing fees	17,140	1,250	2,302	1,928	4,861
Investor relations	84,992	-	10,000	-	38,100
Legal and accounting (Note 10)	173,455	13,204	11,778	18,950	32,163
Licences and permits	3,415	-	-	-	-
Management fees (Notes 10 and 13)	76,000	4,500	13,000	9,000	13,000
Rent (Notes 10 and 13)	29,700	1,500	1,500	3,000	3,900
Transfer agent fees	18,329	682	1,687	1,507	3,095
Travel, entertainment and office	26,049	2,865	362	2,539	4,547
Write-down of mineral property acquisition costs (Note 5)	811,696	-	-	-	-
Write-down of website development costs (Note 4)	6,600	-	-	-	-
Recovery of expenses	-	-	(20,900)	-	(20,900)
Net loss for the period	(1,418,899)	(24,648)	(23,367)	(39,274)	(138,742)
Basic and diluted loss per common share		(0.001)	(0.001)	(0.001)	(0.003)
Weighted average number of common shares used in per share calculation		42,168,837	44,939,816	42,168,837	44,864,898

The accompanying notes are an integral part of these financial statements.

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Silverstar Mining Corp.
(A Development Stage Company)
Consolidated Statements of Cash Flows
(Expressed in U.S. Dollars)
(Unaudited)

	For the period from the date of inception on 5 December 2003 to 31 March 2010
	$
Cash flows used in operating activities	

News Corporation is controlled by one principal shareholder.

Approximately 30% of the Ordinary Shares of News Corporation are owned by (i) K. Rupert Murdoch, (ii) Cruden Investments P
Australian investment company owned by Mr. Murdoch, members of his family and various corporations and trusts, the benefici
Mr. Murdoch, members of his family and certain charities, and (iii) corporations, which are controlled by trustees of settlements
benefit of the Murdoch family, certain charities and other persons. By virtue of the shares of News Corporation owned by such p
Mr. Murdoch s positions as Chairman and Chief Executive of News Corporation, Mr. Murdoch may be deemed to control the op
Corporation.

ITEM 4. INFORMATION ON THE COMPANY

HISTORY AND DEVELOPMENT OF THE COMPANY

Introduction

The News Corporation Limited is a diversified international media and entertainment company with operations in eight industry
filmed entertainment, television, cable network programming, direct broadcast satellite television, magazines and inserts, newspa
and other. The activities of News Corporation are conducted principally in the United States (U.S.), the United Kingdom (U.
Australia and the Pacific Basin (Australasia).

News Corporation is a holding company which conducts all of its activities through subsidiaries and affiliates. It traces its origin Limited was incorporated, and in 1923 began to publish a daily newspaper in the city of Adelaide, Australia. In 1979, News Corp organized, was incorporated under the Companies Act 1961 of South Australia, Australia. The Australian Company Number of N 007 910 330. Unless otherwise indicated, references herein to News Corporation or the Group include its subsidiaries, its a subsidiaries, and their respective predecessors.

News Corporation s subsidiaries, Fox Entertainment Group, Inc. and NDS Group plc (NDS), and certain of the companies in owns equity interests, including British Sky Broadcasting Group plc (BSkyB) and Gemstar-TV Guide International, Inc. (Ge subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file rep information with the Securities and Exchange Commission (SEC).

The descriptions of News Corporation s businesses which appear in this Item 4 are provided as of September 30, 2003, unless ot Additional information about the general development of News Corporation s businesses, including information concerning prin expenditures and divestitures, is set forth in Item 5. Operating and Financial Review and Prospects and in Notes to the Consol Statements of The News Corporation Limited and Subsidiaries. Also, see Note 2 to the

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Consolidated Financial Statements of The News Corporation Limited and Subsidiaries for financial information in Australian dol
segment and by geographical area for each of the last three fiscal years with respect to News Corporation and its subsidiaries whi
financial statement purposes.

News Corporation maintains a 52-53 week fiscal year ending on the Sunday nearest to June 30 in each year. As set forth herein, r
years are to the fiscal years of News Corporation ending in June or July, as appropriate, in each such year. References herein to
Preferred Shares are, respectively, to News Corporation s ordinary shares and preferred limited voting ordinary shares. Refer
are to calendar years, unless otherwise indicated. References herein to $ or US$, A$, £ and are, respectively, to U
pounds sterling and Euros, the currency of the European Union. For information with respect to exchange rates, see Item 3. Key
Financial Data.

News Corporation s principal executive offices are located at 2 Holt Street, Sydney, New South Wales 2010, Australia. The telep
9288 3000. News Corporation s U.S. headquarters are located at 1211 Avenue of the Americas, New York, New York 10036. Th
212 852-7000.

BUSINESS OVERVIEW

United States Operations

News America Incorporated (News America), the principal U.S. subsidiary of News Corporation, is an operating company and
together with its subsidiaries and affiliates, conducts substantially all U.S. activities of News Corporation.

News America s subsidiary, Fox Entertainment Group, Inc. (together with its subsidiaries, FEG), is principally engaged in the
and worldwide distribution of feature films and television programs, television broadcasting and cable network programming. As
2003, News Corporation owned approximately 80.6% of the equity and 97.0% of the voting power of FEG. FEG s Class A Com
the New York Stock Exchange under the symbol FOX .

Filmed Entertainment

FEG engages in feature film and television production and distribution principally through the following businesses: Fox Filmed
producer and distributor of feature films; Twentieth Century Fox Television (TCFTV), a producer of network television progr
Television, a producer and distributor of television programming; and Fox Television Studios (FtvS), a producer of broadcast

Feature Film Production and Distribution

One of the world s largest producers and distributors of motion pictures, FFE produces, acquires and distributes motion pictures under a variety of arrangements. During fiscal 2001, 2002 and 2003, FFE placed 20, 22 and 23 motion pictures, respectively, in g U.S. Those motion pictures were produced or acquired by the following units of FFE: Twentieth Century Fox and Fox 2000, whi pictures for mainstream audiences; Fox Searchlight Pictures, which produces and acquires specialized motion pictures; and Twen Animation, which produces feature length animated motion pictures. Successful motion pictures produced and/or distributed by F international territories since the beginning of fiscal 2001 include *X-Men*, *Cast Away* (together with DreamWorks SKG), *Moulin* *Ice Age*, *Planet of the Apes*, *Star Wars Episode II: Attack of the Clones*, *Minority Report* (together with DreamWorks SKG), *Road* with DreamWorks SKG), *X-2: X-Men United*, *Daredevil*, *28 Days Later* and *Bend it Like Beckham*. FEG currently plans to releas motion pictures in the U.S. in fiscal 2004, including *Master and Commander* (together with Universal Studios and Miramax Film *Cheaper by the Dozen*, *The Day After Tomorrow* and *Garfield*.

Motion picture companies, such as FFE, typically seek to generate revenues from various distribution channels. FFE derives its w picture revenues primarily from four basic sources (set forth in general chronology of exploitation): (i) distribution of motion pict exhibition in the U.S. and Canada and markets outside of the U.S. and Canada (International markets); (ii) distribution of moti home media formats; (iii) distribution of motion pictures for exhibition on pay-per-view,

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video-on-demand and premium pay television programming services; and (iv) distribution of motion pictures for exhibition on fr other broadcast program services, independent television stations and basic cable programming services, including certain servic of FEG and News Corporation. FEG does not always have rights in all media of exhibition to all motion pictures which it release necessarily distribute a given motion picture in all of the foregoing media in all markets.

FEG distributes and markets its films worldwide principally through its own distribution and marketing companies. FEG believes marketing of a feature film is an integral part of its motion picture distribution strategy and generally begins marketing efforts thr advance of a film s release date in any given territory.

Through Twentieth Century Fox Home Entertainment, Inc., FEG distributes motion pictures and other programming produced by affiliates and other producers in the U.S., Canada and International markets in all home media formats, including the sale and ren and DVDs. In fiscal 2003, the domestic home entertainment division released or re-released over 450 produced and acquired title FFE releases, approximately 390 catalog titles and approximately 60 television and non-theatrical titles. In International markets, produced and acquired titles both directly and through foreign distribution channels, with approximately 500 releases in fiscal 20 FFE releases, nearly 300 catalog titles and approximately 200 television and non-theatrical releases. In addition, FEG has an agre Metro-Goldwyn-Mayer (MGM) to distribute its video product in most International markets in return for certain fees. FEG rel Home Entertainment theatrical, catalog and television programs Internationally in fiscal 2003.

Units of FFE license motion pictures and other programs in the U.S., Canada and International markets to various third parties an subscription pay television, pay-per-view and video-on-demand services. The license agreements reflecting the subscription pay t arrangements generally provide for a specified number of exhibitions of the program during a fixed term in exchange for a licens a variety of factors, including the box office performance of each program and the number of subscribers to the service or system agreements reflecting the pay-per-view and video-on-demand services arrangements generally provide for a license fee based on licensee s gross receipts from the exhibition of the program, and in some cases, a guaranteed minimum fee. In addition, these ag provide for a minimum number of scheduled pay-per-view exhibitions and a minimum video-on-demand exhibition period durin third-party license agreements that units of FFE have in place in the U.S. for television exhibition of its motion pictures are exclu television license agreements with Home Box Office (HBO), providing for the licensing of films initially released for theatrica year 2009, as well as arrangements with Starz Encore Group and an exclusive basic cable television license agreement with Amer Units of FFE also license motion pictures in the U.S. to direct-to-home (DTH) pay-per-view services operated by DIRECTV, Communications Corporation, as well as to pay-per-view and video-on-demand services operated by iN DEMAND L.L.C. In add markets, units of FFE license motion pictures to leading third-party pay television services and pay-per-view services as well as t video-on-demand services and programming services operated by various affiliated entities.

In addition, pursuant to an agreement with Monarchy Enterprises Holdings B.V. (MEH), the parent company of Regency Ente (New Regency) in which FEG has a 20% interest, FFE distributes certain New Regency films and all films co-financed by FE media worldwide, excluding certain international territories with respect to theatrical and home video rights and most internationa respect to television rights. Among its 2004 releases, FEG currently expects to release four New Regency films, one of which is c and New Regency.

Due to increased competition and costs associated with film production, film studios and FEG constantly evaluate the risks and re Various strategies are used to balance risk with capital needs, including co-production, contingent profit participations, acquisitio only and insurance. In March 2001, FEG entered into a new series of film rights agreements whereby a controlled consolidated su Cornwall Venture LLC (NM2), that holds certain library film rights, funds the production or acquisition costs of all eligible fil agreements, to be produced or acquired by Twentieth Century Fox Film Corporation (TCF), a subsidiary of FEG, between 200 rights agreements are collectively referred to as the New Millennium II Agreement). NM2 is a separate legal entity from FEG assets and liabilities. NM2 issued a preferred limited liability membership interest (Preferred Interest) to a third party to fund t is presented on the consolidated balance sheets as Minority interest in subsidiaries. The Preferred Interest has no fixed redemptio to an allocation of the gross receipts to be derived by NM2 from the

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distribution of each eligible film. Such allocation, to the extent available based on the gross receipts from the distribution of the e of (i) a return on the Preferred Interest (the Preferred Payments), based on certain reference rates (generally based on commerc prevailing on the respective dates of determination, and (ii) a redemption of the Preferred Interest, based on a contractually detern schedule. The Preferred Interest has a preference in the event of a liquidation of NM2 equal to the unredeemed portion of the inve accrued and unpaid Preferred Payments. As of June 30, 2003, there was approximately A$1,148 million (US$762 million) of Pre outstanding, which is included in the consolidated balance sheets as Minority interest in subsidiaries. On September 19, 2003, Ne purchased substantially all of the outstanding equity of Tintagel Investors L.L.C. (Tintagel), the entity that held the Preferred I A$38.3 million (US$25.5 million) plus accrued and unpaid Preferred Payments in the amount of approximately A$159,109 (US$ of the acquisition of this equity interest, News Corporation will consolidate the assets and liabilities of Tintagel for accounting pu 2003 outstanding NM2 Preferred Interest of A$1,148 million (US$762 million), included in Minority interest in subsidiaries prio will be eliminated upon consolidation, and Tintagel s June 30, 2003 outstanding indebtedness of A$1,109 million (US$736 milli included in Interest bearing liabilities on the consolidated balance sheet of News Corporation. After the acquisition, Tintagel will separate legal entity from News Corporation with separate assets and liabilities. For more detail regarding this agreement, see It Financial Review and Prospects Liquidity and Capital Resources.

Motion picture production and distribution are highly competitive businesses. FEG competes with other film studios, independen companies and others for the acquisition of artistic properties, the services of creative and technical personnel, exhibition outlets in its products. The number of motion pictures released by FEG s competitors, particularly the other major film studios, in any g an oversupply of product in the market, may reduce FEG s shares of gross box office admissions and may make it more difficult pictures to succeed. The commercial success of the motion pictures produced and/or distributed by FEG is substantially affected unpredictable response to them.

Competitive risks affecting FEG s home entertainment business include competition among home video formats, such as DVDs, of distribution, such as video-on-demand services, as well as risks associated with controlling copying and unauthorized distribut

Television Programming, Production and Distribution

Twentieth Century Fox Television. During the past three fiscal years, TCFTV produced television programs for the FOX, ABC, C WB broadcast television networks. TCFTV currently produces or has orders to produce episodes of the following television serie *Married to the Kellys* and *The Practice* for ABC; *Judging Amy*, *Still Standing*, and *Yes Dear* (each co-produced with CBS World *Arrested Development*, *The Bernie Mac Show* (a co-production with FtvS), *Boston Public*, *Cracking Up*, *King of the Hill*, *The Sin Simpsons*, *Still Life*, *Tru Calling* and *Wonderfalls* for FOX; *The Lyon s Den* and *Miss Match* for NBC; and *Angel* and *Reba* for th network will license a specified number of episodes for exhibition on the network during the license period. All other distribution International and off-network syndication rights, are typically retained by TCFTV.

Generally, television programs are produced under contracts that provide for license fees which may cover only a portion of the a costs. As these costs have increased in recent years, the resulting deficit between production costs and license fees for domestic fi has also increased. Therefore, additional licensing is often critical to the financial success of a series since the license fee paid by does not fully recover production costs. Successful U.S. network television series are licensed for (i) first-run exhibition in Canad markets, (ii) off-network exhibition in the U.S. (including in syndication or to cable programmers) and (iii) syndication in Interna Generally, a series must be broadcast for at least three to four television seasons for there to be a sufficient number of episodes to syndication in the U.S. or to cable and direct broadcast satellite (DBS) programmers in the U.S. The decision of a television ne through an entire television season or to renew a series for another television season depends largely on the series audience ratin

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Twentieth Television. Twentieth Television licenses off-network television programming produced by FEG develops and produce
first-run television programming for sales to the Fox Television Stations, national syndication, the Fox Broadcasting Company (
network business and basic cable networks; and sells national advertising units retained by Twentieth Television in off-network a
television programming. Twentieth Television derives revenue from off-network and syndication licensing in the form of cash lic
broadcast and cable licensees and the sale of national advertising units retained by Twentieth Television in the programs.

Fox Television Studios. FtvS is a program supplier to the major U.S. broadcast and cable networks as well as a growing number o
international networks. FtvS produces or has orders to produce several U.S. broadcast and cable series including *Malcom in the M*
Regency Television, a co-venture with New Regency Enterprises) and *The Bernie Mac Show* (co-production with TCFTV) for FO
(produced in association with Columbia TriStar Domestic Television) and *Son of the Beach* for FX Networks and *American Fam*
or will produce a variety of made for television movies and miniseries. Its non-fictional shows include A&E s *Biography,* and its
productions include 12 separate versions of *Temptation Island.* FtvS also produces a variety of game shows and talk series, specia
programming for top U.S. and international telecasters.

Similar to motion picture production and distribution, production and distribution of television programming is extremely compe
with other film studios, independent production companies and others for the acquisition of artistic properties, the services of crea
personnel, exhibition outlets and the public s interest in its products. In addition, television networks are now producing more pr
which may reduce such networks demand for programming from other parties.

Motion Picture and Television Libraries

FEG s motion picture and television library (the Fox Library) consists of varying rights to over 3,260 previously released mot
400 have been released since 1980, and many well-known television series. The motion pictures in the Fox Library include many
well-known titles, such as *The Sound of Music* and *Miracle on 34th Street*, and eight of the top 18 domestic box office grossing fil
are *Titanic* (together with Paramount Pictures Corporation), *Star Wars Episode I: The Phantom Menace*, *Independence Day*, *Star*
Jedi, *The Empire Strikes Back*, *Star Wars Episode II: Attack of the Clones and Home Alone.* FEG earns significant revenues throu
titles in the Fox Library in many media, including television and home entertainment formats, and through licensing and merchan
characters in films.

In addition, the Fox Library contains varying rights to certain television series and made-for-television motion pictures. The telev
such classic series as *Batman, The Mary Tyler Moore Show, M*A*S*H*, *Hill Street Blues*, *Doogie Howser*, *M.D.*, *L.A. Law*, *The W*
Fences, *Room 222*, *Trapper John, M.D.*, *Daniel Boone, The X-Files* and *Buffy the Vampire Slayer*, as well as such current hits as
Blue, *The Practice*, *King of the Hill*, *Judging Amy* (together with CBS Worldwide, Inc.), *Malcom in the Middle*, *The Bernie Mac*
and *Boston Public*.

Television

News Corporation is engaged in the distribution of network and cable television programming and the operation of broadcast tele

Fox Television Stations

Fox Television Stations currently owns and operates 35 full power stations, of which 25 are affiliates of FOX, including stations
top ten largest designated market areas (DMAs), and 9 are affiliates of the United Paramount Network (UPN), including sta
top ten DMAs. Fox Television Stations owns and operates two stations in nine DMAs, including New York, Los Angeles, and Cl
second, and third largest DMAs, respectively.

The affiliation agreements with UPN generally extend through at least the 2003-2004 season and may be extended at the option o
the 2005-2006 season. UPN provides approximately 13 hours of programming a week, including two-hour prime-time programm
a week, to its affiliates. For a description of the programming offered to FOX affiliates, see Television Broadcast Network.

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The following table lists certain information about each Fox Television Station. Unless otherwise noted, all stations are FOX affi

DMA/RANK		STATION	CHANNEL/TYPE		PERC TELEV REAC
New York, NY	1	WNYW	5	VHF	
		WWOR (2)	9	VHF	
Los Angeles, CA	2	KTTV	11	VHF	
		KCOP (2)	13	VHF	
Chicago, IL	3	WFLD	32	UHF	
		WPWR (2)	50	UHF	
Philadelphia, PA	4	WTXF	29	UHF	
Boston, MA	6	WFXT	25	UHF	
Dallas, TX	7	KDFW	4	VHF	
		KDFI (3)	27	UHF	
Washington, DC	8	WTTG	5	VHF	
		WDCA (2)	20	UHF	
Atlanta, GA	9	WAGA	5	VHF	
Detroit, MI	10	WJBK	2	VHF	
Houston, TX	11	KRIV	26	UHF	
		KTXH (2)	20	UHF	
Tampa, FL	13	WTVT	13	VHF	
Minneapolis, MN	14	KMSP	9	VHF	
		WFTC (2)	29	UHF	
Cleveland, OH	15	WJW	8	VHF	
Phoenix, AZ	16	KSAZ	10	VHF	
		KUTP (2)	45	UHF	
Denver, CO (4)	18	KDVR	31	UHF	
Orlando, FL	20	WOFL	35	UHF	
		WRBW (2)	65	UHF	
St. Louis, MO	22	KTVI	2	VHF	
Baltimore, MD	24	WUTB (2)	24	VHF	
Milwaukee, WI	31	WITI	6	VHF	
Kansas City, MO	33	WDAF	4	VHF	
Salt Lake City, UT	36	KSTU	13	VHF	
Birmingham, AL	40	WBRC	6	VHF	
Memphis, TN	43	WHBQ	13	VHF	
Greensboro, NC	46	WGHP	8	VHF	
Austin, TX	54	KTBC	7	VHF	
Gainesville, FL	162	WOGX	51	UHF	
Total:					

Source: Nielsen Media Research, January 2003

(1) VHF stations transmit on Channels 2 through 13 and UHF stations on Channels 14 through 69. UHF television stations in r weaker signal and therefore do not achieve the same coverage as VHF stations. To address this disparity, the FCC ownersh discount (the UHF Discount) which attributes only 50% of the television households in a local television market to the a television station for purposes of calculating whether that station s owner complies with the 35% national station ownershi regulations. In addition, the coverage of two commonly owned stations in the same market is only counted once. Under the Television Stations reaches 37.9% of U.S. households. The percentages listed are rounded and do not take into account the

(2) UPN affiliate.

(3) Independent station and secondary FOX affiliate, carrying children s programming provided by FOX.

(4) FEG also owns and operates KFCT, Channel 22, Fort Collins, CO, as a satellite station of KDVR, Channel 31, Denver, CO

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Regulatory approval of FEG s acquisition of television stations from Chris-Craft Industries, Inc. and its subsidiaries in July 2001 sufficient stations to come into compliance with the FCC s national station ownership cap. For more detail regarding the FCC s see Government Regulation United States Television.

The Fox Television Stations derive substantially all of their revenues from national spot and local advertising. Advertising rates a Fox Television Station based on market conditions in the area which it serves. In addition to cash sales, the Fox Television Statio customary agreements with syndicators, pursuant to which the Fox Television Stations acquire programming and the rights to sel advertising time for use in national spot and local advertising markets in exchange for allowing the syndicator to retain a specifie advertising time for sale in the national advertising market in lieu of cash consideration.

Fox Broadcasting Company

FOX has 183 affiliated stations (FOX Affiliates), including 25 full power television stations that are owned by subsidiaries of with Fox Net, an FEG-owned cable service that reaches areas not served by an over-the-air-FOX Affiliate, approximately 98% o households. In general, each week FOX regularly delivers to its affiliates 15 hours of prime-time programming and one hour of la on Saturday. FOX s prime-time programming features such series as *The Simpsons*, *King of the Hill*, *That 70 s Show*, *Malcolm Public*, *24*, and *The Bernie Mac Show*; unscripted series such as *American Idol*; and various movies and specials. In addition, a si FOX s programming consists of sports programming, with FOX providing to its affiliates live coverage (including post-season) Conference of the National Football League (NFL) and Major League Baseball (MLB) as well as live coverage of the prem Winston/Nextel Cup and the Busch series) of the National Association of Stock Car Auto Racing (NASCAR). Fox also provi children s programming on Saturday mornings, programmed by 4Kids Entertainment (4Kids), a children s entertainment co 4Kids extends until the 2005-2006 broadcast season.

FOX derives its revenues from sales of commercial advertising time in the national advertising marketplace. FOX s programmin appeal primarily to target audiences of 18 to 49-year old adults, the demographic group that advertisers seek to reach most often. broadcast season, FOX ranked second in prime-time programming based on viewership of adults aged 18 - 49 (NBC had a 4.5 ra FOX had a 4.3 rating and a 12 share, CBS had a 3.8 rating and a 10 share and ABC had a 3.8 rating and a 10 share). The median is 35 years, as compared to 44 years for NBC, 46 years for ABC and 52 years for CBS.

FEG obtains programming for FOX from major television studios and independent television production companies pursuant to l The terms of such agreements generally provide FEG with the right to broadcast a television series for a minimum of four season film programming from major film studios and independent film production companies. National sports programming, such as N NASCAR programming, is obtained under license agreements with professional sports leagues or organizations. FEG s current l MLB, and NASCAR extend until the 2005-2006 NFL season, the 2006 MLB season, and the 2008 NASCAR season, respectivel terminations.

FOX provides programming to the FOX Affiliates in accordance with affiliation agreements of varying durations, which grant to to broadcast network television programming on the affiliated station. Such agreements typically run three or more years and hav dates. These affiliation agreements generally require FOX Affiliates to carry FOX programming in all time periods in which FOX offered to such affiliates, subject to certain exceptions stated in the affiliation agreements. In 2002, FOX renewed arrangements w Affiliates relating to both the amount of commercial advertising time in FOX prime-time programming that FOX provides to eac affiliate to sell to advertisers (local commercial advertising time) and the compensation each affiliate pays to FOX for such tin completing the renewals of arrangements with the FOX Affiliates relating to the amount of commercial advertising time FOX pro MLB and NASCAR programming and the affiliates contributions toward the cost of FOX s sports rights.

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The network television broadcasting business is highly competitive. FOX directly competes for programming and for viewers wi
CBS, and the WB and UPN networks. ABC, NBC and CBS each broadcasts a significantly greater number of hours of programm
accordingly, may be able to designate or change time periods in which programming is to be broadcast with greater flexibility tha
competes with other non-network sources of television service, including cable television and DBS services. Other sources of co
home video exhibition, the Internet and home computer usage. In addition, future technological developments may affect compet
television marketplace.

FOX competes for advertising revenues with other broadcast networks. Each of ABC, NBC and CBS has a greater number of aff
signals, which are generally considered to have greater reach in their markets and, therefore, are more appealing to advertisers.

In addition, each of the Fox Television Stations competes for advertising revenues with radio and television stations and cable sy
area and with other advertising media such as newspapers, magazines, outdoor advertising, direct mail and Internet websites. All
Stations are located in highly competitive markets. Additional elements which are material to the competitive position of each of
include management experience, authorized power and assigned frequency of such station. Competition for sales of broadcast adv
primarily on the anticipated and actually delivered size and demographic characteristics of audiences as determined by various ra
time of day when the advertising is to be broadcast, competition from the other broadcast networks, cable television systems, DB
media and general economic conditions. Competition for audiences is based primarily on the selection of programming, the accep
dependent on the reaction of the viewing public which is often difficult to predict.

Cable Network Programming

FEG holds interests in cable network programming businesses in the areas of news, sports, general entertainment and movies. Th
Group includes all of FEG s cable network programming businesses other than the Fox News Channel.

Cable network programming is another highly competitive business. Cable programming services compete for distribution and, w
obtained, compete for viewers and advertisers with over-the-air broadcast television, radio, print media, motion picture theaters, v
and other sources of information and entertainment. Important competitive factors include the prices charged for programming, th
variety of programming offered and the effectiveness of marketing efforts. More generally, FEG s cable networks compete with
leisure-time activities such as home videos, movie theatres, personal computers and other alternative sources of entertainment an

Fox News Channel

Fox News Channel (Fox News) is a 24-hour all news cable channel which is currently available to approximately 83 million U
households. Fox News also produces a weekend political commentary show, *Fox News Sunday*, for broadcast on FOX. Fox News
News Edge service, licenses news feeds to Fox affiliates and other subscribers to use as part of local news broadcasts.

Fox News Channel s primary competition comes from the cable networks CNN, MSNBC, CNBC and Headline News. Fox New
viewers and advertisers within a broad spectrum of television networks, including other cable networks and over-the-air broadcas

Fox Sports Networks

Fox Sports Networks operates two principal business units: (i) sports programming operations and (ii) FX Networks LLC (FX
network.

Sports programming operations. Fox Sports Networks, Inc. (FSN) is the largest regional sports network (RSN) programme
live professional and major collegiate home team sports events. FSN s sports programming business consists primarily of owner
RSNs (the Fox Sports RSNs) and National Sports Partners, a partnership between FSN and Rainbow Media Sports Holdings, I
indirect subsidiary of Cablevision Systems Corporation (Cablevision), which operates Fox Sports Net, a national sports progra
Sports Net provides its affiliated RSNs with 24-hour national sports programming featuring original and licensed sports-related p
and replay sporting events.

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FSN owns an equity interest in, or through Fox Sports Net is affiliated with, 21 RSNs. These RSNs reach approximately 75.7 mil
DBS households and have rights to telecast live games of 70 professional sports teams in the MLB, National Basketball Associat
National Hockey League (NHL) (out of a total of 80 such teams in the U.S. and numerous collegiate conferences and sports te
2003, Fox Sports Net received notice that each of the Chicago Cubs, Bulls, Blackhawks and White Sox have exercised their optio
rights agreement with SportsChannel Chicago Associates, effective September 30, 2004.

FSN owns a 40% interest in Regional Programming Partners (RPP), a partnership with Rainbow which owns various interests
Knickerbockers NBA franchise, the New York Rangers NHL franchise, the Madison Square Garden entertainment complex, and
Hall, both in New York, New York. For a discussion of purchase and sale rights related to the investment in RPP, see Item 5. O
Review and Prospects Liquidity and Capital Resources.

In January 2002, News Corporation acquired an additional 23.3% voting interest in Sunshine Networks (Sunshine) for approx
This resulted in the acquisition of a controlling financial interest in Sunshine and increased News Corporation s ownership perce
approximately 93%. In February 2002, News Corporation acquired an additional approximate 0.4% interest in Sunshine. Since N
obtained a controlling financial interest upon the acquisition in January 2002, Sunshine has been consolidated into the Cable Netv
segment of News Corporation as it is now under the control of News Corporation.

In January 2003, FSN exercised its right to put its 50% direct ownership interests in SportsChannel Chicago and SportsChannel F
(collectively, the SportsChannels) to RPP. In March 2003, RPP and FSN agreed on a US$150 million (A$252 million) purcha
the SportsChannels, payable in the form of three-year promissory notes of the subsidiaries of RPP which own only the interests ir
the terms of which are under negotiation. The transaction is expected to close in the first half of fiscal 2004. Following the closin
SportsChannels will be held 100% by RPP and indirectly 40% by Fox Sports Net and 60% by Rainbow, and each will remain a F

A number of basic and pay television programming services (such as ESPN) as well as free over-the-air stations and broadcast ne
programming that targets the Fox Sports RSNs audience. Fox Sports Net is currently the only programming service distributing
programming on both a national and regional level. On a national level, Fox Sports Net s primary competitor is ESPN and, to a l
regional markets, the Fox Sports RSNs compete with other regional sports networks, including those operated by team owners an
programming providers and distributors.

In addition, the Fox Sports RSNs and Fox Sports Net compete, to varying degrees, for sports programming rights. The Fox Sport
local and regional rights with local broadcast television stations, other local and regional sports networks and the owners of distri
cable television systems. Fox Sports Net competes for national rights principally with the national broadcast television networks,
cable services that specialize in or carry sports programming, television superstations, which distribute sports and other progra
systems by satellite, and with independent syndicators that acquire and resell such rights nationally, regionally and locally. The o
outlets such as cable television systems may also contract directly with the sports teams in their service area for the right to distril
teams games on their systems.

The owners of teams may also launch their own RSN and contract with cable television systems for carriage. In certain markets, t
distribution outlets, such as cable television systems, also own one or more of the professional teams in the region, increasing the
competing networks and thereby limiting the professional sports rights available for acquisition by Fox Sports RSNs.

FX Networks. Launched in 1994, FX Networks LLC (FX) currently reaches approximately 80.3 million U.S. cable and DBS h
general entertainment network that provides a growing roster of original series and films as well as acquired television series and
addition, FX carries sports programming with live coverage of certain NASCAR events. FX s line-up for the Fall 2003 season

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includes the following syndicated shows: *Ally McBeal*, *The Practice*, *Married with Children*, *Beverly Hills 90210* and *COPS*; an programming: the Emmy® and Golden Globe® award shows, the award winning drama series, *The Shield* and the new drama seri slated for December is FX s original movie, *Redemption: The Stan Tooke Williams Story* starring Jamie Foxx.

A number of basic and pay television programming services (such as the USA Network and Turner Network Television) as well broadcast networks provide programming that targets the same viewing audience as FX. FX also faces competition from these pr the acquisition of distribution rights to programming.

SPEED Channel

SPEED Channel, currently reaching approximately 57.5 million U.S. cable and DBS households, focuses on the world of racing, races, events and original programming as well as other racing series, such as Formula One, the Champ Car World Series, World American Road Racing events.

FUEL

FUEL, launched on July 1, 2003 and currently reaching approximately 4.7 million U.S. cable and DBS households, is a 24-hour p dedicated to the world of extreme sports. FUEL covers both competitive and performance action in the arenas of skateboarding, s motocross, snowboarding and wakeboarding. Programming includes international extreme sports events and competitions, and or co-produced series.

Fox Sports Digital Nets

Fox Sports Digital Nets, currently reaching approximately 2.8 million digital cable households in the U.S., provides out-of-marke from Fox Sports Net affiliated RSNs to digital cable subscribers in the U.S.

Fox Cable Network Ventures

Fox Cable Network Ventures owns a 40% interest in an entity that owns and operates the Staples Center, a sports and entertainme downtown Los Angeles, California. The Staples Center is the home of the Los Angeles Kings NHL franchise and the Los Angele Angeles Clippers NBA franchises.

Fox Sports International

Fox Sports International owns Fox Sports World, a U.S. programming service in the English-language devoted to international sp
rugby and cricket, which service is available to approximately 18.1 million cable and DBS subscribers, and Fox Sports World-M
English-language sports network which airs in the Middle East.

Fox Sports International owns an approximate 38% interest in Fox Pan American Sports LLC (FPAS), with Liberty Media Co
Hicks, Muse, Tate & Furst Incorporated owning the remainder. FPAS owns and operates Spanish-language sports businesses, inc
Latin America network (a Spanish-language sports network distributed to subscribers in certain Central and South American nati
and Fox Sports en Espanol (a Spanish-language sports network serving 5.3 million U.S. cable and DBS households).

National Geographic Channels

FEG holds a non-controlling 66.67% interest in NGC Network US, LLC, the producer of The National Geographic Channel in th
Geographic Television (NGT) holding the remaining interest. The National Geographic Channel airs documentary programmi
natural history, adventure, science, exploration and culture. The National Geographic Channel currently reaches approximately 4
and DBS households.

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FEG, NBC and NGT own approximately 50%, 25% and 25% interests, respectively, in NGC Network International, LLC (NGC National Geographic Channel for distribution in various international markets, including certain countries in Europe, Asia and La National Geographic Channel is currently shown in approximately 133 countries internationally. National Geographic programm Australia and certain countries in Europe and Scandinavia by a partnership in which BSkyB, NBC and NGT are currently partner

Fox Movie Channel

Fox Movie Channel (FMC), which is wholly owned by FEG, currently reaches approximately 19.4 million U.S. cable and DB Hollywood s first and only studio-based movie network. FMC showcases commercial-free, unedited contemporary hits and class Library, as well as documentaries and series exploring the movie-making process.

Los Angeles Dodgers

FEG owns substantially all of the Los Angeles Dodgers MLB franchise (the Dodgers) and Dodger Stadium. The Dodgers are year in the National League and in each of the last seven seasons have achieved attendance of over three million fans at Dodger S 10, 2003, News Corporation announced that it had reached an agreement in principle to sell the Los Angeles Dodgers, together w and the team s training facilities in Vero Beach, Florida and the Dominican Republic, to an investment group headed by Mr. Fra agreement is subject to MLB approval and customary conditions.

Hughes

In April 2003, News Corporation, General Motors Corporation (GM) and Hughes Electronics Corporation (Hughes) reache News Corporation would acquire 34% of Hughes (the Hughes Transaction). News Corporation will acquire GM s approxima for US$3.8 billion (A$5.7 billion) (subject to upward adjustment), of which US$768 million (A$1,157 million) (subject to upwar paid in News Corporation American Depositary Receipts (ADRs). News Corporation will acquire through a merger an additio approximately US$2.7 billion (A$4.1 billion) that is payable, at News Corporation s option, in cash, News Corporation ADRs or Simultaneously with the closing of this transaction, News Corporation will transfer its 34% ownership interest in Hughes to FEG promissory notes representing US$4.5 billion (A$6.8 billion) and approximately 74.2 million shares of FEG s Class A Common increasing News Corporation s ownership interest in FEG from 80.6% to approximately 82%. News Corporation s voting perce The closing of this transaction is subject to a number of conditions, including regulatory approvals.

Hughes is a provider of digital television entertainment, broadband satellite networks and services, and global video and data bro businesses include: DIRECTV, an all-digital multi-channel entertainment service in the United States, and DIRECTV Latin Ame multi-channel service provider in Latin America; Hughes Network Systems, a provider of broadband satellite networks and servic and enterprises; and PanAmSat Corporation, a publicly held company of which Hughes owns approximately 81%, which is a pro satellite-based video and data and broadcast services.

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Magazines and Inserts

Inserts/Marketing Services

News Corporation s U.S. marketing operations are organized under News America Marketing Group (NAMG).

NAMG consists primarily of the free-standing insert division (FSI), and the in-store division, a provider of in-store promotion

FSI is one of the two largest publishers of promotional free-standing inserts in the U.S. Free-standing inserts are multiple-page pr containing coupons, sweepstakes, rebates and other consumer offers which are distributed to consumers through insertion into loc newspapers. Advertisers, primarily packaged goods companies, pay FSI to produce free-standing inserts, and FSI contracts with a include the free-standing inserts into their Sunday editions. FSI produces over 64 million free-standing inserts 46 times a year, wh more than 700 Sunday newspapers throughout the U.S. FSI, through an affiliate, also produces over 5 million free-standing insert Canada, which are inserted into more than 140 Canadian newspapers.

NAMG is a leading provider of in-store marketing products and services, primarily to consumer packaged goods manufacturers, t than 36,000 supermarkets, drug stores and mass merchandisers worldwide.

SmartSource®, the first branded endeavor in the couponing industry, is the brand name which is linked with NAMG s vast assor and marketing products, including free-standing inserts and In-Store s instant coupon machines. The SmartSource® brand currentl 120 million consumers weekly.

The SmartSource iGroup manages NAMG s portfolio of database marketing and on-line marketing products and services. The d business, branded SmartSource Direct, provides database marketing and technology solutions for both retailers and manufacturer Savings Network, which includes SmartSource.com, is an Internet-based network of more than 50 newspaper, retailer and lifesty through a common platform that currently delivers printable coupons, samples and other consumer promotions to an audience of consumers.

NAMG competes against other producers of promotional, advertising inserts and direct mailers of promotional and advertising m trade and in-store advertisements and promotions. Competition is based on advertising rates, availability of markets and rate of co

Magazines

News Corporation publishes *The Weekly Standard*, a weekly magazine offering political commentary.

The Weekly Standard, Inside Out and *Donna Hay* (see Australasia Magazines and Inserts) compete for readership and advertisi
of similar character and/or with other forms of print and non-print media. Competition for circulation is based upon the editorial a
content of each publication and its price. Competition for advertising is based on circulation levels, reader demographics, advertis
advertiser results.

Newspapers

News Corporation owns the *New York Post* (the *Post*), a mass circulation, metropolitan morning newspaper that is published s
York City. For the month ended June 30, 2003, the newspaper had average daily circulation of approximately 646,623. Additiona
operates NYPOST.COM (www.nypost.com), an Internet website that provides content of a nature similar to that contained in the
Post. News Corporation prints the *Post* in a printing facility in Bronx, New York.

Book Publishing

Through HarperCollins Publishers (HarperCollins), News Corporation is engaged in English language book publishing on a w
HarperCollins is one of the world s largest English language book publishers. Its most significant components are HarperCollins
headquartered in New York, HarperCollins Publishers Limited, headquartered in London, and The Zondervan Corporation (Zon
in Grand Rapids, Michigan. HarperCollins primarily publishes fiction and non-fiction, including religious books, for the general c
HarperCollins publishes some titles for the educational market as well.

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During fiscal 2003, approximately 73% of HarperCollins revenues were derived from operations in North America and approxi
revenues were derived from operations in the U.K.. HarperCollins also maintains operations in Canada, Australia, New Zealand a
operations, primarily focused on the distribution of books published by HarperCollins in the U.S. and the U.K., also engage in loc

During fiscal 2003, HarperCollins U.S. had 111 adult and children s titles on *The New York Times* bestseller list, with 13 titles th
including *Prey* by Michael Crichton, *Stupid White Men* by Michael Moore, *The Perricone Prescription* by Nicholas Perricone, *Th*
by Rick Warren, *Dr. Atkins New Diet Revolution* by Dr. Robert Atkins, *The Divine Secrets of the Ya Ya Sisterhood* by Rebecca W
Beginning and *The Carnivorous Carnival* by Lemony Snicket, *I m Gonna Like Me* by Jamie Lee Curtis and Laura Cornell, *Princ*
All-American Girl by Meg Cabot, *Dancing In My Nuddy-Pants* by Louise Rennison, and *If You Take a Mouse To School* by Laur
Bond. On April 13th, 2003, ten out of ten titles on the *The New York Times* Children s Chapter Books bestseller list were Harper

Zondervan, HarperCollins Evangelical Christian Publishing division, published the bestseller *The Purpose Driven Life* in Octob
Driven Life was #1 on the *The New York Times* bestseller list and has remained on the list for more than 30 weeks.

HarperCollins competes with other book publishers in all consumer markets.

Other Interests

News Corporation owns approximately 43% of Gemstar-TV Guide. In July 2000, TV Guide, Inc. merged with a subsidiary of Ge
Group Limited. As a result of the merger, News Corporation acquired approximately 21% of Gemstar-TV Guide. In May 2001, N
acquired from Liberty an additional approximate 17% interest in Gemstar-TV Guide in exchange for approximately 121.5 million
ADRs representing approximately 486 million News Corporation Preferred Shares. In December 2001, News Corporation acquir
4% interest in Gemstar-TV Guide in exchange for approximately 28.8 million News Corporation ADRs representing approximate
Corporation Preferred Shares. Gemstar-TV Guide s common stock is quoted on the Nasdaq National Market under the symbol

Gemstar-TV Guide is a media and technology company that develops, licenses, markets, and distributes technologies, products ar
the television guidance and home entertainment needs of consumers worldwide. Its businesses include technology and intellectua
development and licensing, interactive program guide products and services, and television media and publishing properties.

European Operations

Newspapers

News International Limited (News International), a subsidiary of News Corporation, publishes *The Times*, *The Sunday Times*,
the World in the U.K. Sales of these four newspapers account for approximately one-third of all national newspapers sold in the U
daily published Monday through Saturday, and *The Sunday Times* are leading broadsheet newspapers. *The Sun*, published each m
through Saturday, and the *News of the World*, published on Sunday, are both popular, mass market newspapers. The average paid

these four national newspapers during the six months ended June 30, 2003 was: *The Times* 650,509; *The Sunday Times* 1,385,
and *News of the World* 3,876,018.

The printing of all four of News Corporation s U.K. newspapers (except Saturday and Sunday supplements) takes place principa
facilities owned by News Corporation which are situated in London, Knowsley (near Liverpool), Glasgow, and Ireland.

The newspapers published by News Corporation compete for readership and advertising with local and national newspapers and
television, radio and other communications media in their respective locales. Competition for newspaper circulation is based on t
content of the newspaper, cover price and, from time to time, various promotions. The success of the newspapers published by N
competing with other newspapers and media for advertising depends upon advertisers

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judgments as to the most effective use of their advertising budgets. Competition for advertising among newspapers is based upon reader demographics, advertising rates and advertiser results. Such judgments are based on factors such as cost, availability of alt circulation and quality of readership demographics.

Most of News Corporation s newspapers are sold primarily by single copies and, to a lesser degree, by subscription. Single copie agents and a wide variety of alternative retail outlets such as garages and supermarkets which are supplied by employees of News independent wholesalers. Newspapers sold on a subscription basis are delivered to consumers homes primarily by independent Corporation s free-circulation newspapers are delivered exclusively by independent delivery persons to consumers homes in ar Corporation. News Corporation also engages in storage and transport of newsprint.

News International s subsidiary, TSL Education Ltd. (TSL), publishes four periodicals for education professionals. *The Times Times Educational Supplement*, *The Times Higher Education Supplement* and *Nursery World* are published weekly.

Television

News Corporation holds an approximate 35% interest in BSkyB. BSkyB is the leading pay television broadcaster in the U.K. and the leading suppliers of content, including movies, news, sports and general entertainment programming, to pay television operat June 30, 2003, BSkyB had approximately 10.7 million subscribers in the U.K. and Ireland. Of these subscribers, approximately 6 subscribers, the remainder being wholesale customers on other platforms.

BSkyB s ordinary shares are listed on the London Stock Exchange and its American Depositary Shares, each representing four E are listed on the New York Stock Exchange, in each case under the symbol BSY .

DTH subscribers contract directly with BSkyB for the package of basic and premium channels they wish to receive. Cable subscr contract with their local cable operators, which in turn acquire the rights to distribute certain of the Sky Channels from BSkyB. B revenues directly from its DTH subscribers and from fees paid by cable operators. Programming offered by BSkyB comprises ge news, sports and movies. Prior to the closure of ITV Digital, a digital terrestrial television (DTT) service, in April 2002, BSky Digital. The multiplex licenses previously held by ITV Digital have since been awarded to the British Broadcasting Corporation (Castle UK Limited (Crown Castle). As part of an agreement with the BBC and Crown Castle, BSkyB has transmitted since Oc channels unencrypted free-to-air via the DTT platform, marketed under the brand Freeview.

Following the launch of Sky digital in October 1998, BSkyB launched an initiative in 1999 to accelerate the take up of digital sat purchasers with a free digital satellite system, with the purchaser agreeing to pay an installation charge and to keep the system co operational telephone line for 12 months. BSkyB, following its purchase of all of the shares of British Interactive Broadcasting, o previously subsidized the cost of the equipment) currently subsidizes the cost of providing these free digital satellite systems.

BSkyB s digital DTH customers can also access interactive services provided by Sky Interactive Limited (a subsidiary of BiB) a Interactive provides an interactive TV platform for the development and delivery of interactive services, such as games, home sh banking, travel, holiday and e-mail services. Sky Active, the principal interactive services portal operated by Sky Interactive, is c of charge to all digital satellite viewers. It derives revenues principally from premium rate telephone charges, revenue sharing in transactions, advertising and tenancy and technology fees.

BSkyB s main competitors for the acquisition of programming are the major terrestrial broadcasters, digital terrestrial television companies and a wide range of pay television channel providers. BSkyB competes for advertising and sponsorship revenue with

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Direct Broadcast Satellite Television

In April 2003, News Corporation and Telecom Italia acquired Telepiu, S.p.A. (Telepiu), Vivendi Universal s satellite pay-tele
for approximately 788 million (A$1,313 million), consisting of the assumption of 350 million (A$602 million) in outstanding
payment of 438 million (A$711 million). In the acquisition, Telepiu was merged with Stream S.p.A., and the combined platform
Italia, which is owned 80.1% by News Corporation and 19.9% by Telecom Italia.

SKY Italia currently distributes over 100 channels of basic and premium programming services via satellite directly to subscriber
includes exclusive rights to popular sporting events, newly-released movies and SKY Italia s original programming such as *SKY*
24-hour news channel. As of October 15, 2003, SKY Italia had approximately 2.3 million subscribers.

Other Activities and Interests

Technology

News Corporation owns approximately 77.80% of the equity and 97.23% of the voting power of NDS. NDS ADRs are quoted o
National Market and on Nasdaq Europe under the symbol NNDS.

NDS is a leading supplier of open end-to-end digital pay-TV solutions for the secure delivery of entertainment to television set-to
computers. NDS customers are both broadcast platform operators and channels. NDS conditional access systems enable its cu
control the secure distribution of entertainment over a variety of media and to protect this content from unauthorized viewing. Th
enable NDS customers to provide enhanced television and interactive services such as electronic program guides, games, bettin
interactive advertising and television commerce. The technology can be used for satellite direct-to-home digital television, digital
cable television networks and broadband IP networks. NDS provides interactive-television applications as well as data broadcasti
software systems assist platform operators and channels both in their basic operations and in the development and implementatio
enhanced-television and interactive-television services from which broadcasters can derive additional revenues. NDS has develop
video recorder technology.

At June 30, 2003, approximately 34.4 million set top boxes containing NDS technology were in use worldwide, up from approxim
top boxes at June 30, 2002. NDS customers include leading broadcasters such as DIRECTV in the U.S., and BSkyB in the U.K.
broadcasters in Latin America, Europe, Israel and the Asia-Pacific region. During the year ended June 30, 2002, DIRECTV gave
to take its conditional access systems in-house in accordance with the terms of the contract between NDS and DIRECTV. NDS c
services to DIRECTV after August 2003 under a transition phase of the contract. DIRECTV accounted for approximately 41% of
year ended June 30, 2003.

In September 2002, NDS Group plc and two of its subsidiaries were named defendants in a lawsuit filed by DIRECTV, Inc. (DI
its affiliates in the United States District Court for the Central District of California. At DIRECTV s request, the action was filed
21, 2002, NDS filed counterclaims against DIRECTV and a chip manufacturer. In late April 2003, the parties agreed to stay proc
efforts to resolve the disputes through mediation. In August 2003, the parties agreed to stay the litigation between them until the c
acquisition of a 34% interest in Hughes Electronics Corporation (Hughes), the parent company of DIRECTV. Upon the closin

Hughes interest, the litigation and all claims and counterclaims alleged therein will be dismissed with prejudice.

On October 2, 2002, NDS Americas, Inc. was served with subpoenas by the U.S. Attorney s Office in San Diego, California, see
apparently in connection with an investigation related to claims made in early 2002 by Canal+ Technologies (these claims have b
EchoStar s claims. NDS is cooperating with the investigation. NDS was advised by the U.S. Attorney s Office in San Diego tha
considered either a target or a subject in the investigation. Lead responsibility for the investigation has been transferred to the U.S
the Central District of California.

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On June 6, 2003, Echostar Communications Corporation, Echostar Satellite Corporation, Echostar Technologies Corporation and (together, Echostar) filed an action against NDS Group plc and NDS Americas Inc. (together, NDS) in the United States Di District of California. Echostar filed an amended complaint on October 8, 2003. The amended complaint purports to allege claim Digital Millennium Copyright Act, the Communications Act of 1934, the Electronic Communications Privacy Act, The Compute Act, California s Unfair Competition statute and the federal RICO statute. The complaint also purports to allege claims for civil misappropriation of trade secrets and interference with prospective business advantage. The complaint seeks injunctive relief, co exemplary damages and restitution. NDS response to the amended complaint is not yet due. NDS believes the claims to be base vigorously defend the action. On July 25, 2003, Sogecable, S.A. and its subsidiary Canalsatellite Digital, S.L., Spanish satellite b customers of Canal+ Technologies (together, Sogecable), filed an action against NDS in the United States District Court for th California. Sogecable field an amended complaint on October 9, 2003. The amended complaint purports to allege claims for viol Millennium Copyright Act and the federal RICO Statute. The complaint also purports to allege claims for interference with contr business advantage. The complaint seeks injunctive relief, compensatory and exemplary damages and restitution. NDS response complaint is not yet due. NDS believes the claims to be baseless and intends to vigorously defend the action.

NDS competes with a number of companies, although no single company competes with it in all of its product lines. Competition conditional access systems, is intense and is based on price and other commercial terms, the number of set-top box manufacturers conditional access systems and technologies in their products, the availability of adding applications such as electronic program g applications, the ability of NDS to integrate its systems with broadcasting equipment of its customers, the degree of compliance w regional and national standards and the security of the overall system, among other factors.

Other

News Corporation owns an interest in two Dutch FM and cable radio stations, Sky Radio and Radio 103, as well as Classic FM, a station. Furthermore News Corporation owns Sky Radio A/S, a Danish FM and cable radio station and Sky Radio Hessen Verwal FM and cable radio station. News Corporation, through its Balkan News Corporation subsidiary, operates bTV, the first national over-the-air television station in Bulgaria. bTV provides original and acquired general entertainment programming and news prog News Corporation owns a 40% interest in The Wireless Group, which owns and operates a national AM radio franchise and seve radio franchises in the U.K.

Through its News Outdoor subsidiary, News Corporation owns 75% of News Out of Home BV, a joint venture with an affiliate o Inc. News Out of Home BV owns and operates Town & City II S.A., Exclusive Media s.r.l., News Outdoor Hungary Kft and Ne Republic s.r.o., which are outdoor advertising companies located in Poland, Romania, Hungary and the Czech Republic, respecti Home BV also owns 64% of Media Support Services Limited, an outdoor advertising company located in Russia.

News Corporation also engages in book publishing in the U.K. through HarperCollins U.K. (For a discussion of News Corporatio activities in the U.K., see United States Operations - Book Publishing above).

In May 2003, News Corporation sold Mushroom Records (UK) Limited, which engaged in recording, promoting and distributing Warner Music U.K. Limited.

News Corporation owns approximately 9.8% of Metromedia International Group, Inc., a U.S. publicly-held company with intere businesses in Eastern Europe, the republics of the former Soviet Union, China and other selected emerging markets.

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Australasia Operations

Television

STAR

News Corporation, through its indirect wholly-owned subsidiary STAR Group Limited (Star), is engaged in the development, distribution of television programming to 53 countries throughout Asia and the Middle East. STAR currently broadcasts in seven 39 channels. STAR divides its markets into four regions: India; mainland China; Taiwan; and the rest of Asia, with a primary foc South Korea, Singapore, the Middle East, Pakistan, the Philippines, Malaysia and Thailand. STAR estimates that approximately 96 million households have access to STAR s owned and affiliated channels. STAR s owned and affiliated channels are also di Australia and North America.

STAR s programming is primarily distributed via satellite to local cable operators for distribution to their subscribers. In certain distributes its programming and other third-party programming via satellite directly to viewers. In addition, STAR distributes Ch China as a free-to-air channel. Phoenix Chinese Channel, owned and operated by Phoenix Satellite Television Holdings Limited approximately 38% owned by STAR, also transmits on a free-to-air basis.

STAR is the leading provider of television programming in Asia. Of the 39 channels offered by STAR, 16 channels are wholly o STAR, including Xing Kong Wei Shi, a mainland China general entertainment channel, launched in March 2002, that is broadca where STAR has been granted official landing rights, several versions of STAR Movies, the highest rated international movie ch Chinese Channel, one of the leading cable channels in Taiwan, and STAR Plus, the highest rated cable channel in India. STAR h regional language programming in India and holds a 54.9 % interest in Vijay Television Limited, a major producer and distribut television programming, which supplies content for Vijay TV channel, a Tamil language general entertainment channel which is throughout India. In addition, STAR provides an additional 22 channels owned and operated by News Corporation and other enti Networks Asia (National Geographic), Phoenix, and ESPN STAR Sports, a 50/50 joint venture between STAR and ESPN.

The primary sources of programming on STAR s owned and affiliated channels include exclusive rights to broadcast: (i) theatri Twentieth Century Fox, Dreamworks SKG, MGM, The Walt Disney Company and StudioCanal; (ii) many of Asia s most popu an extensive contemporary Asian film library comprising over 600 titles; (iv) over 25,000 hours of original programming produc STAR; and (v) programming produced pursuant to arrangements with leading local production companies. STAR s other source include rights to broadcast music videos, as well as music and youth-oriented programming, distributed by Channel [V], a 24-hou service in which STAR increased its ownership from 87.5% to 100% in March 2003. In addition, Fortune Star Entertainment Lin subsidiary of STAR, was formed to produce theatrical movies and television programming.

In September 2001, STAR entered into a partnership with Hathway Cable & Datacom Private Limited (Hathway), one of the l operators in India, through the acquisition of a 26% equity interest. Hathway also provides broadband Internet services. Hathway existing cable infrastructure to enable it to provide digital cable television service on its platform.

As of July 2003, STAR has aggregate interests of up to 27.1% in 17 cable systems throughout Taiwan, including systems affiliate
Group, a leading Taiwan business conglomerate. These 17 cable systems had over 2.5 million homes passed and approximately 1
as at the end of July 2003. The Koos Group and STAR also formed a joint venture company, SK Finance Company Limited, in w
interest, to fund the digitization and encryption of certain of the Taiwan cable systems in which both the Koos Group and STAR
interests. This digitalization and encryption involves the installation of a digital set-top box in each subscriber s home through w
offer additional pay TV channels and simple interactive services.

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A joint venture of STAR has formed an alliance with Music Broadcast Private Limited to launch Radio City FM radio stations in
Radio City has FM stations in Bangalore, Mumbai, Delhi and Lucknow.

News Corporation holds a minority interest in China Netcom Corporation (Hong Kong) Limited, one of the licensed telecommun
mainland China. During fiscal 2003, STAR held up to an 8.5% interest in Netease.com, which interest was disposed of as of July

FOXTEL

News Corporation, Telstra Corporation Limited, an Australian telecommunications company, and Publishing and Broadcasting L
operate FOXTEL, a cable and satellite television service in Australia with 25%, 50% and 25% interests, respectively. FOXTEL d
its cable television service using the Telstra cable network and currently delivers 50 channels on cable and 54 channels on satellit
FOXTEL had approximately 1.1 million subscribers (including subscribers to Optus, an Australian telecommunications company
the joint venture, News Corporation agreed to offer to FOXTEL all programming for which they have Australian pay television r
years. This offer is subject to standard industry exceptions, and does not apply to rights previously granted to other parties at the
(including the grant to Premium Movie Partnership referred to below). Units of FFE currently license programming to FOXTEL
channels carried on FOXTEL s service. In addition, FOXTEL carries two movie services, Showtime and Encore, programmed b
Partnership, in which a News Corporation subsidiary holds a 20% interest and to which a unit of FFE licenses motion pictures. In
FOXTEL channels became available as part of bundled telephony and subscription television offerings by Telstra and Optus.

SKY PerfecTV!

On August 29, 2003, News Corporation sold its approximately 8.1% interest in SKY Perfect Communications Inc., which operat
leading multi-channel digital satellite television distribution platform in Japan.

Newspapers

News Corporation is the largest newspaper publisher in Australia, owning more than 100 daily, Sunday, weekly, bi-weekly and tr
of which 75 are suburban publications. News Corporation publishes the only nationally distributed general interest newspaper in
metropolitan newspapers in each of the major Australian cities of Sydney, Melbourne, Adelaide and Perth and leading suburban
suburbs of Sydney, Melbourne, Adelaide and Brisbane. News Corporation s daily and Sunday newspapers (exclusive of its subu
newspapers) account for in excess of 50% of the total circulation of all daily and Sunday newspapers (excluding suburban and re
published in Australia. In addition, News Corporation owns an approximate 42% equity interest in Queensland Press Limited (Q
metropolitan and nine regional newspapers in Australia. The remaining interest in QPL is held by a wholly-owned subsidiary of C
Pty. Limited, a substantial shareholder of News Corporation. See Item 7. Major Shareholders and Related Party Transactions.

News Corporation s principal daily newspapers in Australia are *The Australian; The Daily Telegraph*, which is published in Syd
which is published in Melbourne; and *The Advertiser*, which is published in Adelaide. *The Courier-Mail*, which is owned by QPL
newspaper in Brisbane. *The Australian*, which is Australia s only general interest national daily newspaper, is printed in six citie
nationwide in Australia. News Corporation s other principal daily newspapers in Australia, as well as *The Courier-Mail*, are mas
metropolitan newspapers with broadly-based readerships and are published and distributed regionally. The average Monday to Sa

of each of these daily newspapers during fiscal 2003 was as follows: *The Australian* 158,119; *The Daily Telegraph* 397,283; *The Advertiser* 217,425; and *The Courier Mail* 239,530.

News Corporation s principal Sunday newspapers in Australia are *The Sunday Telegraph*, which is published in Sydney; the *Sun* is published in Melbourne; *The Sunday Mail*, which is published in Adelaide; and the *Sunday Times*, which is published in Perth. which is

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published by QPL in Brisbane, is the Sunday newspaper in that city. All of these newspapers are mass circulation, metropolitan S
with broadly-based readerships reflecting the diversity of the populations of the cities in which they are published. The average p
of these Sunday newspapers during fiscal 2003 was as follows: *The Sunday Telegraph* 724,628; the *Sunday Herald-Sun* 578,
(Adelaide) 341,399; the *Sunday Times* 350,000; and *The Sunday Mail (Brisbane)* 612,462.

The balance of the newspapers which News Corporation owns and publishes in Australia are distributed to a wide range of reader
and rural areas and are principally weekly publications. The majority of such newspapers are free-distribution suburban publicati
weekly circulations of between approximately 16,700 and 127,300. In the Sydney suburban markets, News Corporation owns 17
Melbourne, 30 newspapers; in Brisbane, 16 newspapers; in Adelaide, 11 newspapers and one monthly magazine; and in Perth, N
owned suburban group publishes 15 weekly newspapers. The average weekly circulations of News Corporation s suburban news
months ended March 31, 2003 aggregated approximately 5,486,000 homes. News Corporation s suburban newspapers are leadi
of advertising and circulation in each of their respective markets. News Corporation s other newspapers in Australia are regional
throughout broader, less densely populated areas.

News Corporation owns a 45.1% interest in Independent Newspapers Limited (INL), which, until June 30, 2003, published ap
newspapers and 15 magazines in New Zealand, and one provincial and two community newspapers in Australia. INL also operat
distribution business in New Zealand and a news and information website (www.stuff.co.nz). In addition, INL owns a 66.25% in
Television Limited, a land-linked UHF network and digital DBS service. On June 30, 2003, INL sold its New Zealand operations
magazine business together with its magazine distribution and news and information website). As from that date, INL consists of
community newspapers in Australia and the interest in Sky Network Television Ltd. On August 28, 2003, INL announced that it
to sell its newspaper interests in Australia and that it will make a takeover offer for the shares in Sky Network Television Ltd that
own.

Except for 36 of its suburban newspapers, News Corporation s Australian newspapers are produced and printed in facilities own
Corporation.

(For information regarding newspaper competition and distribution, see United Kingdom Operations Newspapers above).

Filmed Entertainment

Fox Studios Australia is a film and television production facility owned by FEG. Adjacent to the facility is a cinema and retail co
joint venture between FEG and Lend Lease Corporation.

Magazines and Inserts

News Magazines Pty. Ltd. (News Magazines), News Corporation s Australian magazine division, publishes *Inside Out,* a hor
and *Donna Hay,* a home cooking and entertainment magazine. (See discussion of competition under United States Operations -
Inserts Magazines above.)

Other Activities and Interests

In Australia, News Corporation is also engaged in book publishing and owns Festival Records Pty. Limited and Mushroom Reco
are engaged in the recording, manufacturing, marketing and distribution of pre-recorded music in Australia and New Zealand. (Fo
News Corporation s book publishing activities in Australia, see United States Operations - Book Publishing above.)

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Latin American Operations

Television

News Corporation, Globopar Communicacoes e Participacoes S.A. (Globo) and Liberty Media International, Inc. (LMI), in
Brasil Servicos Limitada (Sky Brasil), the leading DTH pay television service in Brazil. As of June 30, 2003, News Corporati
interest and an approximate 49.25% economic interest in Sky Brasil. Sky Brasil had approximately 760,000 subscribers as of Jun

News Corporation holds a 30% interest in Innova, operator of Sky Mexico, the leading DTH pay television service in Mexico. Th
in Innova are held by Grupo Televisa, S.A. (Televisa) and LMI, which own 60% and 10% of Innova, respectively. Sky Mexic
809,000 subscribers as of June 30, 2003.

News Corporation is a partner with Globo, Televisa and LMI in Sky Multi-Country Partners, which was formed to acquire intere
strategic DTH alliances with, local partners in Latin America and the Caribbean basin, excluding Mexico and Brazil. News Corp
Televisa each indirectly hold a 30% interest and LMI indirectly holds a 10% interest in Sky Multi-Country Partners. Sky Multi-C
currently has interests in DTH businesses in Chile (Sky Chile) and Colombia (Sky Colombia).

In addition, News Corporation, Globo and Televisa each indirectly hold a 30% interest and LMI indirectly holds a 10% interest i
partnerships, DTH Techco Partners (Techco) and Sky Latin America Partners (Serviceco). From its facilities in Florida, Te
services for the various Sky DTH services in Latin America. Serviceco provides management services to Techco and Sky Mul

The pay television industries in Brazil, Mexico and Latin America have been and are expected to remain highly competitive. Co
television business is primarily based upon price, program offerings, customer satisfaction and quality of the system network. Th
alliances between News Corporation, Globo, LMI and Televisa compete with providers of pay television services utilizing Ku-ba
technologies, cable systems, national broadcast networks and regional and local broadcast stations, movie theaters, video and DV
other entertainment and leisure activities generally.

Cable Network Programming

Fox Latin American Channel, Inc., a subsidiary of FEG, operates Canal Fox, a general entertainment cable and satellite service fo
covering Mexico and Central and South America. Canal Fox broadcasts in the Portuguese language in Brazil and in the Spanish l
the territory. The channel s programming line-up consists of movies, series and music specials. Fox LAPTV, LLC, a subsidiary o
equity interest in LAPTV, a partnership which distributes three premium pay television channels and one basic television channe
(excluding Brazil). These channels primarily feature theatrical motion pictures of FEG and three other studio partners in the Engl
Spanish subtitles. In addition, Fox Latin America, Inc., a subsidiary of FEG, holds a 12.5% equity interest in Telecine, LLC, whi
premium pay television channels in Brazil. These channels primarily feature theatrical motion pictures of FEG and three other st
English language with Portuguese subtitles.

Seasonality

Although seasonality affects the financial performance of certain of the businesses in which News Corporation is engaged, the fir
News Corporation, on a consolidated basis, is not materially affected by seasonal factors.

Raw Materials

As a major publisher of newspapers, magazines, free-standing inserts and books, News Corporation utilizes substantial quantities
paper. In order to obtain the best available prices, substantially all of News Corporation s paper purchasing is done on a centraliz
basis, and draws upon major paper manufacturing countries around the world. News Corporation believes that under present mar
sources of paper supply used in its publishing activities are adequate and that there are alternative sources of supply available at p
those presently being paid.

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Government Regulation

United States

Filmed Entertainment

FFE is subject to the provisions of so-called trade practice laws in effect in 25 states relating to theatrical distribution of motio
substantially restrict the licensing of motion pictures unless theater owners are first invited to attend a screening of such motion p
instances, also prohibit payment of advances and guarantees to motion picture distributors by exhibitors. Further, pursuant to vari
judgments, FFE and certain other motion picture companies are subject to certain restrictions on their trade practices in the U.S.,
requirement to offer motion pictures for exhibition to theaters on a theater-by-theater basis and, in some cases, a prohibition agai
theaters.

Television

In general, the television broadcast industry in the U.S. is highly regulated by federal laws and regulations issued and administere
agencies, including the FCC. The FCC regulates television broadcast stations pursuant to the Communications Act of 1934, as an
Communications Act). The Communications Act permits the operation of television broadcast stations only in accordance wit
FCC upon a finding that grant of the license would serve the public interest, convenience and necessity. The FCC grants televisio
licenses for specific periods of time and, upon application, may renew the licenses for additional terms. Under the Communicatio
broadcast licenses may be granted for a maximum permitted term of eight years. Generally, the FCC renews broadcast licenses u
television station has served the public interest, convenience and necessity; (ii) there have been no serious violations by the licens
Communications Act or FCC rules and regulations; and (iii) there have been no other violations by the licensee of the Communic
rules and regulations which, taken together, indicate a pattern of abuse. After considering these factors, the FCC may grant the lic
application with or without conditions, including renewal for a lesser term than the maximum otherwise permitted, or hold an evi

In February 1998, the FCC adopted a final table of digital channel allotments and rules for the implementation of digital televisio
(including high-definition television) in the U.S. The digital table of allotments provides each existing full power television statio
permittee, including the 35 Fox Television Stations, with a second broadcast channel in order to facilitate a transition from analog
transmission, conditioned upon the surrender of one of the channels at the end of the DTV transition period. All of the Fox Telev
launched digital facilities. Under FCC rules, television stations may use their second channel to broadcast either one or two strea
digital programming or to multicast several streams of standard definition digital programming or a mixture of both. Broadcas
over these channels, provided that such supplemental services do not derogate the mandated, free over-the-air program service. F
formulating plans for use of its digital channels. It is difficult to assess how digital television will affect FEG s broadcast busines
broadcasters and video program providers.

Under the Communications Act, a broadcast license may not be granted to or held by any corporation that has more than one-fifth
owned or voted by non-U.S. citizens or entities or their representatives, by foreign governments or their representatives, or by no
The Communications Act further provides that no FCC broadcast license may be granted to any corporation directly or indirectly
other corporation of which more than one-fourth of its capital stock is owned of record or voted by non-U.S. citizens if the FCC f
will be served by the refusal of such license. In 1995, the FCC acknowledged that News Corporation owns the vast preponderanc
corporate parent of the Fox Television Stations. The FCC also concluded that Mr. K. Rupert Murdoch, Chairman and Chief Exec

Corporation, a U.S. citizen, controls the corporate licensee and thus found the level of alien equity to be consistent with the publi
Murdoch has 76% voting control of Fox Television Holdings, Inc., the corporate parent of Fox Television Stations, and News Co
to hold indirectly stock representing the majority of equity of the corporate licensee.

On June 2, 2003, the FCC concluded the 2002 biennial review of its broadcast ownership regulations required by the 1996 Telec
its rules governing the ownership of television and radio stations and by replacing its newspaper/broadcast cross-ownership ban a
cross-ownership restriction with a new set of cross-media ownership limits. The new rules would (i) permit an entity to have an a
interest in an unlimited number of television stations nationally so long as

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the audience reach of such stations does not exceed, in the aggregate and after the application of the UHF Discount, 45% of U.S.
(ii) permit common ownership of up to three television stations in DMAs with 18 or more television stations, and two television s
between 5 and 17 television stations, provided, in both cases, that a single entity cannot have an attributable interest in two televis
among the top four (in terms of audience share) in any DMA (the Local Restriction); (iii) permit (A) in markets with 9 or more
common ownership of daily newspapers and up to the maximum number of television and radio stations permitted by the Local R
local radio ownership rule, and (B) in markets with between 4 and 8 television stations, common ownership of a daily newspaper
television and radio stations permitted by the Local Restriction and the local radio ownership rule, or a daily newspaper and up to
of radio stations permitted by the local radio ownership rule. Several parties have appealed the FCC s biennial review decision a
FCC to reconsider the new rules. On September 3, 2003, the United States Court of Appeals for the Third Circuit issued an Order
effectiveness of the new rules. In addition, several legislative measures have been introduced in Congress to repeal or prevent the
some or all of the new rules. It is not possible to predict the timing or outcome of the appeals, petitions or Congressional action o
Corporation. For information on the television stations owned and operated by News Corporation, see Fox Television Stations

FCC regulations implementing the 1992 Cable Act require each television broadcaster to elect, at three-year intervals, either to (i
signal by cable systems in the station s market (must carry) or (ii) negotiate the terms on which such broadcast station would
signal by the cable systems within its market (retransmission consent). The FCC has initiated a rulemaking proceeding to dete
requirements for digital broadcast television signal on cable systems, including carriage during the period of transition from analo
The Satellite Home Viewer Improvement Act of 1999 required satellite carriers, by January 1, 2002, to carry upon request all tele
in markets in which the satellite carrier retransmits at least one local station pursuant to the copyright license provided in the statu
implementing this statutory provision require affected stations to either elect mandatory carriage at the same three year intervals a
must carry or to negotiate carriage terms with the satellite operators.

Legislation enacted in 1990 limits the amount of commercial matter that may be broadcast during programming designed for chil
and younger. In addition, under FCC license renewal processing guidelines, television stations are generally required to broadcas
hours per week of programming, which, among other requirements, must have, as a significant purpose, the educational and in
children 16 years of age and under. A television station found not to have complied with the programming requirements or comm
could face sanctions, including monetary fines and the possible non-renewal of its license. The FCC has indicated its intent to enf
television rules strictly.

The FCC continues to enforce strictly its regulations concerning indecent programming, political advertising, environmental c
employment opportunity, technical operating matters and antenna tower maintenance. FCC rules require the closed captioning of
cable programming on a phased in basis, beginning in the year 2000. In addition, television broadcast station licenses retain the ri
network programming in certain circumstances or to substitute programming that the licensee reasonably believes to be of greate
importance. Violation of FCC regulations can result in substantial monetary forfeitures, periodic reporting conditions, short-term
in egregious cases, denial of license renewal or revocation of license.

Cable Network Programming

FCC regulations adopted pursuant to the 1992 Cable Act prevent a cable operator that has an attributable interest (including votin
ownership of 5% or more or limited partnership equity interests of 5% or more) in a programming vendor from exercising undue
over the vendor in its dealings with competitors to cable. The regulations also prohibit a cable programmer in which a cable opera
interest from entering into exclusive contracts with any cable operator or from discriminating among competing multi-channel pr
the price, terms and conditions of sale or delivery of programming. With respect to cable systems having channel capacity of less
FCC s regulations limit to 40% the number of programming channels that may be occupied by video programming services in w
has an attributable interest. As a result of Liberty s ownership interest in News Corporation, cable networks operated by Fox Cal
Fox News are subject to these requirements. Similarly, Cablevision is deemed to have an attributable interest in RPP. The FCC s
non-discrimination regulations therefore restrict the ability of these cable

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programming services to enter into exclusive contracts. The rules also permit multi-channel video programming distributors (suc
multi-point distribution services (MMDS), satellite master antenna televisions (SMATV), DBS and DTH operators) to brin
the FCC charging that they are unable to obtain the affected programming networks on nondiscriminatory terms. While cable sys
their capacity, there may be instances in which a Cablevision system with 75 channels or less will not be able to carry an RPP ch
remove another affiliated channel.

The FCC s regulations concerning the commercial limits in children s programs and political advertising also apply to certain c
programming services carried by cable system operators. FEG must provide program ratings information and increased closed ca
programming services to comply with FCC regulations, which could increase its operating expenses.

The Children s Online Privacy Protection Act (COPPA) prohibits websites from collecting personally identifiable informatio
under age 13 without prior parental consent. Online services provided by FEG may be subject to COPPA requirements. Congress
may also consider online privacy legislation that would apply to personal information collected from teens and adults.

United Kingdom

Television

BSkyB is subject to regulation principally in the U.K. and the European Community (EC). The regimes which affect its busin
telecommunications and competition (anti-trust) laws and regulations. Relevant authorities may introduce additional or new regu
BSkyB. In addition to sector specific regulation, various of BSkyB s principal and other agreements and business practices are s
U.K. and/or EC competition law.

Under U.K. and EC competition law, entities which are party to infringing agreements or which engage in infringing conduct ma
substantially. In addition, infringing agreements may, unless exempted, be void in whole or in part and infringing conduct may b

In December 2000, the U.K. Office of Fair Trading (OFT) commenced an investigation of BSkyB under The Competition Ac
BSkyB s supply of wholesale pay television. This investigation replaced an ongoing review of undertakings given by BSkyB in
Trading Act 1973. On December 17, 2002, the OFT announced that BSkyB had not been found in breach of competition law. Tw
BSkyB requested, under The Competition Act 1998, the OFT to vary or withdraw its decision concerning BSkyB. On July 29, 20
announced that it had rejected both requests. Both competitors have the right to appeal this decision of the OFT to the Competiti

The EC Commission has commenced investigations into a number of agreements, decisions or practices leading to the acquisitio
to football events within the European Economic Area, including the sale of exclusive broadcast rights to Premier League footba
Association Premier League (FAPL). In July 2003, BSkyB received a request for information from the EC Commission conce
then being undertaken by the FAPL in relation to the sale of Premier League football rights in respect of the three year period 20
Commission investigation remains ongoing, the FAPL announced that BSkyB has been awarded all four packages of exclusive li
FAPL football from the beginning of the 2004-2005 season to the end of the 2006-2007 season. BSkyB is currently unable to ass
Commission investigation will have a material effect on its financial results.

Australasia

Television

STAR broadcasts television programming over a footprint covering approximately 53 countries. Government regulation of dir redistribution via cable or other means of satellite television signals, where it is addressed at all, is treated variously throughout S extreme are absolute bans on private ownership of satellite receiving equipment. Some countries, however, have adopted a less re opting to allow ownership of satellite receiving equipment by certain institutions and individuals but they can receive only author opposite end of the spectrum are countries where private satellite dish ownership is allowed and laws and regulations have been a popular access to satellite services through local cable redistribution.

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Most television services within STAR s footprint, whether free or pay, are also subject to licensing requirements, although these imposed on the local broadcast operators who collect the subscription fees rather than on program suppliers, such as STAR, whic broadcast operators to receive its programming. In addition, most countries in STAR s footprint control the content offered by lo through censorship requirements to which program suppliers, such as STAR are also subject, with the censorship requirements fo generally being less stringent than those for free-to-air terrestrial television. Certain countries also impose obligations to carry go terrestrial channels or require a minimum percentage of local content. Other countries require local broadcast operators to obtain to retransmit foreign programming.

Most countries within STAR s footprint, including in STAR s key markets, have promulgated legislative regulatory framework cable television industry.

In India, private satellite dish ownership is allowed but there are regulations to restrict the type of receiving equipment that is per viewership of DTH television and there is a licensing framework in place to govern DTH platform operators. Local cable televisi required to carry certain government-operated or free-to-air terrestrial channels but retransmissions of foreign satellite channels b is freely permitted.

In mainland China, private satellite dish ownership is prohibited except with special approval for hotels, government and foreign receive only authorized broadcasts. Local cable and free-to-air terrestrial operators are required to broadcast a minimum of local retransmission of foreign satellite channels by local operators is prohibited except with special approval.

In Taiwan, private satellite dish ownership is allowed. The maximum subscription fee chargeable by cable television operators is national and local governments; retransmission of foreign satellite programming by local cable operators is permitted but local ca required to carry terrestrial channels and broadcast a minimum percentage of local content.

Additional categories of regulation of actual or potential significance to STAR are restrictions on foreign investment in platform uplink-downlink licensing regulations and copyright protection and enforcement.

Latin America

Each of the Latin American DTH platforms is subject to a specific regulatory regime in its home country. Each platform operates distribution business subject to a license that it or one of its partners holds. Licenses are currently held for operations in Brazil, M Chile and Argentina. These licenses expire at various dates beginning in 2009.

Other International Regulation

Filmed Entertainment

In countries outside of the U.S., there are a variety of existing or contemplated governmental laws and regulations which may aff
to distribute and/or license its motion picture and television products to cinema, television or in-home media, including copyright
which may or may not be adequate to protect its interests, cinema screen quotas, television quotas, contract term limitations, disc
other discriminatory treatment of U.S. products. The ability of countries to deny market access or refuse national treatment to pro
outside their territories is regulated under various international agreements including the World Trade Organization s General A
Trade and General Agreement on Trade and Services; however, these agreements have limited application with respect to preven
market access to audio-visual products originating outside the European Union.

General

Various aspects of News Corporation s activities are subject to regulation in numerous jurisdictions around the world. News Cor
is in material compliance with the requirements imposed by such laws and regulations. The introduction of new laws and regulati
News Corporation s products and services are produced or distributed (and changes in the enforcement of existing laws and regu
countries) could have a negative impact on the interests of News Corporation.

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ORGANIZATIONAL STRUCTURE

The following is a list of News Corporation s principal subsidiaries. A full list of News Corporation s subsidiaries has been filed report.

Subsidiary	Country of Incorporation
Fox Entertainment Group, Inc.	U.S.
Twentieth Century Fox Film Corporation	U.S.
Fox Television Holdings, Inc.	U.S.
Fox Broadcasting Company	U.S.
Fox Sports Networks, Inc.	U.S.
NDS Group plc	U.K.
News America Marketing In-Store Services, Inc.	U.S.
News America Marketing FSI, Inc.	U.S.
News International Limited	U.K.
News Limited	Australia
HarperCollins Publishers, Inc.	U.S.
HarperCollins Publishers Limited	U.K.
STAR Group Limited	Cayman Islands

* News Corporation holds 97.0% of the voting power of these entities.
** Mr. K. Rupert Murdoch owns voting preferred stock representing 76% of the voting power of this entity.

PROPERTY, PLANTS AND EQUIPMENT

News Corporation owns and leases various real properties in the U.S, Latin America, Europe, Australia and Asia which are utiliz businesses (excluding real properties owned or leased by BSkyB, FOXTEL, INL, Sky Latin America, QPL and other entities des News Corporation holds less than a majority ownership interest). Each of these properties is considered to be in good condition, a and suitably utilized according to the individual nature and requirements of the relevant operations. News Corporation s policy i property as considered appropriate to meet the needs of the individual operation.

United States

News Corporation s principal real properties in the U.S. are the following:

(a) The Fox Studios Lot, in Los Angeles, California, owned by FEG. The Fox Studios Lot consists of approximately 54 acres con production facilities, administrative, technical and dressing room structures, screening theaters and machinery, equipment faciliti restaurants. FEG also leases approximately 320,000 square feet of office space at Fox Plaza, located adjacent to the Fox Studios l also owns Dodger Stadium, which is situated on approximately 275 acres of property in Los Angeles. FEG is a party to a sale-lea with civic authorities for Dodgertown, the Dodger s 64 acre spring training facility in Vero Beach, Florida.

(b) The U.S. headquarters of News Corporation and FEG, located at 1211 Avenue of the Americas, New York, New York, consis
approximately 700,000 square feet of leased building space. This space includes the editorial offices of the *New York Post* and *T*
executive offices of NAMG, and various operations of FEG including the offices and broadcast studios of Fox News.

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(c) The headquarters of HarperCollins Publishers Inc. in New York, New York consisting of approximately 200,000 square feet o

(d) The printing plant of the *New York Post* (the *Post*) located in a 494,700 square foot building on a 16.4 acre site in Bronx, N

Latin America

FEG owns a studio facility in Rosarito, Mexico which consists of approximately 37 acres of land containing office space, produc
largest fresh and salt water tanks used in motion picture production in the world.

Europe

News Corporation s principal real properties in Europe for newspaper production and printing facilities in the U.K. are located i
London), Knowsley (near Liverpool) and Kinning Park (in Glasgow) where *The Times, The Sunday Times, The Sun* and the *News*
printed. The three newspaper production and printing facilities contain approximately 990,000, 487,000 and 150,000 square feet o
respectively. News Corporation owns the real property located at Kinning Park. With respect to the real property located at Wapp
News Corporation owns the buildings and leases on a long-term basis the land on which the buildings are situated. The headquart
Publishers Limited (which also includes editorial offices) are located in London and consist of approximately 120,000 square fee
space.

Australasia

News Corporation s principal real properties in Australasia are the following:

(a) The facility in Sydney (Chullora) at which *The Australian*, the *Daily Telegraph* and *The Sunday Telegraph* are printed. This fa
Limited, contains approximately 482,000 square feet of building space.

(b) The headquarters facility of News Corporation and News Limited in Sydney (Surry Hills), owned by News Limited, containi
370,000 square feet of building space.

(c) The facility in Melbourne (Westgate Park) at which the *Herald-Sun* and the *Sunday Herald-Sun* are printed, owned by News L
approximately 524,000 square feet of space.

(d) The building in Adelaide utilized in publishing *The Advertiser* newspaper, owned by News Corporation, containing approxim
feet of office and printing plant space.

(e) The facility in Adelaide (Mile End) at which *The Advertiser* and *The Sunday Mail* are printed, owned by News Limited, conta
300,000 square feet of space.

(f) Fox Studios Australia, a wholly-owned subsidiary of FEG, has a lease expiring in 2036, with an option to renew for 10 years,
television production facility with industry related commercial office space in Sydney, Australia. Adjacent to that facility is a 25
complex leased by a joint venture between FEG and Lend Lease Corporation.

(g) The facilities used by STAR for its television broadcasting and programming operations are located in two locations in Hong
approximately 60,000 square feet of space owned in one location and approximately 170,000 square feet of space leased in the ot

In addition, QPL owns or leases a total of approximately 1,213,000 square feet of building space utilized in its newspaper publish
such total, approximately 1,167,000 square feet is situated in buildings owned by QPL.

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ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

This section should be read in conjunction with the Consolidated Financial Statements of The News Corporation Limited and Sub
Corporation or the Group) and related notes set forth elsewhere herein.

The Consolidated Financial Statements of News Corporation have been prepared in accordance with accounting principles genera
Australia (A-GAAP) and are presented in Australian dollars (except as otherwise indicated). A-GAAP differs significantly in c
accounting principles generally accepted in the United States (US-GAAP) as described in Note 34 to the Consolidated Financi
Corporation. See US-GAAP Reconciliation in this section for a comparison of revenue, operating income and net profit (loss)
of the parent entity under A-GAAP and US-GAAP.

Critical Accounting Policies

Our discussion and analysis of our financial condition and financial performance are based upon our consolidated financial staten
prepared in accordance with A-GAAP. The preparation of these financial statements requires us to make estimates and judgments
reported amounts of assets, liabilities, revenues and expenses and the disclosures of commitments and contingencies. On an ongo
evaluates its estimates, which are based on historical experience and on various other assumptions that are believed to be reasona
circumstances. The result of these evaluations forms the basis for making judgments about the carrying values of assets and liabil
amount of revenues and expenses that are not readily apparent from other sources. Actual results may differ from these estimates
accounting policies require significant management judgments and estimates.

Inventories

Accounting for the production and distribution of filmed entertainment and television programming requires management s judg
revenues to be received and costs to be incurred throughout the life of each program or its license period. These judgments are us
amortization of capitalized filmed entertainment and television programming costs associated with revenues earned and any fair v

The Filmed Entertainment segment amortizes capitalized film costs on an individual film basis in the ratio that the current year s
management s estimate of total ultimate gross revenues from all sources. Revenue forecasts for motion pictures reflect managem
revenues to be received throughout the life of each motion picture. Estimates of revenues are reviewed and reassessed periodicall
basis and revised when warranted by changing conditions.

The Television segment amortizes the costs of multi-year sports contracts based on the ratio of each period s operating profit ear
the estimated total operating profit expected to be earned over the life of the contract from all segments. Estimates of total operati
over the life of the contract are reviewed periodically and amortization is adjusted as necessary. Management s estimates of total
the life of the contract are primarily dependent upon its projections of the revenue to be derived from selling advertising spots dur
other directly attributed revenue sources as well as direct selling costs and the direct costs associated with broadcasting the games
inception of these contracts and periodically thereafter, management evaluates the recoverability of the costs associated therewith
directly associated with the program material and related expenses. When an evaluation indicates that a multi-year contract will r
loss, additional amortization is provided to recognize such loss in the current year.

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Property, Plant and Equipment

Land, buildings and equipment are recorded at cost and are depreciated on a straight-line method over the estimated useful lives o
in circumstances such as technological advances, changes to the Group s business model or changes in the Group s capital strate
actual useful lives differing from the Group s estimates. In those cases where the Group determines that the useful life of buildin
should be shortened, the Group would depreciate the asset over its revised remaining useful life thereby increasing depreciation e

Intangible Assets

The Group has significant intangible assets including Federal Communications Commission (FCC) television station licenses,
distribution networks, sports franchises, publishing rights and goodwill. The Group accounts for its business acquisitions under th
accounting. The total cost of acquisitions is allocated to the underlying net assets, based on their respective estimated fair market
recorded as the difference between the cost of acquiring an entity and the estimated fair market values assigned to its tangible and
net assets at the date of acquisition. Determining the fair market value of assets acquired and liabilities assumed requires managem
often involves the use of significant estimates and assumptions, including, among others, assumptions with respect to future cash
discount rates, asset lives, and market multiples, among other items. The judgments made in determining the estimated fair marke
each class of intangible assets acquired as well as their useful lives can significantly impact net profit (loss) attributable to membe
Except for goodwill, no amortization is provided against the Group s intangible assets since, in the opinion of the Directors, the l
rights, titles and television licenses are indefinite.

Recoverable Amount

The Group assesses potential impairment of non-current assets under the guidance of Australian Accounting Standards Board 101
Amounts of Non-Current Assets. The recoverable amount of publishing rights, titles and television licenses and goodwill has be
discounting the expected net cash inflows arising from their continued use or sale. Discounting has not been used to determine th
of all other non-current assets.

Employee Costs

Superannuation and other postretirement benefit costs and obligations are dependent on assumptions used in calculating such amo
assumptions include discount rates, health care cost trend rates, benefits earned, interest cost, expected return on plan assets, mort
factors. In respect of the Group s defined benefit superannuation plans the Group recognizes pension costs at the required levels
actuarially determined. While management believes that the assumptions used are appropriate, differences in actual experience or
assumptions may affect the disclosures in respect to projected superannuation and other postretirement obligations.

Associated Entities

The Group accounts for investments in associated entities using the equity method of accounting, whereby investments in associa
recorded at cost and subsequently adjusted for increases or decreases in the Group s share of post-acquisition results and equity r
associated entities. Investments in associated entities cannot exceed their recoverable amount. Management regularly reviews the
investments in associated entities to determine if a diminution in value has occurred. In determining the recoverable amount, man
net undiscounted cash flows arising from the investment in associated entities and the subsequent value upon disposition.

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Results of Operations Fiscal 2003 vs. Fiscal 2002

The following table sets forth the Group s operating results by segment, for fiscal 2003 as compared to fiscal 2002.

	For the year ended 30 J		
	2003	**2002**	**Char**
		(A$ in millions)	
Revenues:			
Filmed Entertainment	$ 7,689	$ 7,714	$
Television	8,162	8,160	
Cable Network Programming	3,891	3,569	3
Direct Broadcast Satellite Television	340		3
Magazines & Inserts	1,583	1,650	
Newspapers	4,659	4,604	
Book Publishing	1,992	2,059	
Other	1,597	1,258	3
Total revenues	**$ 29,913**	**$ 29,014**	**$ 8**
Operating income:			
Filmed Entertainment	$ 1,099	$ 904	$ 1
Television	1,459	873	5
Cable Network Programming	736	380	3
Direct Broadcast Satellite Television	(104)		(1
Magazines & Inserts	438	448	
Newspapers	686	822	(1
Book Publishing	227	224	
Other	(189)	(109)	
Total operating income	**$ 4,352**	**$ 3,542**	**$ 8**
Net loss from associated entities	$ (89)	$ (1,434)	$ 1,3
Borrowing costs	(1,000)	(1,291)	2
Interest income	209	291	
Net borrowing costs	(791)	(1,000)	2
Dividends on exchangeable preferred securities	(94)	(93)	
Other revenues before tax	679	5,627	(4,9
Other expenses before tax	(1,057)	(17,601)	16,5
Profit (loss) from ordinary activities before income tax	**$ 3,000**	**$ (10,959)**	**$ 13,9**
Income tax benefit (expense) on:			
Ordinary activities before other items	$ (989)	$ (640)	$ (3
Other items	215	(15)	2
Net income tax benefit (expense)	$ (774)	$ (655)	$ (1

Net profit (loss) from ordinary activities after tax	**$ 2,226**	**$ (11,614)**	**$ 13,8**
Net profit attributable to outside equity interests	(418)	(348)	
Net profit (loss) attributable to members of parent entity	**$ 1,808**	**$ (11,962)**	**$ 13,7**

Overview. For the year ended 30 June, 2003, the Group s revenues increased A$899 million from A$29,014 million for the year
A$29,913 million. This 3% increase was primarily due to revenue increases at the Cable Network Programming segment and the
Italia. On a consolidated

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basis, fiscal 2003 operating expenses increased by A$89 million to A$25,561 million. For the year ended 30 June, 2003, Operatin
A$810 million to A$4,352 million from A$3,542 million of the corresponding period of the prior year. This increase was due pri
increases at the Television and Cable Network Programming segments. During fiscal 2003, the US Dollar declined approximately
as compared to the Australian Dollar, which materially impacted the Group s conversion of the US operations into Australian Do
compared to fiscal 2002.

Net losses from associated entities for fiscal 2003 improved to A$89 million from A$1,434 million in fiscal 2002. The reduction
primarily due to increased contributions from British Sky Broadcasting Group plc (BSkyB) and National Geographic Channel
comparable favorable impact of foreign currency fluctuations in certain Latin American pay television platforms. Included in net
entities for the year ended 30 June, 2003 are the Group s share of asset sale gains recognized by Independent Newspapers Limite
down in the value of certain assets of Sky Multi-Country Partners, a Latin American pay television platform. Included in fiscal 20
equity accounted share of the write off by its associate BSkyB of its investment in KirchPayTV.

Net profit (loss) attributable to members of the parent entity for the year ended 30 June, 2003 was A$1,808 million (A$0.31 per o
A$0.37 per preferred limited voting ordinary share), an improvement of A$13,770 million from a loss of A$11,962 million (A$2.
share and A$2.60 loss per preferred limited voting ordinary share) for the corresponding period of the prior year. This improveme
to the fiscal 2002 write down of Gemstar-TV Guide International, Inc. (Gemstar) of A$11 billion as compared to a fiscal 2003
million. Also contributing to this improvement was the fiscal 2003 gain realized following the issuance of additional common sto
Entertainment Group, Inc. (FEG).

Filmed Entertainment. Revenue at the Filmed Entertainment segment of A$7,689 million was flat as compared to the prior year.
revenue increased 11% primarily due to increased worldwide home entertainment revenues, most notably from the strong worldw
Ice Age and *Shallow Hal*, and increased worldwide theatrical revenues due to the strong releases of *X-2: X-Men United* and *Dare*
2003, the Group had several successful theatrical releases, including the domestic theatrical launches and subsequent strong hom
performances of *Like Mike* and *Drumline* and the international theatrical launches and subsequent strong home entertainment per
Report and *Road to Perdition*. Prior year results included the strong worldwide theatrical, worldwide home entertainment and dor
performances of *Planet of the Apes* and *Dr. Dolittle 2*, worldwide theatrical performance of *Ice Age* and the international theatrica
entertainment performance of *Moulin Rouge*. For the year ended 30 June, 2003, the Filmed Entertainment segment reported Oper
A$1,099 million, a 22% increase as compared to A$904 million for the prior year. The increase in Operating income was primari
increases noted above, most notably from *Ice Age*, and improved margins on DVD product due to increased volume, which were
increased home entertainment marketing costs. At Twentieth Century Fox Television (TCFTV), for the year ended 30 June, 20
increased due to increased worldwide home entertainment revenues for *24, Angel, Buffy the Vampire Slayer* and *The Simpsons*, h
for *The Practice* and the domestic syndication of *The X-Files* and *King of the Hill*. Improved profit rates on series due to DVD pr
production costs due to fewer episodes being produced also contributed to TCFTV s increased results.

Television. Revenues for the Television segment of A$8,162 million were consistent as compared to A$8,160 million reported in
period of the prior year. Decreases at the Fox Broadcasting Company (FOX) were partially offset by increased revenues at ST
the Television segment for the year ended 30 June, 2003 increased 67% to A$1,459 million from A$873 million in the prior year
to improved results across all of the Television businesses.

For the year ended 30 June, 2003, the Group s television stations revenues were consistent as compared to the corresponding p
local currency, a 13 % revenue increase primarily resulted from higher advertising revenues, the impact of the stations acquired w
Chris-Craft Industries, Inc. (the Acquired Stations) and the acquisition of WPWR. Advertising revenues in the 26 markets of t

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Group s 35 owned and operated television stations (O&Os) continued to improve versus the prior year, up approximately 9%
due to the market rebounding and heavy political spending. Automotive, movies, telecommunications and political spending are a
prior year. The revenue increases noted above contributed to the Group s O&Os market share increase of 1.4 percentage points f
market share gain was partially offset by heavy political spending on competitor stations this year, the loss of the New York Yank
New York market and the loss of the Boston Red Sox broadcasts in the Boston market. For the year ended 30 June, 2003, the Gro
Operating income increase of 11% over fiscal 2002. This increase was due to the revenue increases noted above and lower local p
costs as a result of the non-renewal of New York Yankee and Boston Red Sox baseball game broadcasts. This increase was partia
fringe benefits expenses, a full year of the Acquired Stations operating expenses in the current year, higher marketing costs to p
time schedule and operating expenses of WPWR.

For the year ended 30 June, 2003, FOX s revenues decreased 2% from the corresponding period of the prior year. In local curren
increased 10% due to higher ratings and pricing increases for prime time programming, most notably from *American Idol* and *Jo*
ratings for the National Football League (NFL), and the DAYTONA 500, which was not telecast on FOX in the prior year. Th
partially offset by the non-recurring telecast of the Super Bowl on FOX in the prior year. Operating losses for FOX improved 68
corresponding period of the preceding year. These operating improvements were driven by the revenue increases in local currenc
lower programming rights costs due to the non-recurring telecast of the Super Bowl on FOX in the prior year. These improvemen
by higher prime time license fees for returning series, increased costs for series cancellations, higher programming costs related t
contracts, and increases in advertising expenses for prime time series.

For the year ended 30 June, 2003, STAR s revenues increased 5% from the corresponding period of the prior year. Subscription
due to an increase in subscribers and average affiliate fees. Advertising revenues grew 9% due to the increasing popularity of the
Taiwan and India and STAR Plus continuing to maintain its leadership position in India. For the year ended 30 June, 2003, STAR
income of A$12 million as compared to a loss of A$44 million in the corresponding period of the prior year, an increase of 128%
primarily resulted from the increase in revenues noted above, partially offset by increased expenses, increased advertising and pr
India and the expansion of operations in China.

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Cable Network Programming. The Cable Network Programming segment reported revenues of A$3,891 million for the year end
increase of 9% from A$3,569 million in fiscal 2002. This increase reflects improved results across all of the Cable Network Prog
Also contributing to this increase was the full year consolidation of the Sunshine Network (Sunshine) and Fox Sports Internati
(Fox News), FX Network s (FX) and the majority-owned regional sports networks (RSNs) revenues increased 24%, 3

At Fox News, advertising revenues increased 85% in local currency from the prior year due to improved ratings and increased pr
by higher pre-emptions. Affiliate revenues increased by 9% in local currency, attributed to an increase in subscribers versus the p
June, 2003, Fox News reached approximately 83 million Nielsen households, a 3% increase over the prior year.

At FX, advertising revenues increased 25% in local currency over the prior year as a result of increased subscribers and higher pr
revenues increased 9% in local currency from the prior year, reflecting an increase in subscribers. As of 30 June, 2003, FX reach
Nielsen households, a 3% increase over the prior year.

At the RSNs, affiliate revenues increased 19% in local currency over the prior year primarily from an increase in direct to home (
the consolidation of Sunshine. Advertising revenues increased 12% in local currency primarily due to the telecast of more Major
(MLB) and collegiate games and the higher pricing per game for MLB, National Basketball Association (NBA) and Nation
resulting from an improved sports advertising market, partially offset by a reduced number of NBA games.

The Cable Network Programming segment reported Operating income of A$736 million, an increase of A$356 million from the p
improvements were primarily driven by the revenue increases noted above, the prior year bad debt provision related to Adelphia
Corporation receivables and the consolidation of Sunshine for the full year. Partially offsetting these improvements were higher e
programming enhancements and consumer marketing at Fox News, higher programming costs at FX and Speed Channel, Inc. (S
average rights fees for professional events at the RSNs and the consolidation of expenses from Sunshine and Fox Sports Internati

Direct Broadcast Satellite Television. In April 2003, the Group and Telecom Italia S.p.A. (Telecom Italia) completed the prev
acquisition of the Italian satellite pay-television platform, Telepiu, S.p.A. (Telepiu), from Vivendi Universal for consideration
A$1,313 million including the assumption of A$602 million indebtedness and a cash payment of A$711 million. As a result of th
Group and Telecom Italia combined Telepiu with Stream S.p.A. (Stream) to form SKY Italia, resulting in the Group owning 8
Telecom Italia owning the remaining 19.9%.

For the two months ended 30 June, 2003, in which the Group consolidated the results of SKY Italia, SKY Italia reported revenue
For the two months ended 30 June, 2003, SKY Italia reported an operating loss of A$104 million reflecting initial losses from the
platforms. The integration process is focusing on the subscriber management systems, broadcast operations and programming co
new unified platform launched on 31 July, 2003.

Magazines and Inserts. For the year ended 30 June, 2003, the revenues of the Magazine and Inserts segment decreased 4% to A$
A$1,650 million in the corresponding period of the prior year. In local currency, revenues increased 7% from the corresponding p
due to volume increases at both the Free Standing Insert (FSI) business and the InStore advertising business. The volume incre
increase in market share and the increase at InStore was due to higher demand for their shelf products. Operating income decreas
million in fiscal 2003 from A$448 million in the corresponding period of the prior year. In local currency, Operating income incr
due to the revenue increases noted above, lower paper costs and lower circulation rates, partially offset by an increase in operatin
correlated to the volume increases at FSI and InStore and higher marketing costs.

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Newspapers. The Newspapers segment reported revenue of A$4,659 million, which was flat as compared to A$4,604 million in t
period of the prior year. For the year ended 30 June, 2003, Operating income at the Newspapers segment was A$686 million, a de
A$822 million reported in the prior year, primarily due to decreases at the UK Newspapers.

For the year ended 30 June, 2003, the UK newspapers revenues were consistent as compared to the corresponding period of the
increases in advertising revenues for fiscal 2003 being offset by declines in circulation revenues. The increase in advertising reve
growth at *The Sun* and *The News of the World* due to higher classified and display advertisements. Circulation revenues declined
price reductions at *The Sun*, partially offset by increased circulation revenues at *The Times* and *The Sunday Times*. As a result of t
price at *The Sun*, circulation of *The Sun* has increased 3% as compared to fiscal 2002. Operating income at the UK Newspapers d
cover price reductions at *The Sun* and the costs associated with the war coverage and higher employee costs.

For the year ended 30 June, 2003, the Australian newspapers revenues increased 5% from the corresponding period of the prior
increase in advertising revenues. Advertising revenues increased due to increases in display advertising driven by strong growth i
and real estate categories. Circulation revenues increased 2% in fiscal 2003 due to increases in circulation and cover prices. The A
Operating income increased 10% as compared to fiscal 2002. This operating income increase primarily resulted from the revenue
above, partially offset by an increase in salaries, new editorial costs and increased marketing costs.

Book Publishing. HarperCollins revenues of A$1,992 million in fiscal 2003 decreased 3% as compared to A$2,059 million in f
currency, revenues improved 8%, primarily attributable to the strong performances in US General Books, Zondervan and the UK
2003, HarperCollins had 111 titles on the *New York Times* bestseller lists as compared to 106 in fiscal 2002. During fiscal 2003, 1
number one position as compared to nine in the prior year. Notable releases in fiscal 2003 include *Prey* by Michael Crichton, *The*
by Rick Warren, *Let Freedom Ring* by Sean Hannity, *Who Says Elephants Can t Dance* by Louis V. Gerstner and *Unless I m Va*
Murray Walker. The Lemony Snicket series in the Children s division continued to contribute significant revenues in fiscal 2003
June, 2003, Operating income of A$227 million was consistent as compared to A$224 million from the corresponding period of t
currency, Operating income increased 13% as compared to the prior year as a result of revenue increases noted above and strict c
offset by increased operating expenses as a result of higher volume sales.

Net loss from associated entities. Net loss from associated entities of A$89 million improved A$1,345 million from losses of A$
2002.

	For the year ended 3		
	2003	2002	Cha
	(A$ in million		
The Group s share of the profit (loss) after income tax of its associated entities consist principally of:			
BSkyB	$ 132	$ (51)	$
Stream, S.p.A.	(294)	(66)	(2
Sky Latin America:			
Sky Brasil	(56)	(120)	
Innova, S. de R.L. de C.V. (Mexico)	(37)	(92)	
Other	(41)	(78)	
Fox Sports Cable Networks	44	33	
FOXTEL	(15)	(15)	
ESPN Star Sports	3	(11)	

Other associated entities	105	86	[illegible]
Net loss from associated entities after income tax before other items	(159)	(314)	[illegible]
Other items after income tax	70	(1,120)	1,[illegible]
Net loss from associated entities after income tax and other items	$ (89)	$ (1,434)	$ 1,[illegible]

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Net losses from associated entities for fiscal 2003 improved to A$89 million from A$1,434 million in fiscal 2002. The reduction
primarily due to increased contributions from BSkyB and National Geographic Channel (US) as well as the favorable impact of f
fluctuations in certain Latin American pay television platforms. Included in net losses from associated entities for the year ended
Group s share of asset sale gains recognized by Independent Newspapers Limited, offset by a write down in the value of certain
Multi-Country Partners, a Latin American pay television platform. Included in fiscal 2002 is the Group s equity accounted share
associate BSkyB of its investment in KirchPayTV.

Net borrowing costs. Net borrowing costs decreased A$209 million for the year ended 30 June, 2003 to A$791 million from A$1
2002 due to the decreased interest expense related to the redemption of the Fox Sports Networks Notes, the 8 5/8% Notes due 20
Notes due 2012 during fiscal 2003.

Net income tax (expense) benefit. Net income tax expense of A$774 million during fiscal 2003 increased from an expense of A$
fiscal 2002. The difference of the net income tax expense of A$774 million as compared to the prima facie tax at the statutory rat
primarily attributed to benefits received from amortization of certain intangible assets.

Net profit attributable to outside equity interests. Net profit attributable to outside equity interests of A$418 million for the year
increased from A$348 million in fiscal 2002 due to increased results at FEG and NDS partially offset by SKY Italia losses.

Net profit (loss) attributable to members of the parent entity. Net profit (loss) attributable to members of the parent entity for the
2003 was A$1,808 million, an improvement of A$13,770 million from a loss of A$11,962 million for the corresponding period o
improvement was primarily due to the fiscal 2002 write down of Gemstar of A$11 billion as compared to a fiscal 2003 write dow
Also contributing to this improvement was the fiscal 2003 gain realized following the issuance of additional common stock by FE
primarily relates to the write down of the Group s carrying value in Gemstar, Stream and KirchMedia as well as the write down
contracts for the NFL, MLB and the National Association of Stock Car Auto Racing (NASCAR) and Cricket programming rig
write downs were partially offset by the gains recognized on the sales of Fox Family Worldwide, Inc. (FFW), EchoStar Comm
and Outdoor Life Network LLC (Outdoor Life).

Results of Operations Fiscal 2002 vs. Fiscal 2001

The following table sets forth the Group s operating results by segment, for fiscal 2002 as compared to fiscal 2001.

	For the year ended 30 J		
	2002	**2001**	**Chan**
		(A$ in millions)	
Revenues:			
Filmed Entertainment	$ 7,714	$ 6,795	$ 9
Television	8,160	6,838	1,3
Cable Network Programming	3,569	2,696	8
Magazines & Inserts	1,650	1,675	(
Newspapers	4,604	4,600	
Book Publishing	2,059	1,907	1
Other	1,258	1,067	1
Total revenues	**$ 29,014**	**$ 25,578**	**$ 3,4**
Operating income:			
Filmed Entertainment	$ 904	$ 487	$ 4
Television	873	1,007	(1
Cable Network Programming	380	197	1
Magazines & Inserts	448	437	
Newspapers	822	904	(
Book Publishing	224	205	
Other	(109)	(144)	
Total operating income	**$ 3,542**	**$ 3,093**	**$ 4**
Net loss from associated entities	$ (1,434)	$ (249)	$ (1,1
Net borrowing costs	(1,000)	(935)	(
Dividends on exchangeable preferred securities	(93)	(90)	
Other revenues before tax	5,627	3,335	2,2
Other expenses before tax	(17,601)	(4,609)	(12,9
Change in accounting policy before income tax		(1,107)	1,1
Profit (loss) from ordinary activities before income tax	**$ (10,959)**	**$ (562)**	**$ (10,3**
Income tax benefit (expense) on:			
Ordinary activities before change in accounting policy and other items	$ (640)	$ (428)	$ (2
Other items	(15)	19	(
Change in accounting policy		421	(4
Net income tax benefit (expense)	$ (655)	$ 12	$ (6
Net profit (loss) from ordinary activities after tax	**$ (11,614)**	**$ (550)**	**$ (11,0**
Net profit attributable to outside equity interests	(348)	(196)	(1

Net profit (loss) attributable to members of parent entity	**$ (11,962)**	**$ (746)**	**$ (11,2**

Consolidated. News Corporation s consolidated revenues increased approximately 13% to A$29,014 million in fiscal 2002 from
fiscal 2001. This increase was led by increased revenues at the Filmed Entertainment, Television and Cable Network Programmi

Consolidated operating income of A$3,542 million in fiscal 2002 increased approximately 15% as compared to A$3,093 million
Filmed Entertainment and Cable Network Programming segments experienced strong performances, which were partially offset
Television segment.

Net loss from associated entities of A$1,434 million increased A$1,185 million from A$249 million in the prior year. The higher
due to the Group s share of BSkyB s write off of its investment in KirchPayTV. Additionally, increased losses were due to unfa
movements in our Latin American pay television platforms, the first-time inclusion of losses recognized from our Italian pay tele
and reduced profitability of Fox Sports Domestic Cable Networks primarily due to lower revenues and higher costs at Madison S
entertainment company owned by Regional Programming Partners.

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Net profit (loss) attributable to members of parent entity was a loss of A$11,962 million in fiscal 2002 as compared to a loss of A
2001. The current year loss primarily relates to the write downs in the Group s carrying value of its investments in Gemstar, Stre
Also contributing to this loss was the Group s write down of its U.S. national sports rights contracts for MLB, NASCAR, the NF
programming rights. These write downs were partially offset by the gain on the sale of the Group s interest in FFW. Fiscal 2001
to the loss incurred for the restructuring of the Healtheon/WebMD transaction, the write off of the One.Tel investment and increa
investment write downs.

Filmed Entertainment. Revenues increased A$919 million, or approximately 14%, from A$6,795 million in fiscal 2001 to A$7,7
2002. This increase is due to the worldwide theatrical and home entertainment and domestic pay-television performance of *Plane*
domestic theatrical and home entertainment performance of *Kiss of the Dragon*, the worldwide theatrical performance of *Ice Age*
entertainment performances of *Moulin Rouge* and *Dr. Dolittle 2* and library titles released on DVD. Fiscal 2001 results included t
theatrical and worldwide home entertainment and domestic pay-television performance of *X-Men*, the international television sale
worldwide home entertainment performance of library titles. Additionally, at TCFTV, increased syndication revenues for *NYPD*
Hill, higher license fees for *Buffy the Vampire Slayer*, *Dharma and Greg* and *The Practice* and increased worldwide home enterta
international free-television revenues for *The Simpsons* contributed to the increase in revenues. Operating income increased to A$
2002 from A$487 million in fiscal 2001, an increase of approximately 86%. This increase is due to the revenue increases noted a
prior year s results, which were partially offset by the disappointing results of *Monkeybone*, *Say It Isn t So* and *The Legend of B*

Television. Revenues increased A$1,322 million, or approximately 19% from A$6,838 million in fiscal 2001 to A$8,160 million
increase in revenues is due primarily to the inclusion of the Acquired Stations that were acquired in July 2001, and the increase in
from the telecast of the Super Bowl at FOX, which was not telecast on FOX in the prior year. Also impacting revenues was an es
point gain in market share over the prior year at the Fox Television Stations (FTS), A$162 million of revenue recognized from
divisional series rights to ABC Family, and increased advertising revenue for MLB due to additional postseason games compared
Partially offsetting these increases was the soft advertising environment prevalent for much of the year in the U.S., which was fur
terrorist attacks on September 11th. Operating income decreased to A$873 million in fiscal 2002 from A$1,007 million in fiscal 2
approximately 13%. The decrease in operating income was primarily related to increased programming costs at FTS and at FOX
MLB games shown than in the prior year and higher primetime license fees, the telecast of the Super Bowl during fiscal 2002 and
Wars Episode I: The Phantom Menace.

At STAR, continued increases in both subscriber and advertising revenues contributed to overall revenue growth for fiscal 2002 a
2001. Increased subscription revenues were generated from pricing increases and subscriber growth. Advertising revenue increas
Kahaani Ghar Ghar Ki and *Kyunki Saas Bhi Kabhi Bahu Thi*, the top Indian cable shows on STAR Plus (cable and satellite chan
revenue gains were partially offset by increased programming costs at STAR News and increased production costs.

Cable Network Programming. Revenues of A$3,569 million increased 32% as compared to fiscal 2001 revenues of A$2,696 mil
combination of subscriber growth and improved ratings primarily at the Fox News and FX, as well as the acquisition of SPEED C
At Fox News, a 72% increase in advertising revenue was driven by improved ratings, partially offset by lower national sell-out an
Affiliate revenues increased 31% at Fox News which was attributable to an 18% increase in subscribers. As of 30 June, 2002, Fo
million U.S. cable and DBS households, an increase of 12 million households over the prior year. FX affiliate revenues increased
increase in average households over the prior year. As of 30 June, 2002, FX reached over 78 million U.S. DBS and cable

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households, an increase of 13 million households over the prior year. Despite the difficult advertising sales market, FX advertisin 26% over the prior year, as the result of an increase in average audience and higher ratings, primarily due to the success of *The Sh* partially offset by declines in pricing. Affiliate revenues increased 13% at the RSNs primarily from increased average cable rates as increases in total reached U.S. cable and DBS households. Operating income increased 93% to A$380 million as compared to 2001. This significant increase relates primarily to the increased revenues across all channels. Fox News improved results were d gains in subscriber base and advertising revenues from higher pricing and improved ratings, which was only partially offset by hi with breaking news events and programming expenses. At the RSNs, increased affiliate revenues were partially offset by increase related to an increased number of professional sports events and higher average rights fees associated with new professional spor the RSNs. FX revenue increases of 17% were only partially offset by increased programming and marketing expenses due to the *Shield*.

Magazines and Inserts. Revenues of A$1,650 million in fiscal 2002 decreased A$25 million as compared to A$1,675 million rep Operating income increased from A$437 million to A$448 million in fiscal 2002. This decrease in revenues is due to lower adver rates from free-standing inserts and lower revenue from instant coupon machines. The operating income increase is due to cost re paper, media and field expenses which more than offset by the revenue shortfalls noted above.

Newspapers. Revenues were flat at A$4,604 million in fiscal 2002 compared to A$4,600 million in fiscal 2001. Operating incom A$822 million in fiscal 2002 from A$904 million in fiscal 2001. In the U.K., lower advertising volume and advertising rates were circulation revenue gains across all major titles due to cover price increases and a decrease in production costs. In Australia, lowe and higher newsprint costs were partially offset by increased circulation revenue due to cover price increases. In the U.S., increas advertising revenue were more than offset by increased costs related to the new printing plant at the *New York Post*.

Book Publishing. Revenues increased approximately 8% from A$1,907 million in fiscal 2001 to A$2,059 million in fiscal 2002. A$224 million, a 9% increase over the prior year s operating income of A$205 million. These increases were driven by the stron U.K. of Pamela Stephenson s biography of comedian Billy Connolly and J.R.R. Tolkien s *Lord of the Rings* Trilogy, coupled w program and local publishing programs in Canada and Australia/New Zealand. HarperCollins had 106 titles on the *New York Tim* during the year, including nine titles that reached the number 1 spot.

Net loss from associated entities. Net loss from associated entities of A$1,434 million increased A$1,185 million from A$249 m

	For the year ended 3		
	2002	2001	Char
	(A$ in millions		
The Group s share of the profit (loss) after income tax of its associated entities consist principally of:			
BSkyB	$ (51)	$ (76)	$
Stream, S.p.A.	(66)		
Sky Latin America:			
Sky Brasil	(120)	(101)	
Innova, S. de R.L. de C.V. (Mexico)	(92)	(52)	
Other	(78)	(63)	
Fox Sports Cable Networks	33	89	
FOXTEL	(15)	(11)	
ESPN Star Sports	(11)	(23)	

Other associated entities	86	75	
Net loss from associated entities after income tax before other items	$ (314)	$ (162)	$ (
Other items after income tax	(1,120)	(87)	(1,0
Net loss from associated entities after income tax and other items	$ (1,434)	$ (249)	$ (1,

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The higher net loss was primarily due to the Group s share of BSkyB s write off of its investment in KirchPayTV. Additionally,
due to the unfavorable foreign exchange movements in our Latin American pay television platforms, losses recognized from our
platform Stream and reduced profitability of Fox Sports Domestic Cable Networks primarily due to lower revenues and higher co
Garden.

Net borrowing costs. Net borrowing costs increased to A$1,000 million in fiscal 2002 from A$935 million in fiscal 2001. This in
rates of return on cash balances, which was partially offset by a decrease in interest expense due to the redemption of certain debt

Net income tax benefit (expense). Net income tax expense of A$655 million during fiscal 2002 decreased from a benefit of A$12
2001. Net income tax expense of A$655 million was recognized in fiscal 2002 as opposed to an income tax benefit of A$2,858 m
been recognized if the statutory rate had been applied without adjustments. The difference is primarily due to the exclusion of the
as it is not expected to be realized in the future.

Net profit (loss) attributable to members of parent entity. Net profit (loss) attributable to members of the parent entity was a loss
in fiscal 2002 as compared to a loss of A$746 million in fiscal 2001. The current year loss primarily relates to the write downs in
value of its investments in Gemstar, Stream and KirchMedia. Also contributing to this loss was the Group s write down of its U.
contracts for MLB, NASCAR, the NFL and non-U.S. cricket programming rights. These write downs were partially offset by the
Group s interest in FFW. Fiscal 2001 losses primarily related to the loss incurred for the restructuring of the Healtheon/WebMD
off of the One.Tel investment and increased new media related investment write downs.

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Liquidity and Capital Resources

The Group s principal sources of cash flow are internally generated funds; however, as additional sources of funding, the Group worldwide capital markets, a revolving credit facility of US$1.75 billion and various film financing alternatives and as of 30 June consolidated cash and cash equivalents of A$6.7 billion. Management of the Group believes that funds available from cash flows alternative sources will be adequate for the Group to conduct its operations. The Group s internally generated funds are highly de of the advertising market and public acceptance of film products. Any significant decline in the advertising market or the perform adversely impact its cash flows from operations.

The principal uses of cash flow that affect the Group s liquidity position include the following: investments in the production and feature films and television programs, the acquisition of and payments under programming rights for entertainment programming operational expenditures, capital expenditures, investments in associated entities, interest expense and income tax payments.

Cash flows provided by operating activities during the fiscal years ended 30 June, 2003, 2002 and 2001 were A$2,483 million, A A$920 respectively. During the year ended 30 June, 2003, higher sports rights payments at the Television segment, increased con plans and increased receivables at the Book Publishing and Newspaper segments contributed to the decrease in cash provided by Partially offsetting these uses of cash, was increased net profit attributable to members of the parent entity of A$1,808 million (af non-cash activity).

Cash used in investing activities were A$1,797 million during fiscal year 2003. Fiscal 2002 had cash flows provided by investing million. Fiscal 2001 had cash flows used in investing activities of A$1,779 million. The year ended 30 June, 2003 included the pu a controlling interest in SKY Italia, as well as investments in Stream, the National Geographic Channels and the Latin American platforms. Investing activities in fiscal 2002 were A$2,179 million lower than fiscal 2001 primarily due to proceeds received from Outdoor Life.

Cash flows provided by financing activities were A$456 million during fiscal year 2003. Fiscal 2002 had cash flows used by fina A$2,333 million. Fiscal 2001 had cash flows provided by financing activities of A$1,188 million. During fiscal year 2003, the Gr billion in debt and exchangeable securities as well as an issuance of shares of A$1.9 billion, primarily resulting from the seconda in December 2002. Partially offsetting this was the redemption of A$3.7 billion in non-current interest bearing liabilities and excl well as A$0.7 billion as cash collateral for SKY Italia long-term debt. Financing activities in fiscal 2002 included the redemption debt and A$443 million related to the settlement of the MCI and other obligations.

On 27 June, 2003, News America Incorporated, a subsidiary of the Group, terminated its existing Revolving Credit Agreement (t Agreement) and entered into a new US$1.75 billion (A$2.6 billion) Five Year Credit Agreement (the New Credit Agreement administrative agent, JP Morgan Chase Bank, as syndication agent, and the lenders named therein. The News Corporation Limite Fox Entertainment Group, Inc., News America Marketing FSI, Inc., and News Publishing Australia Limited are guarantors (the New Credit Agreement. The New Credit Agreement provides a US$1.75 billion (A$2.6 billion) revolving credit facility with a su million (A$904 million) available for the issuance of letters of credit, and expires on 30 June, 2008. Borrowings are in US dollars credit are issuable in US dollars or Euros. The significant terms of the agreement include the requirement that the Group maintain interest coverage ratios and limitations on secured indebtedness. The Group pays a facility fee of 0.20% regardless of facility usa interest for borrowings and letters of credit at LIBOR plus 0.675%. The Group pays an additional fee of 0.125% if borrowings un 25% of the committed facility. The interest and fees are based on the Group s current debt rating. On 27 June, 2003, letters of cre million (A$205 million) were issued under the New Credit Agreement.

Total unused credit facilities as at 30 June, 2003 amounted to A$2,637 million (2002 A$3,546 million). Subsequent to 30 June, 2
of credit representing 120 million (A$204 million) were issued under the New Credit Agreement.

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The New Credit Agreement and the indentures governing certain debt instruments (the Indentures) each contain various coven
Corporation. Covenants and provisions contained in the New Credit Agreement among other things: (i) prohibit the Reporting Gr
New Credit Agreement, from incurring indebtedness if at the time of such incurrence a default under the New Credit Agreement
still continuing; (ii) require the Reporting Group to maintain certain financial ratios; and (iii) limit certain corporate acts of the Re
as the creation of liens and the entrance into transactions with affiliates. Among other things, the Indentures limit News Corporati
issue, assume, guarantee or otherwise become liable with respect to indebtedness; (ii) purchase, redeem or otherwise acquire or re
any scheduled maturity, scheduled repayment or scheduled sinking fund payment, and any subordinated indebtedness; (iii) create
suffer to exist liens on property; (iv) use the proceeds from asset sales; and (v) pay dividends or make distributions.

The Group s principal operations are in the U.S., Europe and Australasia. Cash is managed centrally within each of the three reg
reinvested locally and working capital requirements met from existing liquid funds. To the extent such funds are not sufficient to
requirements, local overdrafts are available to be drawn.

News Corporation was in compliance with all covenants and had satisfied all financial ratios and tests contained in its long-term
30 June, 2003 and expects to remain in compliance and satisfy all such financial ratios and tests. News Corporation expects that
covenants contained in its long-term debt obligations will not have a material adverse effect on its business and operations.

As of 30 June, 2003, News Corporation s debt ratings, by Moody s (Ba1 for subordinated notes and Baa3 for senior unsecured
Poors (BBB-) were within the investment grade scale.

Redemptions of Debt

During fiscal year 2003, the Group redeemed A$3,673 million of debt. The Group recognized an aggregate loss of approximately
following early extinguishments of debt.

In June 2002, the Group and Fox Sports Networks, LLC, an indirect subsidiary of the Group, irrevocably called for rec
outstanding 8.875% Senior Notes due August 2007 and the 9.75% Senior Discount Notes due August 2007. The Grou
A$80 million in fiscal 2002 on the irrevocable early extinguishment of the debt. The redemption was completed in Au

In March 2003, the Group purchased approximately 74% of its outstanding US$500 million aggregate principal amou
Notes due February 2005 at a premium, plus accrued interest. The Group recognized a loss of US$45 million (A$76 m
redemption of the 8 1/2% Senior Notes which is included within Other expenses in the Statement of Financial Performa

Also in March 2003, 8,247,953 exchangeable Trust Originated Preferred Securities (TOPrS) and related warrants w
Group using proceeds from the issuance of Beneficial Unsecured Exchangeable Securities (BUCS). The Group reco
million (A$64 million) on early redemption of the TOPrS (including the write off of deferred issuance costs), which is
expenses in the Statement of Financial Performance.

Issuances of Debt

During fiscal year 2003, the Group issued A$3,172 million of debt.

In March 2003, the Group issued US$150 million of 4.750% Senior Notes due March 2010 and US$350 million of 6.5
March 2033 at a discount. Proceeds from the issuance of these new Senior Notes were used to purchase the 8 1/2% Sen
2005 and for general corporate purposes.

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On 30 April, 2003, in connection with its acquisition of Telepiu, the Group assumed Telepiu s obligations under its
million) 5.625% Guaranteed Notes due 2004 (the Eurobonds). The Eurobonds mature on 29 July, 2004 and accrue i
annum with annual interest payments made on each anniversary date. The Group procured the issuance of a letter of cr
the holders of the Eurobonds and established a cash collateral account, reflected as Cash on Deposit on the Statement o
to make any required payments on the Eurobonds and secure the Group s obligations under the letter of credit. Subsec
certain Eurobond holders exercised their option to require the Group to purchase approximately 126 million (A$217
principal amount of Eurobonds. The Group made payment of the principal amount and accrued interest on 19 August,
collateral account.

During 2003, News Corporation Finance Trust II (the Trust) issued an aggregate of US$1.655 billion 0.75% BUCS
debentures issued by NAI and guaranteed on a senior basis by the Group and certain of its subsidiaries. On or after 2 A
holders option, the BUCS are exchangeable into BSkyB ordinary shares based on an exchange ratio of 77.09 BSkyB
US$1,000 original liquidation amount of BUCS. The trust may pay the exchange market value of each BUCS in cash,
shares of BSkyB, or a combination of cash and ordinary shares of BSkyB.

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The Group has commitments under certain firm contractual arrangements (firm commitments) to make future payments. Thes
secure the future rights to various assets and services to be used in the normal course of operations. The following table summari
firm commitments at 30 June, 2003.

	Payments Due by		
	1 year	2-3 years	4-5 years
	(A$ in million		
Contracts for Capital Expenditure			
Plant and machinery	$ 118	$ 15	$ 3
Operating Leases (a)			
Land and buildings	274	497	473
Plant and machinery	288	436	323
	562	933	796
Other Commitments			
Unsecured loans payable		804	527
Term loans	33	65	
Exchangeable securities			
New Millennium II Preferred Interest	760	388	
News America Marketing (b)	106	140	5
Major League Baseball (c)	532	1,270	701
National Football League (d)	1,092	2,381	
National Association Stock Car Auto Racing (e)	293	812	790
Cricket (f)	65	227	180
Other including programming (g)	3,656	3,901	2,077
	6,537	9,988	4,280
Total commitments, borrowings and contractual obligation	$ 7,217	$ 10,936	$ 5,079

The Group also has certain contractual arrangements in relation to certain associates that would require the Group to make payme
if certain circumstances occur (contingent guarantees). The Group does not expect that these contingent guarantees will result
being paid by the Group in the foreseeable future. The timing of the amounts presented in the table below reflect when the maxin
guarantees will expire and does not indicate that the Group expects to incur an obligation to make payments during that time fran

	Amount of Commitm Peri		
	1 year	2-3 years	4-5 years
	(A$ in m		
Sports rights (h)	$ 111	$ 149	$ 167

Transponder leases (i)	48	90	83
Star Channel (j)	40	35	
Other	2	4	74
	$ 201	$ 278	$ 324

(a) The Group leases transponders, office facilities, warehouse facilities, equipment and microwave transmitters used to carry b These leases, which are classified as operating leases, expire at certain dates through 2036. In addition, the Group leases va which expire at various dates through 2094.

(b) News America Marketing (NAM), a leading provider of in-store marketing products and services primarily to consumer manufacturers, enters into minimum guarantee agreements with retailers.

(c) The Group s contract with MLB grants the Group rights to telecast certain regular season and all postseason MLB games. the 2001 MLB season and ends with the 2006 MLB

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season. The remaining future scheduled payments for telecast rights to such MLB games aggregated approximately US$1.7
as of 30 June, 2003. For the duration of the term of its contract with MLB, the Group has sublicensed telecast rights to certa
games to The Walt Disney Company, and is entitled to be paid a sublicense fee aggregating US$495 million (A$746 millio
term. The amounts reflected on this schedule have not been reduced by the sublicense.

(d) Under the Group s contract with the NFL through 2006, remaining future minimum payments for program rights to broadc
games aggregated approximately US$2.3 billion (A$3.5 billion) as of 30 June, 2003, and are payable over the remaining te
contract provided the NFL with the option to renegotiate the programming rights to broadcast certain football games at the
football season. This option was not exercised and expired in February 2003.

(e) The Group s contracts with NASCAR, which contain certain termination clauses, give the Group rights to broadcast certai
through fiscal 2009 and exclusive NASCAR content rights as well as the NASCAR brand to be exploited with a new NASC
the existing SPEED Channel through fiscal 2013. The remaining future minimum payments aggregated approximately US$
billion) as of 30 June, 2003, and are payable over the remaining terms assuming no early terminations.

(f) The Group acquired the exclusive rights to transmit and exploit the signals for the 2003 and 2007 Cricket World Cups and
International Cricket Council (ICC) cricket events for a minimum guarantee of US$550 million (A$887 million) throug
Group has guaranteed this contract and has been granted the first right of refusal and the last right to match the highest bid
broadcast rights in their respective territories. As of 30 June, 2003, the remaining minimum guarantee is A$472 million ove

(g) The Group s minimum commitments and guarantees under certain other programming, local sports broadcast rights, playe
telecommunications services and other agreements aggregated approximately A$12,051 million at 30 June, 2003.

(h) The Group has guaranteed various sports rights agreements for certain associated entities which aggregate approximately U
(A$1.5 billion) (2002 US$1,050 million (A$1.9 billion)) and extend through 2019.

(i) The News Corporation Limited has guaranteed various transponder leases for certain associated companies operating in La
aggregate of these guarantees is approximately US$341 million (A$514 million) (2002 US$355 million (A$675 million)) a

(j) The Group has guaranteed a bank loan facility of A$75 million for Star Channel Japan pro rata with the Group s ownershi
facility covers a term loan of A$35 million which matures in September 2005 and an agreement for overdraft of A$40 milli

New Millennium II

On 30 March, 2001, the Group s film distribution arrangement with New Millennium Investors LLC (New Millennium) expi
outstanding equity of New Millennium and repaid all of New Millennium s existing debt, resulting in the acquisition of film inve
million (A$1,314 million) and the elimination of current and non-current payables of US$117 million (A$237 million). Concurre
into a new series of film rights agreements whereby a controlled consolidated entity of the Group, Cornwall Venture LLC (NM
library film rights, funds the production or acquisition costs of all eligible films, as defined, to be produced by Twentieth Century
(TCF), a subsidiary of the Group, between 2001 and 2005 (these film rights agreements, as amended, are collectively referred
II Agreement). NM2 is a separate legal entity from the Group and TCF and has separate assets and liabilities. NM2 issued a pre
membership interest (Preferred Interest) to a third party to fund the film financing, which is presented on the consolidated Stat
Position as outside equity interests in controlled entities. The Preferred Interest has no fixed redemption rights but is entitled to ar
gross receipts to be derived by NM2 from the distribution of each eligible film. Such allocation to the extent available based on th
the distribution of the eligible films consists of (i) a return on the Preferred Interest (the Preferred Payments), based on certain
based on US commercial paper rates or LIBOR) prevailing on the respective dates of determination, and (ii) a redemption of the P
based on a contractually determined amortization schedule. The Preferred Interest has a preference in the event of a liquidation or
unredeemed portion of the investment plus any accrued and unpaid Preferred Payments.

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The net change in Preferred Interest outstanding was US$88 million (A$133 million) and US$8 million (A$14 million) for the ye
2003 and 2002, respectively. These amounts were comprised of issuances by the Group of additional Preferred Interest under Ne
amount of US$520 million (A$783 million) and US$657 million (A$1,165 million) and redemptions by the Group of Preferred I
million (A$916 million) and US$649 million (A$1,150 million) during fiscal year 2003 and 2002, respectively.

At 30 June, 2003, there was A$1,148 million (2002 A$1,507 million) of Preferred Interest outstanding, which is included in the S
Position as outside equity interest in controlled entities, with the Preferred Payments recorded in the Statement of Financial Perfo
equity interest.

A Ratings Trigger Event for the above agreement would occur if the Group s debt rating:

(i) (a) falls below BB+ and below Ba1, or (b) falls below BB, or (c) falls below Ba2, or (d) it is not rated by both rat
and, in each case, the Group has not, within ten business days after the occurrence of such event, provided cre
enhancement so that the resulting agreement is rated at least BB+ and Ba; or

(ii) (a) falls below BBB- and Baa3, or (b) it is not rated by both rating agencies, and, in each case, more than US$25
capital payments redeemable at that time from film gross receipts remain unredeemed for at least one quarter.

If a Ratings Trigger Event were to occur, then (a) no new films will be transferred, (b) rights against certain film assets may be e
Preferred Interest may become redeemable.

During the year ended 30 June, 2003, no Ratings Trigger Event occurred. If a Ratings Trigger Event were to occur, then US$425
million) (or approximately 56% of the outstanding balance at 30 June, 2003) may be payable immediately. The balance of the re
payable to the extent of future gross receipts from films that had been transferred to NM2.

Acquisitions and Dispositions

WebMD

As a result of the restructure of the Group s investment in Healtheon/WebMD (WebMD) in fiscal 2001, the Group swapped c
investment and recognized an impairment loss on its remaining common stock interest in WebMD. In exchange for the preferred
received the ownership interest in The Health Network (THN), warrants to purchase additional common stock in WebMD, a r
to provide future media services to and license content from WebMD and the elimination of future funding commitments to an i
venture. The Group recorded a non-cash charge of A$426 million related to this restructuring. The Group subsequently sold its i
consideration valued at A$433 million.

RSN North

In February 2001, Fox Sports Networks LLC (Fox Sports Networks), acquired certain assets and liabilities constituting the bus
Channel, a regional sports network serving the Minneapolis, Minnesota and Milwaukee, Wisconsin metropolitan areas, pursuant
Assumption Agreement among Fox Sports Networks, Viacom and Comcast Corporation (Comcast) and a Purchase Agreemen
Comcast for approximately US$40 million (A$79 million).

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Home Team Sports

In February 2001, Fox Sports Networks sold its approximate 34% limited partnership interest in Home Team Sports, in a non-cas
amended cable carriage arrangements (the Carriage Arrangements) related to the distribution of certain of the Group s progra
systems. The value ascribed to the Carriage Arrangements was A$89 million and was based upon the value of similar cash transa
had completed. The Group has recognized a gain of approximately A$80 million related to this transaction for the year ended 30

Taiwan Cable Group (China Network System)

In April 2001, STAR purchased a 20% interest in each of the Koos Group s (Koos) 15 cable systems in Taiwan. The aggreg
transaction was A$474 million. As of June 2003, STAR had aggregate interests of up to 23% in 17 cable systems throughout Tai
affiliated with Koos. The Group accounts for this investment under the equity method of accounting from the date of acquisition.
business group based in Taiwan encompassing finance, telecommunications, entertainment and other businesses.

The Golf Channel

In June 2001, the Group sold its 31% interest in The Golf Channel for total consideration of approximately A$695 million, of wh
received in cash during fiscal 2001. The Group recorded a gain on the sale of A$476 million in relation to this transaction.

Chris-Craft

In July 2001, the Group, through a wholly-owned subsidiary, acquired all of the outstanding common stock of Chris-Craft Indust
subsidiaries, BHC Communications, Inc. and United Television, Inc., (collectively, Chris-Craft). The consideration for the acq
approximately US$2.0 billion (A$3.5 billion) in cash and the issuance of 68,854,209 American Depositary Receipts (ADRs) r
preferred limited voting ordinary shares valued at A$4.4 billion. Simultaneously with the closing of the acquisition, the Group tra
million (A$4,438 million) of certain net assets, constituting Chris-Craft s ten television stations (the Acquired Stations) to its
FEG, in exchange for 122,244,272 shares of FEG s Class A Common Stock (the Exchange), thereby increasing the Group s
82.76% to 85.25%. FEG assigned the licenses issued by the FCC for the Acquired Stations to its indirect subsidiary, Fox Televisi
which became the licensee and controls the operations of the Acquired Stations. The Group acquired Chris-Craft and transferred
Stations in order to strengthen FEG s existing television station business.

The Group consolidated the operations of the Acquired Stations, as of the date of Exchange, 31 July, 2001, with the exception of
Lake City, whose operations were not consolidated as of the Exchange due to regulatory requirements which precluded the Grou
station and required its disposal (see description for Clear Channel swap below).

In October 2001, the Group exchanged KTVX-TV in Salt Lake City and KMOL-TV in San Antonio with Clear Channel Commu
WFTC-TV in Minneapolis (the Clear Channel swap). In addition, in November 2001, the Group exchanged KBHK-TV in San

Inc. for WDCA-TV in Washington, DC and KTXH-TV in Houston (the Viacom swap). In June 2002, the Group exchanged K
Acquired Station, for Meredith Corporation s WOFL-TV in Orlando and WOGX-TV in Ocala (the Meredith Swap , and toget
Clear Channel swaps, the Station Swaps). All of the stations exchanged in the Station Swaps were Acquired Stations. The stat
Station Swaps have been independently appraised at the same fair values as those Acquired Stations that were exchanged. Accord
was recognized by the Group as a result of the Station Swaps.

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SPEED Channel

In July 2001, as a result of the exercise of rights by existing shareholders of Speedvision Network, LLC, the Group acquired an a
Speedvision Network, LLC, now Speed Channel, Inc. (SPEED Channel) for US$401 million (A$789 million). This acquisitio
owning 85.46% of SPEED Channel. As a result, the Group has consolidated the results of SPEED Channel from July 2001. In Oc
acquired the remaining 14.54% minority interest in SPEED Channel for approximately US$111 million (A$221 million) bringing
percentage to 100%.

Outdoor Life

On 25 July, 2001, as a result of the exercise of rights by existing shareholders, FEG acquired 50.23% of Outdoor Life for approxi
This acquisition resulted in FEG owning 83.18% of Outdoor Life. On 23 August, 2001, a shareholder of Outdoor Life exercised i
FEG s ownership interest in Outdoor Life for A$977 million in cash. Upon the closing of the sale, the Group recognized a gain o

Fox Family Worldwide

In October 2001, a subsidiary of the Group, FOX, Haim Saban and the other shareholders of FFW, sold FFW to The Walt Disney
for total consideration of approximately A$10.3 billion (including the assumption of certain debt), of which approximately A$3.2
consideration of the Group s interest in FFW. As a result of this transaction, the Group recognized a gain on sale of A$2,323 mil
Group sublicensed certain post-season MLB games through the 2006 MLB season to Disney for aggregate consideration of appro
billion, payable over the entire period of the sublicense.

Fox Sports International

The Group and Liberty Media Corporation (Liberty) at 30 June, 2001 each owned 50% of Fox Sports International. In July 20
option, Liberty exercised its right to sell its 50% interest in Fox Sports International to the Group in exchange for an aggregate 3,
representing 14,692,732 preferred limited voting ordinary shares valued at A$180 million. The transaction closed in December 20
of this transaction, the Group transferred the acquired interest in Fox Sports International to FEG in exchange for the issuance of
A Common Stock. This issuance increased the Group s interest in FEG from 85.25% to 85.32%, while its voting interest remain

Sunshine

In January 2002, the Group acquired an additional 23.3% voting interest in Sunshine for approximately A$41.3 million. This resu
of a controlling financial interest in Sunshine and increased the Group s ownership percentage in Sunshine to approximately 93%
Group acquired an additional approximate 0.4% interest in Sunshine. Since the Group obtained a controlling financial interest up
January 2002, Sunshine has been consolidated into the Cable Network Programming segment of the Group as it is now under the

WPWR-TV

In August 2002, the Group acquired the television station WPWR-TV in the Chicago designated market area from Newsweb Cor
million (A$640 million) in cash.

FEG

In November 2002, FEG sold 50 million shares of its Class A Common Stock pursuant to an underwritten public offering. The ne
FEG were approximately US$1.2 billion (A$1.8 billion) and were used to repay intercompany indebtedness. Upon consummatio
Group s equity and voting interest in FEG decreased from 85.32% and 97.84% to 80.58% and 97%, respectively. The resulting g
as Other revenue.

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Gemstar-TV Guide

In July 2000, TV Guide, Inc. (TVG) completed a merger with Gemstar International Group Limited (Gemstar) pursuant to wholly-owned subsidiary of Gemstar which was renamed Gemstar-TV Guide International, Inc. (Gemstar TV Guide). The G merged entity at July 2000 was 21.38%. In May 2001, the Group acquired 80% of Liberty s 21.3% interest in Gemstar-TV Guid million ADRs representing 486 million preferred limited voting ordinary shares of the Group. The acquisition by the Group of a Gemstar-TV Guide through the issuance of preferred shares was a non-cash transaction, with investments and contributed equity million. In December 2001, the Group acquired the remaining 20% of Liberty s interest in Gemstar-TV Guide in exchange for 2 Group representing 115.2 million preferred limited voting ordinary shares valued at A$1,407 million. This acquisition was a non- investments and contributed equity increasing by A$1,407 million. As a result of this transaction, the Group s ownership interest increased to 42.9% (42.9% at 30 June, 2002). As at 30 June, 2002, the Group owned 175 million shares in Gemstar-TV Guide an reflect the permanent impairment in carrying value of A$11.1 billion. The charge was determined by reference to Gemstar-TV G June, 2002 of US$5.39 (A$9.56) per share. During fiscal 2003, Gemstar-TV Guide s market value continued to decline and the G several factors to determine if an additional charge was required. As a result of this review, the Group recorded a A$551 million carrying value of the investment in Gemstar-TV Guide to US$3.75 (A$6.66) per share to reflect a permanent decline in value.

Liberty Media Transaction

In March 2003, the Group and Liberty entered into an agreement under which Liberty has the right, prior to 30 September, 2003, million (A$835 million) of the Group s preferred limited voting ordinary ADRs, at US$21.50 (A$35.93) per ADR. If Liberty do the Group can require Liberty to purchase US$500 million (A$835 million) of its preferred limited voting ordinary ADRs, at this Group acquire an ownership interest in Hughes Electronics Corporation prior to 27 March, 2005.

Telepiu

In April 2003, the Group acquired a controlling interest in Stream, which concurrently acquired all of the outstanding stock of Te majority-owned subsidiary of Vivendi Universal and Stream s only direct competitor in the Direct Broadcast Satellite Televisior aggregate consideration paid for Telepiu consisted of 438 million (A$711 million) in cash and the assumption of 350 million (indebtedness. The excess purchase price over the fair value of the net assets acquired of A$1,524 million is reported within publis television licenses.

Telepiu has been merged with Stream, and the combined platform has been renamed SKY Italia, which is owned 80.1% by the G Telecom Italia. The results of SKY Italia have been included in the Group s Consolidated Statement of Financial Performance fr date of acquisition, and is presented in a new segment, Direct Broadcast Satellite Television. As a result of the acquisition, comm the Group ceased to equity account its share of Stream s results.

Hughes Electronics

In April 2003, the Group, General Motors Corporation (GM) and Hughes Electronics Corporation (Hughes) reached an agr would acquire 34% of Hughes. The Group will acquire GM s 19.9% interest in Hughes for approximately US$3.8 billion (A$5.7

US$768 million (A$1,157 million) of the consideration may be paid in preferred ADRs. The Group will acquire through a merge
of Hughes for approximately US$2.7 billion (A$4.1 billion) that is payable, at the Group s option, in cash or preferred ADRs. Si
closing of this transaction, the Group will

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transfer its 34% ownership interest in Hughes to FEG in exchange for promissory notes representing US$4.5 billion (A$6.8 billic
74.2 million shares of FEG s Class A Common Stock. This will increase the Group s ownership interest in FEG from 80.6% to
whilst its voting percentage of FEG will remain at 97%. The closing of this transaction is subject to a number of conditions, inclu
approvals.

Subsequent Events

On 19 September 2003, the Group purchased substantially all of the outstanding equity of Tintagel Investors L.L.C. (Tintagel)
Preferred Interest in NM2, for US$25.5 million (A$38.3 million) plus accrued and unpaid Preferred Payments in the amount of ap
US$106,000 (A$159,109). As a result of the acquisition of this equity interest, the Group will consolidate the assets and liabilitie
accounting purposes. The 30 June 2003 outstanding NM2 Preferred Interest of US$762 million (A$1,148 million), included in Ou
in controlled entities prior to the acquisition, will be eliminated upon consolidation; and Tintagel s 30 June 2003 outstanding ind
million (A$1,109 million) will now be included in Interest bearing liabilities on the consolidated statements of financial position
acquisition, Tintagel will continue to be a separate legal entity from the Group with separate assets and liabilities.

As of 30 June, 2003 the Group guaranteed sports rights agreements for SportsChannel Chicago Associates (SportsChannel Chic
approximately $1,007 million. On 30 September 2003, SportsChannel Chicago received notice that each of the Chicago Cubs, Bu
White Sox have exercised their right to terminate their rights agreement with SportsChannel Chicago effective 30 September 200
the sports rights agreements, the remaining guarantee would be approximately US$43 million through fiscal 2005.

On 10 October, 2003, the Group announced that it had reached an agreement in principle to sell the Los Angeles Dodgers, togeth
Stadium and the team s training facilities in Vero Beach, Florida and the Dominican Republic, to an investment group headed by
This agreement is subject to MLB approval and customary conditions.

On 15 October, 2003 Liberty acquired US$500 million (A$835 million) of the Group s preferred limited voting ordinary ADRs,
per ADR, pursuant to a right that Liberty had acquired in March 2003.

Contingencies

Regional Programming Partners

In December 1997, Rainbow Media Sports Holdings, Inc. (Rainbow) (a subsidiary of Cablevision Systems Corporation) (Ca
Net, Inc. (Fox Sports Net) (a subsidiary of the Group) formed Regional Programming Partners (RPP) to hold various progra
connection with the operation of certain Regional Sports Networks (RSNs). Rainbow contributed various interests in RSNs, th
Entertainment Complex, Radio City Music Hall, the New York Rangers National Hockey League franchise, and the New York K
National Basketball Association franchise, to RPP in exchange for a 60% partnership interest in RPP, and Fox Sports Net contrib
(A$1,295 million) in cash for a 40% partnership interest in RPP.

Pursuant to the RPP partnership agreement upon certain actions being taken by Fox Sports Net, Rainbow has the right to purchas
Net s interests in RPP. The buyout price will be the greater of (i) (a) US$2.125 billion (A$3.2 billion), increased by capital contr
by capital distributions, times Fox Sports Net s interest in RPP plus (b) an 8% rate of return on the amount in (a) and (ii) the fair
Sports Net s interest in RPP. Consideration will be, at Rainbow s option, in the form of cash or a three-year note with an interes

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In addition, for 30 days following 18 December, 2005 (the Put Date) and during certain periods subsequent to the put date so l commenced an initial public offering (IPO) of its securities, Fox Sports Net has the right to cause Rainbow to, at Rainbow s o all of its interests in RPP or (ii) consummate an IPO of RPP s securities. The purchase price will be the fair market value of Fox RPP and the consideration will be, at Rainbow s option, in the form of marketable securities of certain affiliated companies of R note with an interest rate of prime plus $^{1}/2$%. The determination of the fair market value of the investment in RPP will be made i terms of the partnership agreement and will be affected by the valuation of the consideration received from Rainbow.

In connection with the above transaction, Rainbow and Fox Sports Net formed National Sports Partners (NSP) in which each o Sports Net were issued a 50% partnership interest to operate Fox Sports Net (FSN), a national sports programming service tha RSNs with 24 hour per day national sports programming. In addition, Rainbow and Fox Sports Net formed National Advertising which each of Fox Sports Net and Rainbow were issued a 50% partnership interest, to act as the national advertising sales represe Sports Net-owned RSNs and the RPP-owned and managed RSNs. Independent of the arrangements discussed above relating to R following the put date and during certain periods subsequent to the put date, or any subsequent put date so long as NSP and NAP an IPO of its securities, Rainbow has the right to cause Fox Sports to, at Fox Sports option, either (i) purchase all of Rainbow s NAP, or (ii) consummate an initial public offering of NSP s and NAP s securities. The purchase price will be the fair market va in NSP and NAP and the consideration will be, at Fox Sports Net s option, in the form of marketable securities of certain affiliat Net or a three-year note with an interest rate of prime plus $^{1}/2$%. The determination of the fair market value of the investments in made in accordance with the terms of the partnership agreement and will be affected by the valuation of the consideration paid to

In January 2003, FSN exercised its right to put its 50% direct ownership interests in SportsChannel Chicago and SportsChannel F (collectively, the SportsChannels) to RPP in connection with the Rainbow Transaction. In March 2003, RPP and FSN agreed o (A$252 million) purchase price for the interest in the SportsChannels, payable in the form of three-year promissory notes of the s RPPwhich own only the interests in the Sport Channels, the terms of which are under negotiation. The transaction is expected to c fiscal 2004. Following the closing of this sale, the SportsChannels will be held 100% by RPP and indirectly 40% by Fox Sports N Rainbow, and each will remain a Fox Sports Net affiliate.

PanAmSat International Systems

In late June 2003, an arbitration award was issued in favor of PanAmSat International Systems against the Group. The arbitration regarding the termination provisions of an agreement to provide satellite transponder capacity over India. The Group disagrees w and the conclusions of law reached by the arbitrator and, pursuant to the terms of the arbitration agreement between the parties, i award.

NDS

In September 2002, NDS Group plc and two of its subsidiaries were named as defendants in a lawsuit filed by DIRECTV, Inc. (of its affiliates in the United States District Court for the Central District of California. At DIRECTV s request, the action was fi October, 2002, NDS filed counterclaims against DIRECTV and a chip manufacturer. In late April 2003, the parties agreed to stay efforts to resolve the disputes through mediation. In August 2003, the parties agreed to stay the litigation between them until the c acquisition of a 34% interest in Hughes Electronics Corporation. Upon the closing of the acquisition of the Hughes interest, the li and counter claims alleged therein will be dismissed with prejudice.

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On 2 October, 2002, NDS Americas, Inc. was served with subpoenas by the U.S. Attorney s office in San Diego, California, see apparently in connection with an investigation related to claims made in early 2002 by Canal+ Technologies (these claims have s and EchoStar s claims. NDS is cooperating with the investigation. NDS was advised by the U.S. Attorney s Office in San Dieg considered either a target or a subject in the investigation. Lead responsibility for the investigation has been transferred to the U.S the Central District of California.

On 6 June, 2003, Echostar Communications Corporation, Echostar Satellite Corporation, Echostar Technologies Corporation and (together, Echostar) filed an action against NDS Group plc and NDS Americas Inc. (together NDS) in the United States Dis District of California. Echostar filed an amended complaint on October 8, 2003. The amended complaint purports to allege claim Digital Millennium Copyright Act, the Communications Act of 1934, the Electronic Communications Privacy Act, The Compute Act, California s Unfair Competition statute and the federal RICO statute. The complaint also purports to allege claims for civil misappropriation of trade secrets and interference with prospective business advantage. The complaint seeks injunctive relief, co exemplary damages and restitution. NDS response to the amended complaint is not yet due. NDS believes the claims to be base vigorously defend the action. On 25 July, 2003, Sogecable, S.A. and its subsidiary Canalsatelite Digital, S.L., Spanish satellite br customers of Canal+ Technologies (together, Sogecable), filed an action against NDS in the United States District Court for th California. Sogecable filed an amended complaint on October 9, 2003. The amended complaint purports to allege claims for viola Millennium Copyright Act and the federal RICO statute. The complaint also purports to allege claims for interference with contra business advantage. The complaint seeks injunctive relief, compensatory and exemplary damages and restitution. NDS response complaint is not yet due. NDS believes the claims to be baselessand intends to vigorously defend the action.

Hughes Electronics Transaction

In April 2003, a putative derivative and shareholder class action (Norman Levin v. K. Rupert Murdoch et al., 03 CV 2929) was fi States District Court for the Southern District of New York against FEG s board members and FEG (as nominal defendant), alle that in approving the Hughes transaction, they breached their fiduciary duties to FEG s public shareholders. The action seeks mo equitable relief. FEG and FEG s board members intend vigorously to defend this action. On 15 July, 2003, defendants moved to On 15 September, 2003, the plaintiff agreed to dismiss the action with prejudice as to himself and without prejudice to putative c than himself. On 19 September, 2003, the Court entered the agreed upon order of dismissal.

In April 2003, six putative shareholder class actions were filed in state courts in Delaware (four actions) and California (two actio certain of its board members, alleging that in approving the above-described transaction, the defendants breached their fiduciary of GM s Class H shares. Hughes and its board members are defendants in certain of these actions and are also alleged to have br to the same shareholders. The Group is a defendant in two of the Delaware actions and is alleged to have aided and abetted the ot purported breaches of fiduciary duties. The actions seek monetary and injunctive relief, including enjoining consummation of the Group believes it is entitled to indemnification by GM under the agreements related to the transaction. The Group has not been se actions. The Delaware actions were consolidated on 6 May, 2003, and a consolidated complaint was filed on 29 August, 2003. Th named as a defendant in the consolidated complaint.

Other

Various claims arise in the ordinary course of business against controlled entities. The amount of the liability (if any) at 30 June, ascertained, and the parent entity believes that any resulting liability would not materially affect the financial position of the Grou

Income tax would arise if certain fixed assets, investments and publishing rights, titles and television licenses were disposed. As t
intention to dispose of any of these assets, the Directors believe it would be misleading to record any amount against this conting

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US-GAAP Reconciliation

A-GAAP differs from US-GAAP with respect to News Corporation s results of operations in a number of significant respects. A
results for fiscal 2001, 2002 and 2003 under both A-GAAP and US-GAAP is as follows (A$ in millions):

	Fiscal Yea	
	2003	
Revenue		
A-GAAP	$ 29,913	$
US-GAAP (a)	$ 29,752	$
Operating income		
A-GAAP	$ 4,352	$
US-GAAP	$ 3,886	$
Net profit (loss) attributable to members of the parent entity		
A-GAAP	$ 1,808	$ (
US-GAAP	$ 1,421	$ (

(a) Under US-GAAP, in November 2001, the Financial Accounting Standards Board (FASB) issued Emerging Issues Task
Accounting for the Consideration Given by a Vendor to a Customer or a Reseller of the Vendor s Products. This EITF s
statement classification of customer incentives, including the amortization of cable distribution investments over the origin
distribution agreement, should be presented as a reduction in revenue. Under A-GAAP, costs associated with cable distribu
reflected as intangible assets. As required, under US-GAAP, effective January 1, 2002, the Group reclassified the amortizat
distribution investments against revenues. The amortization of cable distribution investments had previously been included
amortization. US-GAAP Operating income, Net profit (loss) attributable to members of the parent entity and Earnings (loss
affected by this reclassification.

As more completely described and quantified in Note 34 to the Consolidated Financial Statements of The News Corporation Lim
included elsewhere herein, the major differences in each of the periods are: (a) the amortization of intangible assets for fiscal year
the accounting for deferred taxes under the SFAS No. 109, (c) the charge for the market value of the warrants issued in connectio
Exchangeable Preferred Securities, (d) the differences in the recorded net investment of sold properties (basis difference principa
amortization of the associate intangible assets for US-GAAP), (e) costs incurred in the development of major new businesses for
differences in the date of measurement of the fair value of purchase business combinations and investments in associates.

News Corporation s gains or losses on the sale of business entities included in other items under A-GAAP are included in other
US-GAAP.

US-GAAP New Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. (FIN) 46, Consolida
Entities, an Interpretation of ARB No. 51 . FIN 46 requires an investor to consolidate a variable interest entity if it is determined

primary beneficiary of that entity, subject to the criteria set forth in FIN 46. Assets, liabilities, and non controlling interests of nev
variable interest entities will be initially measured at fair value. After initial measurement, the consolidated variable interest entity
under the guidance provided by Accounting Research Bulletin No. 51, Consolidated Financial Statements. FIN 46 is effective
entities created or entered into after 31 January, 2003. For variable interest entities created or acquired before 1 February, 2003, F
first fiscal year or interim period beginning after 15 June, 2003. Beginning on 1 July, 2003 the adoption of FIN 46 will require th
Group s A$2,084 million in Exchangeable securities related to the TOPrS and BUCs issuances to non-current interest bearing

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liabilities on the consolidated balance sheets and the A$94 million annual payments from Dividend on exchangeable securities to on the consolidated statements of operations with no resulting effect on the Group s net profit attributable to members of the par currently assessing the adoption of FIN 46 as it relates to other variable interests.

In May 2003, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 150, Accounting for Certain Finan Characteristics of both Liabilities and Equity. SFAS No. 150 amends SFAS No. 6, Elements of Financial Statements, to impr financial instruments that, under previous guidance, issuers could account for as equity. The new statement requires that those ins as liabilities in statements of financial position. SFAS No. 150 is effective for all financial instruments entered into or modified a otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. For financial instruments created date of SFAS No. 150 and still existing at the beginning of the interim period of adoption, transition shall be achieved by reportin of change in an accounting principle by initially measuring the financial instruments at fair value or other measurement attribute statement. The Group will adopt SFAS No. 150 on 1 July, 2003 and does not expect it to have a material impact on its consolidat statements of operations.

Trend Information

Inflation has not had a material impact on the Group.

The Results of Operations as discussed in this Item 5, reflect any other significant trends, which have had a material effect on the the Group. Any additional information of note has been included in the Notes to the Consolidated Financial Statements of The N Limited and Subsidiaries and elsewhere in this report.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Directors and Senior Management

The directors and senior management of News Corporation as of October 15, 2003 are as follows:

Name	Age	Position with the Company
K. Rupert Murdoch AC	72	Chairman and Chief Executive
Geoffrey C. Bible	66	Director*
Chase Carey	49	Director
Peter Chernin	52	Director, President and Chief Operating Officer
Kenneth E. Cowley AO	68	Director*
David F. DeVoe	56	Director, Senior Executive Vice President and Chief Financial Officer
Roderick I. Eddington	53	Director*

Andrew S.B. Knight	63	Director*
Graham J. Kraehe AO	61	Director*
James R. Murdoch	30	Director and Executive Vice President
Lachlan K. Murdoch	32	Director and Deputy Chief Operating Officer
Thomas J. Perkins	71	Director*
Stanley S. Shuman	68	Director*
Arthur M. Siskind	65	Director, Senior Executive Vice President and Group General Counsel

* Non-Executive

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There is no arrangement or understanding between any of the above listed persons and any other person pursuant to which he or s
director or executive officer. There is no family relationship between any director or executive officer of News Corporation and a
News Corporation, except that James R. Murdoch and Lachlan K. Murdoch are sons of K. Rupert Murdoch.

Further information with respect to the directors and senior management is set forth below.

K. Rupert Murdoch AC, has been Chairman of the Board of Directors of News Corporation since 1991 and Executive Director an
since 1979. He has been a Director of News Limited, News Corporation s principal subsidiary in Australia, since 1953, a Directo
News Corporation s principal subsidiary in the United Kingdom, since 1969 and a Director of News America, News Corporation
the United States, since 1973. Mr. Murdoch has been a Director of STAR Group since 1993 and served as Chairman of STAR Gr
1998. Mr. Murdoch has been a Director of FEG since 1985, Chairman since 1992 and Chief Executive Officer since 1995. Mr. M
Director of BSkyB since 1990 and Chairman since 1999. Mr. Murdoch has served as a Director of Gemstar-TV Guide since 2001
China Netcom (Hong Kong) Limited since 2001.

Geoffrey C. Bible has been a Non-Executive Director of News Corporation since 1998. Mr. Bible served as Chairman of the Boar
Officer of Philip Morris Companies Inc. from 1995 to 2000 and was employed by Philip Morris Companies Inc. and its various s
divisions in an executive capacity continuously from 1976 until 2002. Mr. Bible is Chairman of the Nominating and Corporate G
of News Corporation.

Chase Carey has been an Executive Director of News Corporation from 1996 until January 2002, a Non-Executive Director from
April 2003 and an Executive Director since April 2003. Mr. Carey served as Co-Chief Operating Officer of News Corporation fr
Mr. Carey served as a Director, President and Chief Executive Officer of Sky Global Networks, Inc. from 2001 until 2002. Mr. C
Director of FEG from 1992 and served as Co-Chief Operating Officer from 1998 until 2002. Mr. Carey was Chairman and Chief
Fox Television from 1994 until 2000. Mr. Carey was a Director of News America until 2002, President and Chief Operating Offi
2002 and Executive Vice President from 1996 to 1998. Mr. Carey served as a Director of STAR from 1993 until 2002, a Director
until 2002, and a Director of Gemstar-TV Guide from 2000 until 2002. Mr. Carey was appointed to the Board of Directors of BS
Mr. Carey has served on the Boards of Gateway, Inc. and Colgate University since 1996. Upon completion of the Hughes Transa
become Chief Executive Officer of Hughes.

Peter Chernin has been an Executive Director, President and Chief Operating Officer of News Corporation since 1996. Mr. Cher
Director, President and Chief Operating Officer of FEG since 1998. Mr. Chernin has been a Director, Chairman and Chief Execu
America since 1996. Mr. Chernin served as Chairman and Chief Executive Officer of FFE from 1994 to 1996 and in various exec
subsidiaries since 1989. Mr. Chernin has served as a Director of Gemstar TV-Guide since 2002 and was a Director of TV Guide,
2000. Mr. Chernin has been a Member of the Advisory Board of PUMA AG since 1999.

Kenneth E. Cowley AO, has been a Non-Executive Director of News Corporation since 1997. Mr. Cowley has been a Director of
Newspapers Limited since 1990 and its Chairman since 2001. Mr. Cowley served as an Executive Director of News Corporation
a Director of News Limited from 1978 to 1997 and as Chairman of News Limited from 1992 to 1997. Mr. Cowley was the Mana
Corporation s Australian operations from 1980 to 1996. Mr. Cowley was a Director and Executive Vice President of News Ame
1997. Mr. Cowley served as an Executive Director of Ansett Holdings Limited (AHL) from 1988 to 2000 and Chairman from
Cowley served as a Director of Commonwealth Bank of Australia from 1997 until 2001 and as Chairman of PMP Communicatio
until 2001. Mr. Cowley has been the Chairman of RM Williams Holdings Limited since 1994. Mr. Cowley is a member of the N
Corporate Governance Committee of News Corporation.

David F. DeVoe has been an Executive Director of News Corporation since 1990, Senior Executive Vice President since 1996 an Officer and Finance Director since 1990. Mr. DeVoe served as an Executive Vice President of News Corporation from 1990 unti been a Director of News America since 1991, Senior Executive Vice President since 1998 and Executive Vice President from 19

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1998. Mr. DeVoe has been a Director of FEG since 1991 and Senior Executive Vice President and Chief Financial Officer since been a Director of STAR since 1993 and a Director of NDS since 1996. Mr. DeVoe has been a Director of BSkyB since 1994 and Gemstar-TV Guide since 2001.

Roderick I. Eddington has been a Non-Executive Director of News Corporation since 2000. Mr. Eddington served as an Executiv Corporation from 1999 until 2000. Mr. Eddington has been Chief Executive of British Airways since 2000. Mr. Eddington served Limited from 1998 until 2000 and as a Director from 1997 until 2000. Mr. Eddington served as Executive Chairman of AHL and of Ansett Australia Limited and Ansett Australia Holdings Limited from 1997 until 2000. Mr. Eddington served as Managing Dir Airways from 1992 to 1996. Mr. Eddington has been a Director of John Swire & Sons Pty Ltd since 1997. Mr. Eddington is a me Nominating and Corporate Governance Committee and the Compensation Committee of News Corporation.

Andrew S. B. Knight has been a Non-Executive Director of News Corporation since 1994. Mr. Knight served as an Executive Dir Corporation from 1991 to 1994 and served as Executive Chairman of News International and as a Director of BSkyB from 1990 was Editor of *The Economist* from 1974 to 1986, and Chief Executive and Editor in Chief of the *Daily Telegraph* plc from 1986 t has been a Non-Executive Director of Rothschild Investment Trust Capital Partners plc since 1997. Mr. Knight is Chairman of th Committee and a member of the Audit Committee of News Corporation.

Graham J. Kraehe AO has been a Non-Executive Director of News Corporation since 2001. Mr. Kraehe has served as Chairman 2002. Mr. Kraehe was the Managing Director and Chief Executive Officer of Southcorp Limited from 1994 until 2001. Mr. Krae Non-Executive Director of National Australia Bank Limited since 1997 and a Non-Executive Director of Brambles Industries Ltd Kraehe is Chairman of the Audit Committee of News Corporation.

James R. Murdoch has been an Executive Director of News Corporation since 2000 and an Executive Vice President since 1999. a Director, Chairman and Chief Executive of STAR Group since 2000. Mr. Murdoch was President of News Digital Media, Inc. Vice President, Music and New Media of News Corporation from 1996 to 1997. Mr. Murdoch has been a Director of NDS since YankeeNets L.L.C. since 1999, a Director of Phoenix Satellite Television Holdings, Ltd. since 2000 and was appointed as a direc February 2003.

Lachlan K. Murdoch has been an Executive Director of News Corporation since 1996 and Deputy Chief Operating Officer since served as a Senior Executive Vice President of News Corporation from 1999 until 2000. Mr. Murdoch has been a Director of Nev Chairman since 1997 and served as Chief Executive from 1997 to 2000, Managing Director from 1996 to 1997 and Deputy Chief to 1996. Mr. Murdoch has been the Chairman of Queensland Press Limited since 1996 and a Director since 1994. Mr. Murdoch h Chairman of STAR since 1995. Mr. Murdoch has been a Director of FOXTEL Management since 1998, a Director of Gemstar-T and a Director of NDS since 2002.

Thomas J. Perkins has been a Non-Executive Director of News Corporation since 1996. Mr. Perkins has been Partner of Kleiner Byers since 1972. Mr. Perkins has been a Director of Hewlett-Packard Company since 2002 and was a Director of Compaq Comp 1997 until 2002. Mr. Perkins is a member of the Audit and Compensation Committees of News Corporation.

Stanley S. Shuman has been a Non-Executive Director of News Corporation since 1982. Mr. Shuman has been a Managing Direc Company LLP since 1970. Mr. Shuman has been a Director of News America since 1985. Mr. Shuman has been a Director of Six 2000.

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Arthur M. Siskind has been an Executive Director of News Corporation since 1991. Mr. Siskind has been a Senior Executive Vic
Corporation since 1996 and Group General Counsel since 1991. Mr. Siskind served as Executive Vice President of News Corpor
1996. Mr. Siskind has been a Director of News America since 1991, a Senior Executive Vice President since 1998 and served as
President from 1991 to 1998. Mr. Siskind has been a Director, Senior Executive Vice President and General Counsel of FEG sinc
has been a Director of STAR since 1993 and a Director of NDS since 1996. Mr. Siskind has been a Director of BSkyB since 199
a Member of the Bar of the State of New York since 1962.

The Company Secretaries are as follows:

Keith D. Brodie has been a Company Secretary of News Corporation since 1990.

Robert K. Moon has been a Company Secretary of News Corporation since 1981.

Laura A. O Leary has been a Company Secretary of News Corporation since 2000.

Board Practices

The Board of Directors (the Board) oversees the business of News Corporation and its controlled entities and is responsible fo
the Group. The Board establishes broad corporate policies, sets the strategic direction for the Group and oversees management w
enhancing the interests of shareholders.

Directors are classified as either Executive or Non-executive Directors, the former being those directors engaged in full time emp
The Board currently comprises seven Executive Directors, including the Chairman, and seven Non-executive Directors.

News Corporation s Constitution provides that at every annual general meeting, one-third (or the nearest number to but not exce
directors (exclusive of any managing directors and directors appointed since the most recent annual general meeting) shall retire
vacant directorships may be filled at that meeting. The directors to retire in each year are the directors who have been in office lo
election or appointment. Retiring directors are eligible for re-election. No director (other than any managing director) can serve f
three years without re-election. Further, directors appointed since the last annual general meeting must retire but are eligible to be
three-year term. New directors are given an orientation regarding the Group s businesses, corporate governance and reporting pr
continuing basis, are advised with respect to policies and procedures applicable to Board and Committee meetings and the rights
directors. The Group does not have a policy with respect to the tenure, retirement or succession of directors.

Board Committees

To assist in the execution of its responsibilities, the Board has established the following Committees:

Audit Committee;

Nominating and Corporate Governance Committee; and

Compensation Committee.

In December 2002, the Board reconstituted the composition and charters of its Committees in accordance with recent corporate g
including the requirements of the Sarbanes-Oxley Act and related SEC rules, proposed New York Stock Exchange Listing Standa
governance guidelines issued by the Australian Stock Exchange Limited (ASX).

Audit Committee

The Audit Committee assists the Board in its oversight of (i) the integrity of the Group s financial statements and the Group s fi
processes and systems of internal control, (ii) the qualifications, independence and performance of the Group s independent acco
performance of the Group s corporate auditors and corporate audit function and (iii) the Group s compliance with legal and regu
provides an avenue of communication among management, the independent accountants, the corporate auditors and the Board.

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The Audit Committee s Charter, which was redrafted in accordance with currently proposed NYSE rules, was adopted by the Bo
As provided in the Charter, the Audit Committee shall be comprised of three or more directors as determined by the Board or the
Corporate Governance Committee, each of whom shall be independent directors in accordance with NYSE listing standards and v
requirements of the SEC for membership on audit committees. The Audit Committee consists of the following Non-Executive Di
Kraehe, Knight and Perkins.

The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate. In addition to any othe
may be assigned from time to time by the Board, the Audit Committee is responsible for the following matters:

1. Evaluate the independent accountant s qualifications, performance and independence, and present its conclusions an respect to the independent accountants to the Board of Directors on at least an annual basis.

2. Determine compensation of the independent accountants and pre-approve all audit engagement fees and terms as wel and non-audit services to be provided by the Group s independent accountants.

3. Meet with, discuss and review, prior to the annual audit, the scope of the audit to be performed by the independent pu

4. Review and monitor, at least annually, the plans and activities of the corporate audit department.

5. Review a summary of findings from completed corporate audits and a progress report on the current year s corporat as deemed necessary, review the individual corporate audit reports to management prepared by the corporate audit de management s response.

6. Review and discuss with the independent accountants and with management the results of the annual audit of the Gro financial statements including (i) the Group s disclosures under Item 5. Operating and Financial Review and Prosp Group s Annual Report on Form 20-F to be filed with the SEC and (ii) any appropriate matters regarding accounting and judgments and the independent accountants opinion as to the quality thereof and any items required to be comn Committee by the independent accountants in accordance with standards established and amended from time to time Institute of Certified Public Accountants (AICPA).

7. Review and discuss with the independent accountants any audit problems or difficulties encountered during the cours management s response thereto, including those matters required to be discussed with the Audit Committee by the in pursuant to U.S. Statement on Auditing Standards No. 61.

8. Recommend to the Board of Directors whether the Group s consolidated financial statements be accepted for inclusi Report filed with the ASX and in the Group s Annual Report on Form 20-F filed with the SEC.

9. Review and discuss with management and the independent accountants the Group s half-year financial statements ar be communicated to the Committee by the independent accountants in accordance with existing AICPA guidance.

10. In consultation with management, the independent accountants, and the director of the corporate audit department, re the Group s financial reporting processes, internal controls and disclosure controls and procedures, including whethe

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significant deficiencies in the design or operation of such processes, controls and procedures, material weaknesses in
controls and procedures, any corrective actions taken with regard to such deficiencies and any fraud involving manag
employees with a significant role in such processes, controls and procedures.

11. Review the following with management, the corporate auditors and the independent accountants:

Any analysis prepared by management, the corporate auditors and/or the independent accountants setting forth
reporting issues and judgments made in connection with the preparation of the financial statements, including a
of alternative GAAP methods on the financial statements;

The critical accounting policies of the Group;

Related-party transactions and off-balance sheet transactions and structures;

Any major issues regarding accounting principles and financial statement presentations, including any significa
Group s selection or application of accounting principles;

The quality and the acceptability of the Group s accounting policies as applied in its financial reporting; and

Regulatory and accounting initiatives or actions applicable to the Group (including any ASIC or SEC investiga

12. Discuss, in conjunction with management, the Group s earnings releases as well as financial information and earnin
analysts and rating agencies (paying particular attention to use of pro forma or adjusted non-GAAP informatio

13. Review, with the Group s counsel and management, any legal or regulatory matter that could have a significant imp
financial statements.

14. Review the Group s policies and practices with respect to risk assessment and risk management, including discussin
Group s major financial risk exposures and the steps that have been taken to monitor and control such exposures.

15. Establish procedures for:

The receipt, retention and treatment of complaints received by the Group regarding accounting, internal accoun
auditing matters, and

The confidential, anonymous submission by employees of the Group of concerns regarding questionable accou
matters,

and shall review any significant complaints regarding accounting, internal accounting controls or auditing matters received pursu

16. Consider and approve, if appropriate, major changes to the Group s auditing and accounting principles and practices
independent accountants, management, or the corporate audit department.

17. Review with the independent accountants, the corporate audit department and management the extent to which chang
financial or accounting practices, as approved by the Audit Committee, have been implemented.

18. Report to the Board of Directors on a regular basis, (and this report shall include a review of any issues that arise wit
or integrity of the Group s financial statements, the Group s legal and regulatory requirements, the qualifications, in
performance of the Group s independent accountants and the performance of the corporate audit function.

19. Prepare a report of the Audit Committee to be included in the Group s annual report and other filings as required by
regulatory rules, and review any reports that may be required to be filed with the NYSE or other regulatory agencies
Audit Committee.

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Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee s Charter, which was redrafted in accordance with currently proposed N by the Board on August 12, 2003. As provided in the Charter, the Nominating and Corporate Governance Committee shall consis who the Board determines are independent in accordance with the NYSE listing standards. The Committee currently consists o Non-Executive Directors: Messrs. Bible, Cowley and Eddington.

The Committee shall meet as often as it deems is appropriate to carry out its responsibilities. In addition to any other responsibili assigned from time to time by the Board of Directors, the Nominating and Corporate Governance Committee is responsible for th

1. Review the qualifications of candidates for director suggested by Board members, stockholders, management and oth criteria recommended by the Committee and approved by the Board;
2. Consider the performance of incumbent directors in determining whether to nominate them for reelection;
3. Recommend to the Board a slate of nominees for election or reelection to the Board at each annual meeting of stockh
4. Recommend to the Board candidates to be elected to the Board as necessary to fill vacancies and newly created direc
5. Make recommendations to the Board as to determinations of director independence;
6. Recommend to the Board retirement policies for directors;
7. Make recommendations to the Board concerning the function, composition and structure of the Board and its commit
8. Establish, together with all Non-Executive directors, the frequency of executive sessions in which only Non-Executiv participate;
9. Develop and recommend to the Board a set of corporate governance principles and review and recommend changes t necessary;
10. Develop and recommend to the Board an annual self-evaluation process for the Board; and
11. Evaluate the Committee s performance at least annually and report to the Board on such evaluation.

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Compensation Committee

The Compensation Committee s Charter, which was drafted in accordance with currently proposed NYSE rules, was adopted by
12, 2003. As provided in the Charter, the Compensation Committee shall consist entirely of directors who the Board determines a
accordance with the NYSE listing standards. The Compensation Committee currently consists of the following Non-Executive D
Knight, Eddington and Perkins.

The Committee shall meet as often as it deems is appropriate to carry out its responsibilities. In addition to any other responsibilit
assigned from time to time by the Board of Directors, the Committee is responsible for the following matters:

1. Review and approve goals and objectives relevant to the compensation of the Chief Executive, to evaluate the perforr
Executive in light of these goals and objectives, and recommend to the Board the compensation of the Chief Executiv
evaluation;

2. Administer and make recommendations to the Board with respect to incentive compensation plans and equity based p
granting of stock options under the Group s stock option plans, and to review the cumulative effect of its actions;

3. Review and approve compensation, benefits and terms of employment of senior executives who are members of the C
Management Committee;

4. Review and make recommendations to the Board regarding the Group s recruitment, retention, termination and seve
procedures for senior executives who are members of the Group s Executive Management Committee;

5. Monitor compliance by executives with the Group s stock ownership guidelines as set forth in the Group s Standard

6. Review and assist with the development of executive succession plans, review and approve the executive compensati
included in the Group s annual report, and consult with the Chief Executive regarding the selection of senior executi

7. Review the compensation of directors for service on the Board and its committees and recommend changes in compe
and

8. Evaluate the Committee s performance at least annually and report to the Board on such evaluation.

Executive Management Committee

The Executive Management Committee is an internal body comprising Executive Directors of News Corporation as well as senio
Group s businesses or companies in which the Group holds a significant interest. The primary objective of the Executive Manag
strengthen the coordination and profitability of the Group s activities. The Executive Management Committee discusses major o
evaluates opportunities and business risks; refines and redefines the Group s priorities worldwide and by market; and reviews an
and direction of all major businesses of the Group. In advising the Chief Executive and the Board, the Executive Management Co

considers strategic direction, brand management, corporate communications, human resources and risk management.

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Compensation of Executive Directors

Remuneration for the Executive Directors consists of basic salary, performance related bonuses, share options plans and benefits
insurance, medical insurance and, where appropriate, company cars. Each of the Executive Directors, other than K. Rupert Murd
employment agreement which provides that if his employment is terminated without cause or for good reason prior to the end of
such person will be entitled to receive his annual compensation (which may be payable in a lump sum) until the end of the emplo
Executive Director is entitled to receive pension and other retirement benefits upon such person s retirement. Except as describe
Directors is party to a service contract with News Corporation pursuant to which he will receive material employment terminatio

The table below sets out the fees and other amounts paid by News Corporation to its Executive Directors for the year ended June

Name	Salary	Bonuses	Other Amounts (1)	Value of Options Granted (2)	Total
	US$000	US$000	US$000	US$000	US$000
K. R. Murdoch AC	4,508	7,500	2,088		14,096
C. Carey	1,600	1,500	568	6	3,674
P. Chernin	8,104	8,000	662	577	17,343
D. F. DeVoe	2,104	7,150	474	277	10,005
J. R. Murdoch	900	1,200	14	127	2,228
L. K. Murdoch	1,403	1,200	150	196	2,949
A. M. Siskind	1,965	1,200	663	277	4,105

(1) Other amounts comprise contributions to News Corporation pension plans and the cost of limited non-cash benefits in addi
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 News Corporatio
share options plans described below. Pursuant to guidelines issued on July 7, 2003 by the ASIC, there has been a change in
the amount of emoluments disclosed relating to options granted during the financial year. In prior years, 100% of the value
disclosed as emoluments in the year of grant. The new ASIC guidelines now require that the value of options granted be di
over their vesting period, being four years from the date of grant. Accordingly, the value of emolument recorded for option
current financial year represents only the vested portion of the full option value.

The following table lists the value of emolument attributable to options granted in financial years prior to fiscal 2003 and previou
emoluments in prior years, that vest in the current year.

Executive Directors
K. R. Murdoch AC
C. Carey
P. Chernin
D. F. DeVoe
J .R. Murdoch
L. K. Murdoch
A. M. Siskind

(3) All options are over preferred limited voting ordinary shares and were granted during the financial year.
(4) The exercise price is A$8.02 and the options expire on August 13, 2012 for each Executive Director.

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Compensation of Non-Executive Directors

The basic fees payable to the Non-Executive Directors are set by the Board of Directors. For the year ended June 30, 2003, the fe
US$45,000 per annum and an additional US$1,000 for each Board meeting attended, US$2,500 for each Audit Committee meetin
for each other Committee meeting attended. In prior years Non-Executive Directors were granted options over Preferred Shares, s
approval at each annual general meeting of News Corporation. No share options were granted to Non-Executive Directors in 200

Fees paid to Non-Executive Directors on the Board take into consideration the level of fees paid to Board members of other mult
the size and complexity of News Corporation s operations and the responsibilities and workload requirements of Board members
reviewing an increase in the fees to be paid to Non-Executive Directors during the current fiscal year.

Because the focus of the Board is on the long-term direction of News Corporation, there is no direct link between Non-Executive
and the short-term results of News Corporation.

The table below sets out the fees and other amounts paid by News Corporation to its Non-Executive Directors for the year ended

Name	Fees	Value of Options Granted	Total
		(1)	
	US$000	US$000	US$000
G. C. Bible	53	6	59
K. E. Cowley AO	53	6	59
R. Eddington	53	6	59
J. A. M. Erkko KBE (a)	54	6	60
A. S. B. Knight	83	6	89
G. J. Kraehe AO	64	6	70
T. J. Perkins	61	6	67
B.C. Roberts Jr.(b)	9	6	15
S. S. Shuman	120	6	126

(a) Mr. Erkko resigned from the Board in October 2003.
(b) Fees paid prior to resignation in August 2002.

(1) These options are valued using the Black-Scholes Option Pricing Model. These options are granted under News Corporatio
share options plans described below.

Pursuant to guidelines issued on July 7, 2003 by the ASIC, there has been a change in the determination of the amount of emolum
to options granted during the financial year. In prior years, 100% of the value of options granted was disclosed as emoluments in
new ASIC guidelines now require that the value of options granted be disclosed as emoluments over their vesting period, being fo
of grant. Accordingly, the value of emolument recorded for options granted during the current financial year represents only the v
full option value.

The following table lists the value of emolument attributable to options granted in financial years prior to fiscal 2003 and previou
emoluments in prior years, that vest in the current year.

Non-executive Directors
G. C. Bible
K. E. Cowley AO
R. Eddington
J. A. M Erkko KBE
A. S. B. Knight
G. J. Kraehe AO
T. J. Perkins
B. C. Roberts Jr.
S. S. Shuman

(2) All options are over preferred limited voting ordinary shares and were granted during the financial year.

(3) The exercise price of the options is A$7.73 and the options expire on October 9, 2012 for each Director.

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Employees

At June 30, 2003, News Corporation had approximately 37,000 full-time employees worldwide, of whom approximately 19,300
U.S., approximately 8,200 in the U.K. and approximately 9,500 in Australasia. At June 30, 2002, News Corporation had approxi
employees worldwide, of whom approximately 17,100 were located in the U.S., approximately 7,600 in the U.K. and approximat
Australasia. At June 30, 2001, News Corporation had approximately 32,900 full-time employees worldwide, of whom approxima
located in the U.S., approximately 7,600 in the U.K. and approximately 9,300 in Australasia. The foregoing employee data does
of BSkyB, FOXTEL, QPL, INL, Gemstar-TV Guide, Sky Latin America and other entities described herein in which News Corp
majority ownership interest during each of the last three fiscal years. Certain industries in which News Corporation is engaged (s
entertainment, television broadcasting and newspaper publication) have traditionally been heavily unionized. News Corporation
numerous collective bargaining agreements with unions representing its employees. News Corporation believes that its relations
satisfactory.

Share Ownership

The following table sets forth as of June 30, 2003, the total share ownership of each of the Directors:

	Ordinary Shares	Preferred Shares	Ordinary Share Options
K. R. Murdoch (1)	*	*	
G. C. Bible			
C. Carey			
P. Chernin			
K. E. Cowley AO		*	
D. F. DeVoe			
R. Eddington			
J. A. M. Erkko KBE	*	*	
A. S. B. Knight	*	*	
G. J. Kraehe	*		
J. R. Murdoch	*	*	
L. K. Murdoch	*	*	
T. J. Perkins	*		
S. S. Shuman	*	*	16,000
A. M. Siskind	*	*	

* Less than 1%.

(1) K. R. Murdoch directly owns 31,924 Ordinary Shares and 8,601 Preferred Shares. In addition, K. R. Murdoch is deemed to interest in shares by reason of his beneficial and trustee interests in Cruden Investments Pty. Limited, a substantial shareho entitled to shares by reason of his connection with Kayarem Pty. Limited, which has a relevant interest in an additional 17, Shares and 8,872,628 Preferred Shares. See Item 7. Major Shareholders and Related Party Transactions.

(2) The following table sets forth as of June 30, 2003 the options granted to Directors under the Company s option Plans as de options vest over a four-year period, i.e. 25% each year on the anniversary date of the grant.

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Name	Date of Option Grant	Expiration Date	Option Price
G.C. Bible:	10/13/1998	10/13/2008	$ 7.9800
	11/03/1999	11/03/2009	$ 10.5500
	10/18/2000	10/18/2010	$ 17.8300
	10/11/2001	10/11/2011	$ 11.2700
	10/09/2002	10/09/2012	$ 7.7300
C. Carey:	07/25/1996	07/25/2006	$ 5.1700
	10/28/1996	10/28/2006	$ 5.8300
	08/19/1997	08/19/2007	$ 4.7900
	09/07/1998	09/07/2008	$ 9.3500
	11/15/1999	11/15/2009	$ 11.0000
	09/06/1999	09/06/2009	$ 10.4600
	05/01/2000	05/01/2010	$ 17.7500
	08/01/2000	08/01/2010	$ 18.1500
	08/30/2001	08/30/2011	$ 14.0300
	10/09/2002	10/09/2012	$ 7.7300
P. Chernin:	07/25/1996	07/25/2006	$ 5.1700
	10/28/1996	10/28/2006	$ 5.8300
	08/19/1997	08/19/2007	$ 4.7900
	09/07/1998	09/07/2008	$ 9.3500
	09/06/1999	09/06/2009	$ 10.4600
	11/15/1999	11/15/2009	$ 11.0000
	05/01/2000	05/01/2010	$ 17.7500
	08/01/2000	08/01/2010	$ 18.1500
	08/30/2001	08/30/2011	$ 14.0300
	08/13/2002	08/13/2012	$ 8.0200
K.E. Cowley:	08/19/1997	08/19/2007	$ 4.7900
	10/07/1997	10/07/2007	$ 6.0900
	10/13/1998	10/13/2008	$ 7.9800
	11/03/1999	11/03/2009	$ 10.5500
	10/18/2000	10/18/2010	$ 17.8300
	10/11/2001	10/11/2011	$ 11.2700
	10/09/2002	10/09/2012	$ 7.7300
D.F. DeVoe:	08/19/1997	08/19/2007	$ 4.7900
	09/07/1998	09/07/2008	$ 9.3500
	09/06/1999	09/06/2009	$ 10.4600
	11/15/1999	11/15/2009	$ 11.0000
	05/01/2000	05/01/2010	$ 17.7500
	08/01/2000	08/01/2010	$ 18.1500
	08/30/2001	08/30/2011	$ 14.0300
	08/13/2002	08/13/2012	$ 8.0200
R.I. Eddington:	01/01/1997	01/01/2007	$ 5.6000
	10/12/1998	10/12/2008	$ 8.0800
	08/19/1997	08/19/2007	$ 4.7900
	09/06/1999	09/06/2009	$ 10.4600
	10/18/2000	10/18/2010	$ 17.8300
	10/11/2001	10/11/2011	$ 11.2700
	10/09/2002	10/09/2012	$ 7.7300

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J.A.M. Erkko KBE:	10/10/1995	10/10/2005	$ 6.3300
	10/15/1996	10/15/2006	$ 5.8200
	10/07/1997	10/07/2007	$ 6.0900
	10/13/1998	10/13/2008	$ 7.9800
	11/03/1999	11/03/2009	$ 10.5500
	10/18/2000	10/18/2010	$ 17.8300
	10/11/2001	10/11/2011	$ 11.2700
	10/09/2002	10/09/2012	$ 7.7300
A.S.B. Knight:	10/07/1997	10/07/2007	$ 6.0900
	10/13/1998	10/13/2008	$ 7.9800
	11/03/1999	11/03/2009	$ 10.5500
	10/18/2000	10/18/2010	$ 17.8300
	10/11/2001	10/11/2011	$ 11.2700
	10/09/2002	10/09/2012	$ 7.7300
G. Kraehe:	10/11/2001	10/11/2011	$ 11.2700
	10/09/2002	10/09/2012	$ 7.7300
J.R. Murdoch:	08/19/1997	08/19/2007	$ 4.7900
	10/12/1998	10/12/2008	$ 8.0800
	09/06/1999	09/06/2009	$ 10.4600
	08/01/2000	08/01/2010	$ 18.1500
	08/30/2001	08/30/2011	$ 14.0300
	08/13/2002	08/13/2012	$ 8.0200
K.R. Murdoch:	11/05/1999	11/05/2009	$ 22.0000
L.K. Murdoch:	08/19/1997	08/19/2007	$ 4.7900
	10/12/1998	10/12/2008	$ 8.0800
	09/06/1999	09/06/2009	$ 10.4600
	11/15/1999	11/15/2009	$ 11.0000
	05/01/2000	05/01/2010	$ 17.7500
	08/01/2000	08/01/2010	$ 18.1500
	08/30/2001	08/30/2011	$ 14.0300
	08/13/2002	08/13/2012	$ 8.0200
T.J. Perkins:	10/07/1997	10/07/2007	$ 6.0900
	10/13/1998	10/13/2008	$ 7.9800
	11/03/1999	11/03/2009	$ 10.5500
	10/18/2000	10/18/2010	$ 17.8300
	10/11/2001	10/11/2011	$ 11.2700
	10/09/2002	10/09/2012	$ 7.7300
S. S. Shuman:	10/12/1993	10/12/2003	$ 10.8600
	10/18/1994	10/18/2004	$ 8.2600
	10/10/1995	10/10/2005	$ 6.3300
	10/15/1996	10/15/2006	$ 5.8200
	10/07/1997	10/07/2007	$ 6.0900
	10/13/1998	10/13/2008	$ 7.9800
	11/03/1999	11/03/2009	$ 10.5500
	10/18/2000	10/18/2010	$ 17.8300
	10/11/2001	10/11/2011	$ 11.2700
	10/09/2002	10/09/2012	$ 7.7300

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A.M. Siskind:	09/07/1998	09/07/2008	$ 9.3500
	09/06/1999	09/06/2009	$ 10.4600
	11/15/1999	11/15/2009	$ 11.0000
	05/01/2000	05/01/2010	$ 17.7500
	08/01/2000	08/01/2010	$ 18.1500
	08/30/2001	08/30/2011	$ 14.0300
	08/13/2002	08/13/2012	$ 8.0200

* Indicates options over one Ordinary Share and 1/2 Preferred Share

Executives Share Option Scheme, Share Option Plan and Australian Executive Share Option Plan (the Plans)

The terms of these three Plans provide that the total number of shares, the transfer of which may be required to be procured by th of which options have been granted to employees of management or equivalent status, including Executive Directors, which have terminated or expired shall not exceed five percent of News Corporation s issued share capital. The exercise price of the options is the weighted average market price of the shares sold on the Australian Stock Exchange during the five trading days immediatel option is granted. Options granted under the Plans have a term of 10 years after the date of grant. The Plans allow News Corporat transfer of issued Ordinary Shares or Preferred Shares to option holders rather than issue new shares to them.

With the exception of special grants made to certain individuals on hiring, grants under the Plans have been made and continue to basis.

Other Plans

In connection with News Corporation s acquisition of New World, Heritage and Chris-Craft, each outstanding option under such was converted into the right to purchase ADRs of News Corporation, each of which represents four Preferred Shares. No additior granted under such plans following these acquisitions.

News International Sharesave Scheme

In October 1997, shareholders approved the establishment of a sub-plan to The News Corporation Share Option Plan. The U.K. S sacrifice savings scheme, which was established for the benefit of U.K. resident employees of News International plc to provide t an opportunity to participate in the equity of News Corporation. The U.K. Sub-Plan involves the grant of options over Preferred S employees. The option entitles holders to call for the delivery to them of these shares upon the maturity of 3, 5 or 7 year savings p implemented in conjunction with the the U.K. Sub-Plan. The options have an exercise price which represents a discount of up to price of shares at the date of the grant of the option. The exercise price is paid by an automatic withdrawal from the participant s the Trustee who, on exercise of the option, uses those proceeds to acquire the requisite number of shares and transfer them to the

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

The sole outstanding class of voting securities of News Corporation is Ordinary Shares. In addition, in November 1994, News Co
means of a bonus issue (i.e. stock dividend), one previously unissued Preferred Share, which has limited voting rights, for each tv
Shares held of record on November 11, 1994.

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The following table sets forth as of September 30, 2003, the percentage of Ordinary Shares owned by Cruden Investments Pty. L
organized under the laws of the State of Victoria, Australia and a subsidiary thereof (collectively, Cruden Investments), which
to News Corporation to be the owner of more than 5% of its Ordinary Shares.

Identity of Person or Group	Amount of Ordinary Shares Owned (1)	Percenta of Clas
Cruden Investments	626,084,797(2)	

(1) Based upon record ownership.
(2) Includes Ordinary Shares owned by (1) Mr. K. Rupert Murdoch, (2) Cruden Investments Pty. Limited, a private Australian owned by Mr. K. Rupert Murdoch, members of his family and various corporations and trusts, the beneficiaries of which i Murdoch, members of his family and certain charities and (3) corporations which are controlled by trustees of settlements a benefit of the Murdoch family, certain charities and other persons. By virtue of shares of News Corporation owned by such and Mr. K. Rupert Murdoch s positions as Chairman and Chief Executive of News Corporation, Mr. K. Rupert Murdoch n control the operations of News Corporation. In addition, Mr. K. Rupert Murdoch, Cruden Investments Pty. Limited and suc beneficially own 217,126,040 Preferred Shares.
(3) Approximate percentage is calculated based on 2,097,473,050 Ordinary Shares outstanding on September 30, 2003. Does n outstanding (i) 152,000-Ordinary Shares issuable upon exercise of outstanding stock options and (ii) up to 72,889,020 Pref upon exchange of Liquid Yield Option Notes.

As of September 30, 2003, 2,477,156 News Corporation Ordinary Shares were held of record in the U.S. These Ordinary Shares record holders and represented 0.12% of the total number of News Corporation Ordinary Shares then outstanding. As of Septemb News Corporation Preferred Shares were held of record in the U.S. These Preferred Shares were held by 63 record holders and re total number of News Corporation Preferred Shares then outstanding. As of September 30, 2003, 85,309,273 News Corporation (representing 341,237,092 News Corporation Ordinary Shares) and 463,592,801 News Corporation Preferred ADRs (representin Corporation Preferred Shares), were held of record in the U.S. Such Ordinary ADRs were held by 840 record holders and represe News Corporation Ordinary ADRs then outstanding and approximately 16.27% of the total number of News Corporation Ordina outstanding. Such Preferred ADRs were held by 6,346 record holders and represented 98.28% of the News Corporation Preferred outstanding and approximately 57.40% of the total number of News Corporation Preferred Shares then outstanding. Since certain Shares, Preferred Shares, Ordinary ADRs and Preferred ADRs, were held by brokers or other nominees, the number of record ho not be representative of the number of beneficial holders or where the beneficial holders are resident.

As far as is known to News Corporation, there are no arrangements the operation of which may at a subsequent date result in a ch News Corporation.

RELATED PARTY TRANSACTIONS

Arrangements between News Corporation and Director-Related Entities

Directors of News Corporation and directors of its related parties, or their director-related entities, conduct transactions with subs Corporation that occur within a normal employee, customer or supplier relationship on terms and conditions no more favorable t is reasonable to expect the entity would have adopted if dealing with the director or director-related entity at arm s length in sim

In 1999, the Company advanced US$1 million to Chase Carey, a Director of News Corporation, in connection with his relocation
non-interest bearing and repayable on or before January 19, 2005. As of September 30, 2003, US$1 million remained outstanding

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During fiscal 2002 and 2003 there were a number of transactions between News Corporation and Queensland Press Limited. Que
is controlled by Cruden Pty. Limited in which K. Rupert Murdoch, by reason of his beneficial and trustee interest, may be deeme
The net value of these transactions was A$62,408,000 and A$95,550,000 for the years ending June 30, 2002 and 2003, respective
transactions are set forth in Note 30 to the Consolidated Financial Statements.

Arrangements between News Corporation and Controlled Entities

News Corporation guaranteed borrowings of controlled and associated entities of A$15,441 million and A$12,429 million at June
respectively. News Corporation guaranteed film distribution agreements in respect of controlled and associated entities of A$1,50
million at June 30, 2002 and 2003, respectively. Under terms of deeds of indemnity, any deficiency of funds, if any Australian wh
entity is wound up, will be met by the parent entity.

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ITEM 8. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

The financial statements filed as part of this document are included in Item 18.

Legal Proceedings

News Corporation has extensive international operations and is a party to a number of pending legal proceedings. News Corporat
that the outcome of such proceedings, either individually or in the aggregate, will have a material effect on its financial statement
on in its financial condition, liquidity or results of operations.

Dividends

News Corporation declares dividends on its Ordinary Shares and Preferred Shares from time to time at the discretion of its Board

Significant Changes

Other than those events described in other items in this Annual Report on Form 20-F, including Item 18. Financial Statements, ar
borrowings, there have not been any significant changes to our financial condition or results of operations since June 30, 2003.

ITEM 9. THE OFFER AND LISTING

News Corporation Ordinary Shares and News Corporation Preferred Shares are listed on the ASX, which operates stock exchang
of each State in Australia, the London Stock Exchange and the New Zealand Stock Exchange. The ASX presently constitutes the
trading market for News Corporation Ordinary Shares and Preferred Shares.

In the U.S., News Corporation Ordinary ADRs and News Corporation Preferred ADRs are listed on the NYSE. In accordance wi
NYSE, the News Corporation Ordinary Shares and Preferred Shares are also listed on the NYSE but only for technical reasons ar
privileges.

The following table sets forth in Australian dollars the reported high and low closing sales prices on the ASX of Ordinary Shares for the periods listed.

	Ordina Share
	A$
	High
Fiscal Year Ended June 30,	
1999	14.24
2000	27.50
2001	26.05
2002	18.87
2003	12.98
Fiscal Year Ended June 30,	
2002	
First Quarter	18.87
Second Quarter	16.35
Third Quarter	15.66
Fourth Quarter	13.82
2003	
First Quarter	10.81
Second Quarter	12.98
Third Quarter	12.74
Fourth Quarter	12.07
2004	
First Quarter	13.62
Second Quarter (through October 24, 2003)	12.60
Month Ended	
April 30, 2003	11.73
May 31, 2003	11.80
June 30, 2003	12.07
July 31, 2003	11.96
August 31, 2003	13.20
September 30, 2003	13.62

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The following table sets forth in U.S. dollars the reported high and low closing sales prices on the NYSE of News Corporation O
Preferred ADRs for the periods listed.

	Ordina ADRs US$ High
Fiscal Year Ended June 30,	
1999	36.44
2000	65.81
2001	57.38
2002	39.06
2003	32.39
Fiscal Year Ended June 30,	
2002	
First Quarter	39.06
Second Quarter	32.71
Third Quarter	32.41
Fourth Quarter	30.43
2003	
First Quarter	23.72
Third Quarter	29.42
Second Quarter,	28.54
Fourth Quarter	32.39
2004	
First Quarter	35.20
Second Quarter (through October 24, 2003)	39.88
Month Ended	
April 30, 2003	28.56
May 31, 2003	30.84
June 30, 2003	32.39
July 31, 2003	31.55
August 31, 2003	34.35
September 30, 2003	35.20

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ITEM 10. ADDITIONAL INFORMATION

Constitution

General Information

News Corporation is registered with the Australian Securities and Investments Commission (ASIC) and our Australian Compa
910 330.

The Directors

Directors Interests. Pursuant to News Corporation s Constitution, directors cannot vote at a meeting of the directors in regard t
proposed contract or arrangement in which he or she has, directly or indirectly, a material interest.

Remuneration. The aggregate amount of fees payable to non-executive directors is determined by the Company in general meetin
vote on such resolutions). Subject to that limitation, the directors are remunerated with such fees as the directors determine. Whe
remuneration is considered at meetings of directors, directors can vote and be counted in the quorum.

Borrowing powers. The directors can exercise all the borrowing powers of News Corporation and News Corporation has all the s
as a natural person. The borrowing powers (like any other power) can be modified by amending the Constitution. This can be do
resolution of shareholders in general meeting.

Age qualification. The Constitution does not contain a requirement for a director to retire at any certain age.

Share qualification. The Constitution expressly provides that no share qualification is required of a director.

Rotation. Directors must submit themselves for re-election every 3 years (or at the 3rd annual general meeting after that person s
at every annual general meeting, one third of directors (rounded down) will retire from office for re-election. The directors to reti
those longest in office since last being elected or re-elected, and, between directors who were elected on the same day, the directo
determined by lot unless they otherwise agree. This does not apply to the managing director.

Our Shares Rights and Restrictions

The Constitution provides directors with the power to issue shares, options and securities with such preferred, deferred or other sp
restrictions, whether with regards to dividends, voting, return of capital, payment of calls or otherwise, as the directors may decid

preferred limited voting ordinary shares in the Company (*Preferred Ordinary Shares*);

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ordinary shares in the Company (*Ordinary Shares*);

non-voting ordinary shares in the Company (*Non-Voting Ordinary Shares*);

converting preference shares in the Company (*Converting Preference Shares*), which are convertible into Ordinary Shares;

redeemable ordinary shares in the Company (*Redeemable Ordinary Shares*), which upon transfer or disposal prior to a trig the time of issuance) other than to a permitted transferee (also as defined) are automatically redeemed and converted into Share for each Redeemable Ordinary Share redeemed, plus an amount of cash calculated in accordance with the Company s to the excess of the then current market price of the Redeemable Ordinary Shares over the current market price of the Prefer

perpetual preference shares in the Company (*Perpetual Preference Shares*), with such rights attaching to them as the director prior to allotment; and

redeemable preference shares in the Company (*Redeemable Preference Shares*), with such rights attaching to them as the dir prior to allotment.

Currently, News Corporation only has Preferred Ordinary Shares and Ordinary Shares on issue.

Dividends, Voting Rights and Rights to Share in Any Surplus in the Event of Liquidation

For information relating to dividend rights, voting rights and rights to share in any surplus in the event of liquidation, please refer contained in the registration statement on Form F-4 of The News Corporation Limited (Registration No. 333-105853) filed with t Exchange Commission on June 5, 2003, under the caption *News Corporation Capital Stock* *Preferred Ordinary Shares* whic reference.

Redemption and Sinking Fund

The Constitution does not provide for redemption of any of the shares currently on issue (that is, the Preferred Ordinary Shares or it does not provide for any sinking fund.

Liability for Further Capital Calls

Members are not liable for any capital calls except in relation to money unpaid on that member s shares.

All shares currently on issue are fully paid. However, it is possible for News Corporation to have shares not fully paid, in which c
the power to make calls on members in respect of any money unpaid on the shares of the members and members are obliged to pa
upon receiving at least 14 days notice.

Limitations on Owning a Substantial Number of Shares

There is no provision in the Constitution that discriminates against an existing or prospective shareholder as a result of that sharel
substantial number of shares. However, there are some restrictions imposed by law (refer to Limitations on the Right to Own S

Actions Necessary to Change the Rights of Holders of Shares

The rights attaching to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied:

by a special resolution passed at a separate general meeting of the holders of the shares of the class; or

if the necessary majority is not obtained at such meeting, with the consent in writing of the holders of three quarters of the is
class within 2 months after the day of such meeting.

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General Meetings

For information relating to general meetings, please refer to the information contained in the registration statement on Form F-4 o
Corporation Limited (Registration No. 333-105853) filed with the Securities and Exchange Commission on June 5, 2003, under t
Comparison of Rights of Holders of GM Class H Common Stock, Hughes Common Stock and News Corporation Preferred ADS Meeting; Special Meetings of Stockholders News Corporation Preferred ADSs which is incorporated herein by reference.

Limitations on the Right to Own Securities

The Constitution does not impose limitations on the right to own securities except as set out in Changes in Control of News C
However, certain Australian laws impose limitations on the right of non-residents or non-citizens of Australia to hold, own or vot
Corporation. For additional information, see Exchange Controls Limitations on Foreign Acquisitions and Investment in Aus

In addition, Section 50 of the Trade Practices Act 1974 prohibits an acquisition of shares or assets that would have the effect, or b
effect, of substantially lessening competition in a substantial market for goods or services, unless the acquisition is authorized by
Competition and Consumer Commission.

Changes in Control of News Corporation and Disclosure of Substantial Shareholdings

For information relating to changes in control of and disclosure of substantial shareholdings in the Company, see the information
registration statement on Form F-4 of The News Corporation Limited (Registration No. 333-105853) filed with the Securities and
Commission on June 5, 2003, under the caption *Comparison of Rights of Holders of GM Class H Common Stock, Hughes Comm Corporation Preferred ADSs Comparison Anti-Takeover Statutes News Corporation Preferred ADSs* which is incorporate
also *Limitations on the Rights to Own Securities* above.

Changes in Capital

For alteration of the terms of existing capital refer to Actions Necessary to Change the Rights of Holders of Shares above. T
to issue share or options over shares in, and other securities of, News Corporation. This includes Ordinary Shares and Preferred C
any other types permitted by the Constitution.

News Corporation may also alter its capital by resolution passed in general meeting. This includes increasing its share capital (by
shares), consolidating and dividing all the share capital, subdividing the share capital and canceling shares (that have not been tak
forfeited). Subject to the Corporations Act and the Listing Rules, may, by special resolution, reduce its share capital, capital reder
and any share premium account.

Material Contracts

We have entered into the following contracts outside of the ordinary course of business during the two year period immediately p
this Annual Report.

Hughes

In April 2003, News Corporation, GM and Hughes reached an agreement in which News Corporation would acquire 34% of Hug
will acquire GM s approximate 19.9% interest in Hughes for US$3.8 billion (A$5.7 billion) (subject to upward adjustment), of w
(A$1,157 million) (subject to upward adjustment) may be paid in News Corporation ADRs. News Corporation will acquire throu
additional 14.1% of Hughes for approximately US$2.7 billion (A$4.1 billion) that is payable, at News Corporation s option, in c
ADRs or a combination thereof. Simultaneously with the closing of this transaction, News Corporation will transfer its 34% own
Hughes to FEG in exchange for promissory notes representing US$4.5 billion (A$6.8 billion) and

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approximately 74.2 million shares of FEG s Class A Common Stock, thereby increasing News Corporation s ownership interest
approximately 82%. News Corporation s voting percentage will remain at 97%. The closing of this transaction is subject to a nu
including regulatory approvals.

Exchange Controls

Australian Exchange Controls and Other Limitations Affecting Holders

The Australian Banking (Foreign Exchange) Regulations and other Australian legislation and regulations control and regulate or
regulation of a broad range of payments and transactions involving non-residents of Australia. Pursuant to certain general and spe
authorities and approvals, however, News Corporation is not restricted from transferring funds from Australia or placing funds to
non-residents of Australia subject to:

(i) withholding for Australian tax due in respect of dividends (to the extent they are unfranked) and interest or royalties
of Australia;

(ii) obtaining written approval of the Minister for Foreign Affairs for transactions involving the control or ownership of a
regime of Iraq, or by persons or entities linked to terrorist activities and identified by the United Nations and the Con
Australia under the Charter of the United Nations Act as published from time to time in the Commonwealth of Austr
currently includes individuals or entities linked with the Taliban, Osama bin Laden and other listed terrorist organiza
involving persons published in the Gazette without the permission of the Minister are a criminal offense;

(iii) obtaining prior Reserve Bank approval for transactions over A$100,000 involving the Embassy of the Federal Repub
Consulate-General of the Federal Republic of Yugoslavia and the National Bank of Yugoslavia; and

(iv) obtaining prior Reserve Bank approval for transactions involving supporters of the regime of former President of Yu
Milosevic and specified ministers and senior officials of the Government of Zimbabwe. The Reserve Bank publishes
parties and variations in the restrictions on those parties from time to time in the Commonwealth of Australia Gazette

Limitations on Foreign Acquisitions and Investment in Australian Companies

The following Australian laws impose limitations on the right of non-residents or non-citizens of Australia to hold, own or vote s
Corporation.

Australian Foreign Acquisitions and Takeovers Act

As applied to News Corporation, the Australian Foreign Acquisitions and Takeovers Act 1975, as amended (the Australian For
prohibits any of the following (each a foreign person):

(i) any natural person not ordinarily resident in Australia, or

(ii) any corporation or trustee of a trust estate in which a natural person not ordinarily resident in Australia or a for
a body corporate organized outside Australia) holds a substantial interest (defined below), or in which two or n
foreign corporations hold an aggregate substantial interest (defined below),

from entering into an agreement by virtue of which the foreign person acquires any interests in any shares if the foreign person al
substantial interest in News Corporation, or on acquisition of those interests (together with any interests in other shares in News C
person has offered to acquire) the foreign person would hold a substantial interest, without first applying in the prescribed form fo
the Australian Treasurer and such approval being granted or (if no order is made) 40 days having elapsed after such application w

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A person is taken to hold a substantial interest :

(a) in a corporation if the person, alone or together with any associates (as defined in the Australian Foreign Takeovers Act), is in
least 15% of the voting power in the corporation or holds interests in at least 15% of the issued shares in the corporation;

(b) in a trust estate, if the person alone or together with any associates (as so defined) holds a beneficial interest in at least15% of
of the trust estate.

Two or more persons are taken to hold an aggregate substantial interest :

(c) in a corporation, if they together with any associates (as so defined) are in a position to control at least 40% of the voting pow
hold at least 40% of the issued shares in the corporation;

(d) in a trust estate, if they together with any associates hold in the aggregate beneficial interests in at least 40% of the corpus or i
estate.

Where a trustee has power or discretion under the terms of a trust as to the distribution of income or corpus of the trust estate to b
beneficiary is taken for the purposes of paragraphs (b) and (d) above to hold a beneficial interest in the maximum percentage of in
trust estate that the trustee is empowered to distribute to that beneficiary.

The circumstances in which a person is to be taken to hold an interest in a share are widely described in the Australian Foreign Ta
without limitation, include having a legal or equitable interest in the share, having entered into a contract to purchase the share or
share or an interest in the share, or having the right to vote the share otherwise than by reason of the appointment as a proxy or re
meeting of the members. The Australian Foreign Takeovers Act also provides that, for the purposes of such act, a holder of a sub
holders of an aggregate substantial interest (including any such interest held by other applications of the relevant provision) in a c
estate which is in a position to control any voting power in another corporation or holds interests in shares in another corporation
estate shall be taken to be in the position to control such voting power in the other corporation or to hold such interests in the othe
other trust estate (as the case may be).

The Australian Treasurer has the power to compel divestiture of shares where an Australian corporation becomes foreign controll
change in foreign control without consent of the Australian Treasurer (which is determined according to whether a substantial int
substantial interest is acquired by the foreign person or persons or, where foreign persons hold an aggregate substantial interest, t
the foreign persons holding any interest) and the Treasurer is satisfied that such a result would be contrary to the national interest
Foreign Acquisitions and Takeovers Act does not require compulsory notification of the acquisition of an aggregate interest. How
lodge a voluntary notification of a proposed transaction that would invoke an aggregate substantial interest under that Act to asce
Treasury Department s view of the transaction. If the Australian Treasury Department advises that it does not object to the transa
in which the Australian Treasury Department is permitted to make a decision expires, then the Treasurer will not be permitted to
the shares that are the subject of the notified transaction.

News Corporation believes that Cruden Investments Pty. Limited may technically be deemed to be a foreign person under the Au
Acquisitions and Takeovers Act. As of June 30, 2003, News Corporation has reason to believe that approximately an additional 4
Shares are held by a foreign person or persons. As a result, foreign persons may already hold an aggregate substantial interest in N

The Australian Treasury Department issues from time to time a statement of its policy relating to foreign investment in terms of p
sectors (including the media sector). The current foreign investment policy is available from the Australian Treasury Department
http://www.treasury.gov.au.

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The Australian Treasury Department which administers the Australian Foreign Acquisitions and Takeovers Act has stated that an falls within the scope of the order-making powers of the Australian Foreign Acquisitions and Takeovers Act should be the subjec notification under the Act, unless the transaction is a portfolio investment of less than five percent. The Australian Treasury D portfolio shareholding as one that does not enable the owner of the shares to exercise control or potential control over the oper

Accordingly, investors who may wish to hold shares in News Corporation which do not satisfy the definition of a portfolio sha sure whether their shareholding is or will be a portfolio investment (either on its own or together with other holdings of the inv are advised to obtain their own independent advice on whether the investment requires notification to, or the approval of, the Aus

Corporations Act of Australia

As applied to News Corporation, the Australian Corporations Act 2001 (the Corporations Act) prohibits any legal person (incl acquiring a relevant interest in Ordinary Shares (or, if issued, Redeemable Ordinary Shares, as hereinafter defined), except under certain exceptional circumstances, if after the acquisition that person s or any other person s voting power in News Corporation below to more than 20%, or from a starting point that is above 20% and below 90%.

In general terms, a person s voting power in News Corporation is (1) the total numbers of votes attached to Ordinary Shares in w associate of the person has a relevant interest divided by (2) the total number of votes attached to all of News Corporation s O

In general terms, a person is considered to have a relevant interest in a share in News Corporation if that person is the holder o deemed under the Australian Corporations Act to have, the power to exercise, or control the exercise of, a right to vote attached t power to dispose of, or control the exercise of a power to dispose of that share whether such power is direct or indirect and legall and irrespective of restrictions and restraints on such power and other matters and things as specified in the Australian Corporatio considered to have acquired a share when he or she has acquired such power over such share.

It does not matter how remote the relevant interest is or how it arises. The concepts of power and control are given wide an context in order to deem certain persons to hold a relevant interest. For example, each person who has voting power above 20% i managed investment scheme which in turn holds shares in News Corporation is deemed to have a relevant interest in those News Certain situations (set out in section 609 of the Corporations Act) which would otherwise constitute the holding of a relevant inte the definition.

Shares are regarded as being held by a person if they are held by a corporation which the person controls or in which the person h interest.

In general terms, a person is considered to be an associate of another person (the primary person) under the Australian Corpora primary person is a body corporate, if the person is a director or secretary of the body, a related body corporate (as defined in the Corporations Act) or a director or secretary of a related body corporate; (ii) in relation to a body corporate, if the primary person proposes to enter, into an agreement (x) under which one of them will have any voting power with respect to the body, (y) for the influencing the conduct of the affairs of the body or (z) under which one of them may be required to dispose of shares in the body person with whom the primary person is acting, or proposes to act.

The above Australian Corporation Act prohibition is subject to certain exceptions which must be strictly complied with to be app

Taxation

The following is a summary of the taxes payable by holders of News Corporation shares or News Corporation ADRs who are res
U.S. and Australian laws and regulations and the United States Australia Income Tax Convention and Protocol thereto currently
both as in effect on the date hereof.

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The discussion of tax consequences generally applies to U.S. Holders. For purposes hereof, a U.S. Holder is a holder of News
News Corporation ADRs who is (i) a citizen or resident of the U.S., (ii) a corporation or partnership organized under the laws of
thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its
a court within the U.S. is able to exercise primary supervision over the administration of the trust and one or more U.S. persons h
control all substantial decisions of the trust. However, in the case of a partnership, estate or trust, the term U.S. Holder shall or
partnership, estate or trust to the extent its income is taxed to the entity or its partners or beneficiaries on a net income basis by th

The summary is based upon (1) current Australian law and Australian Tax Office practice, (2) the U.S. Internal Revenue Code, T
case law and Internal Revenue Service rulings, all of which are subject to change, possibly with retroactive effect, and (3) the Tre

The discussion set forth below is only a general summary and does not purport to be a technical analysis nor a description of all p
consequences. Tax consequences to each holder of News Corporation shares or News Corporation ADRs will depend upon the pa
circumstances of each holder. Accordingly, each person should consult with his own professional advisor with respect to the tax c
ownership and disposition of News Corporation shares or News Corporation ADRs.

The summary of Australian tax consequences relates to the material aspects of the Australian taxation position of U.S. Holders ar
or accurately describe the Australian tax consequences to all U.S. Holders. For example, the summary does not address the tax co
Holders that are resident in Australia for Australian purposes, or U.S. Holders whose holding of News Corporation shares or ADI
connected with permanent establishments in Australia (or, in the case of U.S. Holders who perform independent personal service
situated in Australia, whose holding of News Corporation shares or News Corporation ADRs is effectively connected with such f

Similarly, the summary of U.S. tax consequences relates to the material aspects of the U.S. taxation position of U.S. Holders and
accurately describe the U.S. tax consequences to all U.S. Holders. For example, special rules may apply to U.S. Holders of stock
more of the total combined voting power of News Corporation, U.S. expatriates, insurance companies, tax-exempt organizations,
financial institutions, persons subject to the alternative minimum tax, securities broker-dealers, traders in securities that elect to m
persons holding their News Corporation shares or News Corporation ADRs as parties to a conversion transaction, among others.

This summary does not discuss any tax rules other than Australian tax and U.S. federal income tax rules. The Australian and U.S
courts are not bound by this summary and may disagree with its conclusions.

Cash Dividends

Australian Tax Consequences. Under the Australian imputation system of taxation, dividends paid out of News Corporation s pr
taxed at the maximum corporate tax rate then in effect are referred to as fully franked dividends.

In the case of fully franked dividends paid to shareholders who are not residents of Australia, no Australian dividend withholding
such dividends are not subject to Australian income tax in the hands of such non-resident shareholders.

Dividends which are paid from profits on which no Australian income tax has been paid are referred to as unfranked dividends. are subject to withholding tax when paid to shareholders who are non-residents of Australia. Pursuant to the tax treaty which is cu between Australia and the U.S., the withholding tax imposed on dividend payments to a qualifying U.S. resident by News Corpor of the gross dividend (or 5% of the gross dividend, in the case of a qualifying U.S. resident which is a company holding directly a voting power of News Corporation). When a dividend is paid by News Corporation to a holder of News Corporation shares who the 15% withholding tax is withheld by News Corporation at the time the dividend is paid and then remitted by News Corporatio Australian Taxation Office. With respect to holders of News Corporation ADRs who are residents of the U.S., the 15% withholdi the Australian nominee record holder of the shares underlying the ADRs at the time when the dividend is remitted by the record h N.A. (the Depositary for the News Corporation ADRs).

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In the circumstances where the profits out of which News Corporation has paid a dividend have been taxed at a rate that is less th
corporate tax rate then in effect, the dividends received by shareholders will be partially franked. In these circumstances, divideno
who are not residents of Australia will be subject to withholding tax on the unfranked portion of the dividend.

To the extent that otherwise unfranked dividends paid to non-residents of Australia by News Corporation are paid out of certain c
News Corporation from its non-Australian subsidiaries, those dividends (FDA dividends) are exempt from Australian divided
Non-residents of Australia will have no further Australian income tax liability in respect of FDA dividends or fully franked divid
dividends which are not fully franked once the withholding tax in respect thereof has been paid. Non-residents with no other sour
income are not required to file an Australian income tax return. Dividend statements will be sent to all shareholders which indicat
dividends are FDA dividends or are franked, the amount of any tax withheld and the amount of any imputation credits attaching t

The dividends paid by News Corporation in fiscal 2003 on its Ordinary Shares and Preferred Shares were unfranked and were no

Subject to certain complex limitations, residents of the U.S. are permitted to elect to take a credit against income tax payable to th
Australian tax withheld with respect to dividends paid to them by News Corporation. Alternatively, residents of the U.S. may dec
withheld.

U.S. Tax Consequences. For U.S. federal income tax purposes, the gross amount of a dividend (including any withholding tax) w
U.S. Holder s gross income as dividend income when payment is actually or constructively received by the U.S. Holder in the ca
shares or the Depositary in the case of ADRs, to the extent they are paid out of News Corporation s current or accumulated earni
calculated for U.S. federal income tax purposes. Any non-U.S. withholding tax with respect to a dividend may be used as a credit
U.S. federal income tax liability, subject to specific conditions and limitations. Dividends paid by News Corporation will not give
dividends received deduction. Dividends will generally constitute foreign source passive income for foreign tax credit purpose

Under recently enacted legislation, which is generally effective for tax years beginning after December 31, 2002 through tax year
before December 31, 2008, dividend income received by an individual from a corporation organized in the United States or from
corporation is eligible for taxation at the lower rates imposed on long-term capital gains recognized by individuals. A non-U.S.
qualified foreign corporation if (i) it is eligible for benefits under a comprehensive U.S. income tax treaty determined to be sat
States Department of the Treasury or (ii) its stock with respect to which the dividend is paid is readily tradeable on an established
the United States. The United States Department of the Treasury and Internal Revenue Service have determined that the Treaty is
purpose. In addition, the Conference Report with respect to this legislation states that a share of a non-U.S. corporation s stock is
tradeable on an established securities market in the United States if an American Depositary Receipt (which would include a New
backed by such share is so traded.

The amount of any dividend paid in non-U.S. currency will be equal to the U.S. dollar value of such currency on the date the divi
income, regardless of whether the payment is in fact converted into U.S. dollars. A U.S. Holder will generally be required to reco
ordinary income or loss when such U.S. Holder sells or disposes of non-U.S. currency. A U.S. Holder may also be required to rec
currency gain or loss upon receipt of a refund under the Treaty of tax withheld in excess of the Treaty rate. This foreign currency
generally be U.S. source ordinary income or loss.

To the extent that any distribution paid exceeds News Corporation s current and accumulated earnings and profits as calculated f
tax purposes, the distribution will be treated as follows:

First, as a tax-free return of capital, which will cause a reduction in the adjusted tax basis of the U.S. Holder s News C ADRs. This adjustment will increase the amount of gain, or decrease the amount of loss, that such U.S. Holder will rec disposition of those News Corporation shares or ADRs; and

Second, the balance of the dividend in excess of the adjusted tax basis in a U.S. Holder s News Corporation shares or capital gain recognized on a sale or exchange.

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Capital Gains

Australian Tax Consequences. Non-residents of Australia who do not hold and have not at any time in the five years preceding th Corporation s shares held (for their own account or together with associates) a beneficial interest of 10% or more (by value) of t Corporation are not liable for Australian capital gains tax on the disposal of the shares provided that the shares have not been use business (e.g. share trading) at or through a permanent establishment in Australia. This also applies to any disposal of News Corp provided the holder and his associates do not hold and have not at any time in the five years preceding the disposal held a benefic more (by value) of the shares of News Corporation. This means that a holder of such securities who is not a resident of Australia capital gains tax under Australian law upon the sale of such holder s News Corporation ADRs or the exchange of such holder s for the relevant underlying shares of News Corporation, provided that the News Corporation ADRs have not been used in carryin through a permanent establishment in Australia. Holders engaged in a business of trading or dealing in shares may be subject to t which constitute ordinary income, as opposed to capital gain, if those disposal profits are from sources in Australia.

U.S. Tax Consequences. In general, for U.S. federal income tax purposes, a U.S. Holder will recognize capital gain or loss if such exchanges News Corporation shares or ADRs, provided that such News Corporation shares or ADRs are capital assets in the han Any gain or loss will generally be U.S. source gain or loss. For an individual, any capital gain will generally be subject to U.S. fe preferential rates if the individual has held the shares or ADRs for more than one year.

Dividend Reinvestment Plan (the DRP)

Dividends reinvested under the DRP are generally taxable (and subject to Australian withholding tax) in the same manner as cash however, is not available to holders of News Corporation Ordinary ADRs or Preferred ADRs who hold their ADRs through nom

A person who is not a resident of Australia, and who does not hold and has not at any time in the five years preceding any dispos under the DRP held (for his own account or together with associates) a beneficial interest of 10% or more (by value) of the share will not be subject to Australian capital gains tax upon his sale of those shares, provided that the shares have not been used in car share trading) at or through a permanent establishment in Australia.

Australian Stamp Duty

No stamp duty will be payable under the laws of the State of South Australia (the state of incorporation of News Corporation) or jurisdiction upon the transfer of any News Corporation ADRs (if the transfer instrument is executed outside Australia) or the tran Corporation shares (assuming in the latter case that at the time of transfer the shares are quoted on the Australian Stock Exchange York Stock Exchange or any other stock exchange that is a member of the Federation Internationale de Bourses de Valeurs).

Other dealings in relation to shares of News Corporation may have stamp duty consequences in one or more Australian jurisdicti

U.S. Passive Foreign Investment Company Rules

News Corporation believes that it will not be treated as a passive foreign investment company (PFIC) for U.S. federal income
current taxable year or for future taxable years. However, an actual determination of PFIC status is factual and cannot be made u
applicable taxable year. News Corporation would be a PFIC for any taxable year in which either:

- 75% or more of its gross income is passive income; or
- Its assets that produce passive income or that are held for the production of passive income amount to at least 50% of t assets on average.

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For purposes of this test, News Corporation will be treated as directly owning its proportionate share of the assets, and directly re
proportionate share of the gross income, of each corporation in which News Corporation owns, directly or indirectly, at least 25%
shares of such corporation.

If News Corporation were to become a PFIC, the tax applicable to distributions on News Corporation shares or ADRs and any ga
recognizes on disposition of such shares or ADRs may be less favorable to such U.S. Holder. Accordingly, each person should co
professional advisor regarding the PFIC rules.

United States Information Reporting and Backup Withholding

Dividend payments on News Corporation shares or ADRs and proceeds from the sale, exchange or other disposition of such shar
subject to information reporting to the Internal Revenue Service and possible U.S. backup withholding at a rate of 28 percent. Ba
not apply to a holder who furnishes a correct taxpayer identification number or certificate of foreign status and makes any other r
or who is otherwise exempt from backup withholding. Any U.S. persons required to establish their exempt status generally must
Service Form W-9, Request for Taxpayer Identification Number and Certification. Recently finalized Treasury regulations have g
circumstances under which information reporting and backup withholding may apply.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder s U
liability. A U.S. Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the app
refund with the Internal Revenue Service and furnishing any required information.

Documents on Display

News Corporation is subject to periodic reporting and other informational requirements of the Exchange Act. Under the Exchang
Corporation is required to file reports and other information with the U.S. Securities and Exchange Commission (SEC). Copies o
information, when so filed, may be inspected free of charge and may be obtained at prescribed rates at the public reference facilit
SEC at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further info
reference rooms. You can access documents filed with the SEC at its website www.sec.gov. You may also obtain certain of these
Corporation s website at www.newscorp.com. News Corporation is not incorporating the contents of its or the SEC s websites o
person into this document.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

News Corporation has exposure to several types of market risk: changes in foreign currency exchange rates, interest rates and sto
neither holds nor issues financial instruments for trading purposes.

The following sections provide quantitative information on the Group s exposure to foreign currency exchange rate risk, interest risk. It makes use of sensitivity analyses that are inherently limited in estimating actual losses in fair value that can occur from ch conditions.

Foreign Currency Exchange Rates

News Corporation conducts operations in three principal currencies: the U.S. dollar, the British pound sterling and the Australian currencies operate as the functional currency for the Group s U.S., U.K. and Australian operations, respectively. Cash is manage of the three countries with net earnings reinvested locally and working capital requirements met from existing liquid funds. To th not sufficient to meet working capital requirements, drawdowns in the appropriate local currency are available under the New Cr Currently, the Group s foreign (i.e., U.S. and U.K.) operations account for approximately 92% of consolidated revenues, 93% of income and 91% of consolidated assets. However, since earnings of the Group s U.S. and U.K. operations are expected to be rei businesses indefinitely, the Group does not hedge its investment in the net assets of those foreign operations.

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At June 30, 2003 and 2002, the Group s outstanding financial instruments with foreign currency exchange rate risk exposure had
of A$14.8 billion and A$15.6 billion, respectively (including the Group s U.S. dollar-denominated fixed rate debt). The potentia
values of these instruments resulting from a 10% adverse change in quoted foreign currency exchange rates would be approximat
A$1.8 billion for the fiscal years ended June 30, 2003 and 2002, respectively.

Interest Rates

The Group s current financing arrangements and facilities include A$12.4 billion of outstanding debt with fixed interest and a N
which carries variable interest. Fixed and variable rate debts are impacted differently by changes in interest rates. A change in the
of fixed rate debt will only impact the fair value of such debt, while a change in the interest rate of variable debt will impact inter
the amount of cash required to service such debt. As of June 30, 2003 and 2002, substantially all of the Group s financial instrum
interest rate risk was denominated in U.S. dollars and had an aggregate fair value of A$14.8 billion and A$15.5 billion, respective
change in fair value for these financial instruments from an adverse 10% change in quoted interest rates across all maturities, ofte
parallel shift in the yield curve, would be approximately A$769 million and A$889 million for fiscal 2003 and 2002, respectively

Stock Prices

The Group has common stock investments in several publicly traded companies that are subject to market price volatility. These
aggregate carrying value of approximately A$14,140 million as of June 30, 2003. A hypothetical decrease in the market price of
10% would result in a fair value of approximately A$12,726 million. Under US-GAAP, such a hypothetical decrease would resul
comprehensive income of approximately A$33.6 million.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable

ITEM 15. CONTROLS AND PROCEDURES

The Group s Chairman and Chief Executive and Chief Financial Officer have evaluated the effectiveness of the Group s disclos procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end o this annual report and, based on this evaluation, have concluded that the disclosure controls and procedures are effective.

There have been no changes in the Group s internal control over financial reporting that occurred during the Group s fiscal year has materially affected, or is reasonable likely to materially affect, the Group s internal control over financial reporting.

ITEM 16. RESERVED

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Not applicable

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ITEM 16B. CODE OF ETHICS

News Corporation has adopted a Code of Conduct for the chief executive and senior financial officers that is included in the Grou
Business Conduct. A copy of the Group s Standards of Business Conduct is attached as an exhibit to this annual report on Form

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Not applicable

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable

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PART III

ITEM 17. FINANCIAL STATEMENTS

The registrant has responded to Item 18 in lieu of responding to this Item.

ITEM 18. FINANCIAL STATEMENTS

1. The News Corporation Limited and Subsidiaries

   Annual Financial Statements

   Report of Independent Auditors

   Statement of Financial Performance for the fiscal years ended 30 June, 2003, 2002 and 2001

   Statement of Financial Position at 30 June, 2003 and 2002

   Statement of Cash Flows for the fiscal years ended 30 June, 2003, 2002 and 2001

   Statement of Shareholders Equity for the fiscal years ended 30 June, 2003, 2002 and 2001

   Notes to the Consolidated Financial Statements

2. Fox Entertainment Group, Inc.

   Annual Financial Statements

   Report of Independent Auditors

   Copy of 2001 Report of Independent Public Accountants

   Consolidated Balance Sheets at June 30, 2003 and 2002

   Consolidated Statements of Operations for the years ended June 30, 2003, 2002 and 2001

   Consolidated Statements of Cash Flows for the years ended June 30, 2003, 2002 and 2001

   Consolidated Statements of Shareholders Equity for the years ended June 30, 2003, 2002 and 2001

   Notes to Consolidated Financial Statements

3. British Sky Broadcasting Group plc

   The Group will file the annual financial statements of British Sky Broadcasting Group plc on Form 20-F/A within t period permitted by applicable rules.

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The Financial Statements of Gemstar-TV Guide International, Inc. set forth on pages G-1 through G-46 of the Annua on Form 20-F/A of The News Corporation Limited for the fiscal year ended June 30, 2002, as filed with the Securitie Exchange Commission on July 1, 2003 are incorporated by reference in this report.

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ITEM 19. EXHIBITS

Number	Description
1.1	Memorandum and Constitution of The News Corporation Limited, as amended on October 18, 1994. [1]
1.2	Amendments to the Constitution of The News Corporation Limited, dated January 31, 1995 and October 10, 1995
1.3	Extract from the Notice of Annual General Meeting of The News Corporation Limited setting forth amendments adopted at its Annual General Meeting held on October 7, 1997.[3]
2.1	Amended and Restated Deposit Agreement, dated as of December 3, 1996, among The News Corporation Limite the holders from time to time of American Depositary Receipts issued thereunder, representing American Deposit News Corporation Limited each representing four Preferred Shares.[4]
2.2	Amended and Restated Deposit Agreement, dated as of October 29, 1996, among The News Corporation Limited the holders from time to time of American Depositary Receipts issued thereunder, representing American Deposit News Corporation Limited each representing four Ordinary Shares.[5]
2.3	Five Year Credit Agreement, dated as of June 27, 2003, among News America Incorporated et al, several lenders,
2.4	Form of Preferred Ordinary Shares of The News Corporation Limited.[7]
2.5	Form of Preferred American Depositary Shares of The News Corporation Limited.[8]
2.6	Form of Ordinary Shares of The News Corporation Limited.[9]
2.7	Form of Ordinary American Depositary Shares of The News Corporation Limited.[10]
2.8	Indenture, dated as of February 28, 2001, by and among News America Incorporated, The News Corporation Lim Guarantors named therein and The Bank of New York, as Trustee, with respect to the Liquid Yield Option Notes 2021.[11]
2.9	First Supplemental Indenture, dated as of June 27, 2003, by and among News America Incorporated, The News C the other Guarantors named therein and The Bank of New York, as Trustee, with respect to the Liquid Yield Opti February 28, 2021. [12]
2.10	Indenture, dated as of January 28, 1993, by and among News America Incorporated (formerly News America Hol The News Corporation Limited, the other Guarantors named therein and U.S. Bank National Association (as succ Bank and Trust Company and The First National Bank of Boston), as Trustee, with respect to the senior debt secu
2.11	First Supplemental Indenture, dated as of March 24, 1993, by and among News America Incorporated (formerly N Holdings Incorporated), The News Corporation Limited, the other Guarantors named therein and U.S. Bank Natio successor to State Street Bank and Trust Company and The First National Bank of Boston), as Trustee, with respe securities. [14]
2.12	Second Supplemental Indenture, dated as of April 8, 1993, by and among News America Incorporated (formerly N Holdings Incorporated), The News Corporation Limited, the other Guarantors named therein and U.S. Bank Natio successor to State Street Bank and Trust Company and The First National Bank of Boston), as Trustee, with respe securities. [15]

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2.13 Third Supplemental Indenture, dated as of May 20, 1993, by and among News America Incorporated (formerly News A Incorporated), The News Corporation Limited, the other Guarantors named therein and U.S. Bank National Association Street Bank and Trust Company and The First National Bank of Boston), as Trustee, with respect to the senior debt secu

2.14 Fourth Supplemental Indenture, dated as of May 28, 1993, by and among News America Incorporated (formerly News A Incorporated), The News Corporation Limited, the other Guarantors named therein and U.S. Bank National Association Street Bank and Trust Company and The First National Bank of Boston), as Trustee, with respect to the senior debt secu

2.15 Fifth Supplemental Indenture, dated July 21, 1993, by and among News America Incorporated (formerly News America Incorporated), The News Corporation Limited, the other Guarantors named therein and U.S. Bank National Association Street Bank and Trust Company and The First National Bank of Boston), as Trustee, with respect to the senior debt secu

2.16 Form of Sixth Supplemental Indenture, dated as of January 25, 1994, by and among News America Incorporated (forme Holdings Incorporated), The News Corporation Limited, the other Guarantors named therein and U.S. Bank National As successor to State Street Bank and Trust Company and The First National Bank of Boston), as Trustee, with respect to t securities. [19]

2.17 Form of Seventh Supplemental Indenture, dated as of February 4, 1994, by and among News America Incorporated (for Holdings Incorporated), The News Corporation Limited, the other Guarantors named therein and U.S. Bank National As successor to State Street Bank and Trust Company and The First National Bank of Boston), as Trustee, with respect to t securities. [20]

2.18 Form of Eighth Supplemental Indenture, dated as of May 12, 1994, by and among News America Incorporated (formerl Holdings Incorporated), The News Corporation Limited, the other Guarantors named therein and U.S. Bank National As successor to State Street Bank and Trust Company and The First National Bank of Boston), as Trustee, with respect to t securities. [21]

2.19 Form of Ninth Supplemental Indenture, dated as of August 1, 1995, by and among News America Incorporated (formerl Holdings Incorporated), The News Corporation Limited, the other Guarantors named therein and U.S. Bank National As successor to State Street Bank and Trust Company and The First National Bank of Boston), as Trustee, with respect to t securities. [22]

2.20 Form of Tenth Supplemental Indenture, dated as of March 2, 2000, by and among News America Incorporated (formerl Holdings Incorporated), The News Corporation Limited, the other Guarantors named therein and U.S. Bank National As successor to State Street Bank and Trust Company and The First National Bank of Boston), as Trustee, with respect to t securities. [23]

2.21 Form of Eleventh Supplemental Indenture, dated as of February 14, 2001, by and among News America Incorporated (f America Holdings Incorporated), The News Corporation Limited, the other Guarantors named therein and U.S. Bank Na successor to State Street Bank and Trust Company and The First National Bank of Boston), as Trustee, with respect to t securities. [24]

2.22 Twelfth Supplemental Indenture, dated as of June 27, 2003, by and among News America Incorporated (formerly News Incorporated), The News Corporation Limited, the other Guarantors named therein and U.S. Bank National Association Street Bank and Trust Company and The First National Bank of Boston), as Trustee, with respect to the senior debt secu

2.23 Amended and Restated Indenture, dated as of March 24, 1993, by and among News America Incorporated (formerly Ne Incorporated), The News Corporation Limited, the other Guarantors named therein and The Bank of New York, as Trus senior debt securities. [26]

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2.24 First Supplemental Indenture, dated as of May 20, 1993, by and among News America Incorporated (formerly News A Incorporated), The News Corporation Limited, the other Guarantors named therein and The Bank of New York, as Tru senior debt securities. [27]

2.25 Second Supplemental Indenture, dated as of May 28, 1993, by and among News America Incorporated (formerly New Incorporated), The News Corporation Limited, the other Guarantors named therein and The Bank of New York, as Tru senior debt securities. [28]

2.26 Third Supplemental Indenture, dated as of July 21, 1993, by and among News America Incorporated (formerly News A Incorporated), The News Corporation Limited, the other Guarantors named therein and The Bank of New York, as Tru senior debt securities. [29]

2.27 Fourth Supplemental Indenture, dated as of October 20, 1995, by and among News America Incorporated (formerly N Incorporated), The News Corporation Limited, the other Guarantors named therein and The Bank of New York, as Tru senior debt securities. [30]

2.28 Fifth Supplemental Indenture, dated as of January 8, 1998, by and among News America Incorporated, The News Cor other Guarantors named therein and The Bank of New York, as Trustee, with respect to senior debt securities. [31]

2.29 Sixth Supplemental Indenture, dated as of March 1, 1999, by and among News America Incorporated, The News Corp other Guarantors named therein and The Bank of New York, as Trustee, with respect to senior debt securities. [32]

2.30 Seventh Supplemental Indenture, dated as of February 14, 2001, by and among News America Incorporated, The New the other Guarantors named therein and The Bank of New York, as Trustee, with respect to senior debt securities. [33]

2.31 Eighth Supplemental Indenture, dated as of June 27, 2003, by and among News America Incorporated, The News Cor other Guarantors named therein and The Bank of New York, as Trustee, with respect to senior debt securities. [34]

2.32 Indenture, dated as of November 12, 1996, by and among News America Incorporated (formerly News America Holdi News Corporation Limited, the other Guarantors named therein and The Bank of New York, as Trustee, with respect t Discount Debentures due 2016. [35]

2.33 First Supplemental Indenture, dated as of March 2, 2000, by and among News America Incorporated, The News Corpo other Guarantors named therein and The Bank of New York, as Trustee, with respect to the 5% Subordinated Discoun [36]

2.34 Second Supplemental Indenture, dated as of February 14, 2001, by and among News America Incorporated, The News the other Guarantors named therein and The Bank of New York, as Trustee, with respect to the 5% Subordinated Disc 2016. [37]

2.35 Third Supplemental Indenture, dated as of June 27, 2003, by and among News America Incorporated, The News Corpo other Guarantors named therein and The Bank of New York, as Trustee, with respect to the 5% Subordinated Discoun [38]

2.36 Indenture, dated as of March 21, 2003, by and among News America Incorporated, The News Corporation Limited, th named therein and The Bank of New York, as Trustee, with respect to the Beneficial Unsecured exChangeable Securit

2.37 First Supplemental Indenture, dated as of June 27, 2003, by and among News America Incorporated, The News Corpo other Guarantors named therein and The Bank of New York, as Trustee, with respect to the Beneficial Unsecured exC [40]

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2.38	Letter Amendment No. 1 to Five Year Credit Agreement, dated as of August 13, 2003, among News America Incorpo agents and banks. [41]
4.1	Stock Purchase Agreement, dated as of April 9, 2003, by and among The News Corporation Limited, Hughes Electron General Motors Corporation. [42]
4.2	Amendment No. 1 to the Stock Purchase Agreement, dated as of April 25, 2003, by and among The News Corporation Electronics and General Motors Corporation. [43]
4.3	Amendment No. 2 to the Stock Purchase Agreement, dated as of August 20, 2003, by and among The News Corporati Electronics Corporation and General Motors Corporation. [44]
4.4	Agreement and Plan of Merger, dated as of April 9, 2003, by and among Hughes Electronics Corporation, The News C and GMH Merger Sub, Inc. [45]
4.5	Amendment No. 1 to the Agreement and Plan of Merger, dated as of July 16, 2003, by and among Hughes Electronics News Corporation Limited and GMH Merger Sub, Inc. [46]
4.6	Employee Matters Agreement, dated as of April 9, 2003, by and between Hughes Electronics Corporation and The Ne Limited. [47]
4.7	Registration Rights Agreement, dated as of April 9, 2003, by and between The News Corporation Limited and Genera [48]
8	List of Subsidiaries.*
11	Standards of Business Conduct of The News Corporation Limited and Subsidiaries*
12.1	Certification of the Chairman and Chief Executive pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange A to Section 302 of the Sarbanes-Oxley Act of 2002.*
12.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act, as ac Section 302 of the Sarbanes-Oxley Act of 2002.*
13.1	Certification of the Chairman and Chief Executive pursuant to USC Section 1350, as adopted pursuant to Section 906 Act of 2002.*
13.2	Certification of the Chief Financial Officer pursuant to USC Section 1350 as adopted pursuant to Section 906 of the Sa 2002.*
14.1	Consent of Ernst & Young regarding The News Corporation Limited.*
14.2	Consent of Ernst & Young LLP regarding Fox Entertainment Group, Inc.*
14.3	Notice regarding consent of Arthur Andersen LLP regarding Fox Entertainment Group, Inc.*
14.4	Consent of Reconta Ernst & Young S.p.A. regarding Stream S.p.A.*
14.5	Notice regarding consent of Arthur Andersen LLP regarding Stream S.p.A.*
14.6	Consent of Ernst & Young regarding Gemstar TV Guide International, Inc.*

* Filed herewith.

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[1] Incorporated by reference to Exhibit 1.3 to the Annual Report of The News Corporation Limited on Form 20-F (File No. 1-
Securities and Exchange Commission for the fiscal year ended June 30, 1994.

[2] Incorporated by reference to Exhibit 1.1 to the Annual Report of The News Corporation Limited on Form 20-F (File No. 1-
Securities and Exchange Commission for the fiscal year ended June 30, 1995.

[3] Incorporated by reference to Exhibit 1.3 to the Annual Report of The News Corporation Limited on Form 20-F (File No. 1-
Securities and Exchange Commission for the fiscal year ended June 30, 1997.

[4] Incorporated by reference to Exhibit 4.2 to the Registration Statement of The News Corporation Limited on Form F-4 (Reg
333-6190) filed with the Securities and Exchange Commission on December 20, 1996.

[5] Incorporated by reference to Exhibit 4.1 to the Registration Statement of The News Corporation Limited on Form S-8 (Reg
333-10338) filed with the Securities and Exchange Commission on May 10, 1999.

[6] Incorporated by reference to Exhibit 10.1 to the Annual Report of Fox Entertainment Group, Inc. on Form 10-K (File No. 1
Securities and Exchange Commission for the fiscal year ended June 30, 2003.

[7] Incorporated by reference to Exhibit (a) to the Registration Statement of The News Corporation Limited on Form 8-A (File
the Securities and Exchange Commission on November 2, 1994.

[8] Incorporated by reference to Exhibit A of Exhibit 4.2 to Amendment No. 1 to the Registration Statement of The News Corp
Form F-3 (Registration No. 333-13556) filed with the Securities and Exchange Commission on June 29, 2001.

[9] Incorporated by reference to Exhibit (a) to the Registration Statement of The News Corporation Limited on Form 8-A/A N
filed with the Securities and Exchange Commission on November 2, 1994.

[10] Incorporated by reference to Exhibit A of Exhibit (c) to the Registration Statement of The News Corporation Limited on Fo
1-9141) filed with the Securities and Exchange Commission on November 2, 1994.

[11] Incorporated by reference to Exhibit 4.1 to Amendment No. 1 to the Registration Statement of The News Corporation Limi
(Registration No. 333-13556) filed with the Securities and Exchange Commission on June 29, 2001.

[12] Incorporated by reference to Exhibit 4.29 to the Annual Report of Fox Entertainment Group, Inc. on Form 10-K (File No. 1
Securities and Exchange Commission for the fiscal year ended June 30, 2003.

[13] Incorporated by reference to Exhibit 2 to the Report of The News Corporation Limited on Form 6-K filed with the Securiti
Commission dated January 28, 1993.

[14] Incorporated by reference to Exhibit 2 to the Report of The News Corporation Limited on Form 6-K filed with the Securiti
Commission dated April 26, 1993.

[15] Incorporated by reference to Exhibit 3 to the Report of The News Corporation Limited on Form 6-K filed with the Securiti
Commission dated April 26, 1993.

[16] Incorporated by reference to Exhibit 4.7 to the Registration Statement of News America Holdings Incorporated (currently N
Incorporated) on Form F-3 (Registration No. 33-63604) and Post-Effective Amendment No. 1 to the Registration Statemen
America Holdings Incorporated (Registration No. 33-59688) filed with the Securities and Exchange Commission on May 2

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17 Incorporated by reference to Exhibit 4.8 to the Registration Statement of News America Holdings Incorporated (currently N Incorporated) on Form F-3 (Registration No. 33-63604) and Post-Effective Amendment No. 1 to the Registration Statemen America Holdings Incorporated (Registration No. 33-59688) filed with the Securities and Exchange Commission on May 2

18 Incorporated by reference to Exhibit 4.6 to the Registration Statement of News America Holdings Incorporated (currently N Incorporated) on Form F-3 (Registration No. 33-74574) filed with the Securities and Exchange Commission on January 28

19 Incorporated by reference to Exhibit 4.7 to Amendment No. 1 to the Registration Statement of News America Holdings Inc News America Incorporated) on Form F-3 (Registration No. 33-74574) filed with the Securities and Exchange Commissio

20 Incorporated by reference to Exhibit 4.8 to Amendment No. 1 to the Registration Statement of News America Holdings Inc News America Incorporated) on Form F-3 (Registration No. 33-79334) filed with the Securities and Exchange Commissio

21 Incorporated by reference to Exhibit 4.9 to Amendment No. 1 to the Registration Statement of News America Holdings Inc News America Incorporated) on Form F-3 (Registration No. 33-79334) filed with the Securities and Exchange Commissio

22 Incorporated by reference to Exhibit 4.10 to the Registration Statement of News America Holdings Incorporated (currently Incorporated) on Form F-3 (Registration No. 33-94868) filed with the Securities and Exchange Commission on July 24, 19

23 Incorporated by reference to Exhibit 10.12 to the Annual Report of Fox Entertainment Group, Inc. on Form 10-K (File No. the Securities and Exchange Commission on September 28, 2001.

24 Incorporated by reference to Exhibit 10.13 to the Annual Report of Fox Entertainment Group, Inc. on Form 10-K (File No. the Securities and Exchange Commission on September 28, 2001.

25 Incorporated by reference to Exhibit 4.14 to the Annual Report of Fox Entertainment Group, Inc. on Form 10-K (File No. 1 Securities and Exchange Commission for the fiscal year ended June 30, 2003.

26 Incorporated by reference to Exhibit 4.1 to Amendment No. 1 to the Registration Statement of News America Holdings Inc News America Incorporated) on Form F-3 (Registration No. 33-59688) filed with the Securities and Exchange Commissio

27 Incorporated by reference to Exhibit 4.2 to the Registration Statement of The News America Holdings Incorporated (curren Incorporated) on Form F-3 (Registration No. 33-63604) and Post-Effective Amendment No. 1 to the Registration Statemen Holdings Incorporated on Form F-3 (Registration No. 33-59688) filed with the Securities and Exchange Commission on M

28 Incorporated by reference to Exhibit 4.3 to the Registration Statement of News America Holdings Incorporated (currently N Incorporated) on Form F-3 (Registration No. 33-63604) and Post-Effective Amendment No. 1 to the Registration Statemen Holdings Incorporated on Form F-3 (Registration No. 33-59688) filed with the Securities and Exchange Commission on M

29 Incorporated by reference to Exhibit 4.14 to Amendment No. 1 to the Registration Statement of News America Holdings In News America Incorporated) on Form F-3 (Registration No. 33-98238) filed with the Securities and Exchange Commissio

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[30] Incorporated by reference to Exhibit 4.15 to Amendment No. 1 to the Registration Statement of News America Holdings In
News America Incorporated) on Form F-3 (Registration No. 33-98238) filed with the Securities and Exchange Commissio
[31] Incorporated by reference to Exhibit 4.6 to the Registration Statement of News America Incorporated on Form F-4 (Registr
filed with the Securities and Exchange Commission on May 12, 1998.
[32] Incorporated by reference to Exhibit 10.20 to the Annual Report of Fox Entertainment Group, Inc. on Form 10-K (File No.
the Securities and Exchange Commission on September 28, 2001.
[33] Incorporated by reference to Exhibit 10.21 to the Annual Report of Fox Entertainment Group, Inc. on Form 10-K (File No.
the Securities and Exchange Commission on September 28, 2001.
[34] Incorporated by reference to Exhibit 4.23 to the Annual Report of Fox Entertainment Group, Inc. on Form 10-K (File No. 1
Securities and Exchange Commission for the fiscal year ended June 30, 2003.
[35] Incorporated by reference to Exhibit 4(i) to the Registration Statement of The News Corporation Limited on Form F-3 (Reg
333-6896) filed with the Securities and Exchange Commission on May 9, 1997.
[36] Incorporated by reference to Exhibit 2.39 to the Annual Report of The News Corporation Limited on Form 20-F (File No.
Securities and Exchange Commission for the fiscal year ended June 30, 2001.
[37] Incorporated by reference to Exhibit 2.40 to the Annual Report of The News Corporation Limited on Form 20-F (File No.
Securities and Exchange Commission for the fiscal year ended June 30, 2001.
[38] Incorporated by reference to Exhibit 4.27 to the Annual Report of Fox Entertainment Group, Inc. on Form 10-K (file No. 1
Securities and Exchange Commission for the fiscal year ended June 30, 2003.
[39] Incorporated by reference to Exhibit 4.1 Amendment No. 1 to the Registration Statement on Form F-3/S-3 of News Americ
(Registration No. 333-106837) filed with the Securities and Exchange Commission on August 19, 2003.
[40] Incorporated by reference to Exhibit 4.2 Amendment No. 1 to the Registration Statement on Form F-3/S-3 of News Americ
(Registration No. 333-106837) filed with the Securities and Exchange Commission on August 19, 2003.
[41] Incorporated by reference to Exhibit 10.2 to the Annual Report of Fox Entertainment Group, Inc. on Form 10-K (File No. 1
Securities and Exchange Commission for the fiscal year ended June 30, 2003.
[42] Incorporated by reference to Exhibit 99.A to the Current Report on Form 6-K of The News Corporation Limited (Registrat
with the Securities and Exchange Commission on April 14, 2003.
[43]. Incorporated by reference to Exhibit 2.2 to the Registration Statement of The News Corporation Limited on Form F-4 (Reg
333-105853) filed with the Securities and Exchange Commission on June 5, 2003.
[44] Incorporated by reference to Exhibit 2.7 to Amendment No. 2 to the Registration Statement of The News Corporation Limi
(Registration Statement No. 333-105853) filed with the Securities and Exchange Commission on August 21, 2003.
[45] Incorporated by reference to Exhibit 99.B to the Current Report on Form 6-K of The News Corporation Limited (Registrati
with the Securities and Exchange Commission on April 14, 2003.

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[46] Incorporated by reference to Exhibit 2.5 to Amendment No. 1 to the Registration Statement of The News Corporation Limi (Registration No. 333-105853) filed with the Securities and Exchange Commission on July 24, 2003.

[47] Incorporated by reference to Exhibit 99.5 to the Registration Statement of The News Corporation Limited on Form F-4 (Re 333-105853) filed with the Securities and Exchange Commission on June 5, 2003.

[48] Incorporated by reference to Exhibit 99.6 to the Registration Statement of The News Corporation Limited on Form F-4 (Re 333-105853) filed with the Securities and Exchange Commission on June 5, 2003.

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authori
sign this annual report on its behalf.

THE NEWS CORPORATION LIMITED

Date: October 29, 2003.

By: /s/ Arthur M. Siskind

Arthur M. Siskind
Director

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THE NEWS CORPORATION LIMITED AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors

The News Corporation Limited

We have audited the accompanying consolidated statements of financial position of The News Corporation Limited and subsidiar and 2002, and the related consolidated statements of financial performance, cash flows, and shareholders equity for each of the ended June 30, 2003. These financial statements are the responsibility of the Company s management. Our responsibility is to ex these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Australia and in the United States of Ameri require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of mater audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit a the accounting principles used and significant estimates made by management, as well as evaluating the overall financial stateme believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated fin News Corporation Limited and subsidiaries at June 30, 2003 and 2002, and the consolidated results of their operations and their c the three years in the period ended June 30, 2003, in conformity with accounting principles generally accepted in Australia, whicl respects from accounting principles generally accepted in the United States of America (see notes 34 and 35 to the consolidated f

/s/ ERNST & YOUNG

Sydney, Australia

August 28, 2003

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Statement of Financial Performance

FOR THE YEAR ENDED 30 JUNE, 2003

		Conso	
		2003	2
	Note	A $ million (except pe	
Sales revenue	2,3	29,913	2
Operating expenses	2	(25,561)	(2
Operating income	2	4,352	
Net loss from associated entities	5	(89)	(
Borrowing costs	4	(1,000)	(
Investment income	4	209	
Net borrowing costs		(791)	(
Dividend on exchangeable securities	4	(94)	
Other revenues before income tax	6	679	
Other expenses before income tax	6	(1,057)	(1
Change in accounting policy before tax	7		
Profit (loss) from ordinary activities before income tax		3,000	(1
Income tax (expense) benefit on			
Ordinary activities before change in accounting policy and other items		(989)	
Other items	6	215	
Change in accounting policy			
Net income tax (expense) benefit	8	(774)	
Net profit (loss) from ordinary activities after income tax		2,226	(1
Net profit attributable to outside equity interests	9	(418)	
Net profit (loss) attributable to members of the parent entity		1,808	(1
Net exchange (losses) gains recognised directly in equity		(4,064)	(
Items recognised directly in equity		152	
Total change in equity other than those resulting from transactions with owners as owners		(2,104)	(1
Basic earnings per share on net profit (loss) attributable to members of the parent entity			
Ordinary shares	11	$ 0.307	$ (
Preferred limited voting ordinary shares	11	$ 0.368	$ (
Ordinary and preferred limited voting ordinary shares	11	$ 0.344	$ (
Diluted earnings per share on net profit (loss) attributable to members of the parent entity			

Ordinary shares	11	$ 0.305	$ (
Preferred limited voting ordinary shares	11	$ 0.366	$ (
Ordinary and preferred limited voting ordinary shares	11	$ 0.342	$ (

The Statement of Financial Performance is to be read in conjunction with the Statement of Shareholders Equity and the accomp

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Statement of Financial Position

AS AT 30 JUNE, 2003

	No
Assets	
Current Assets	
Cash	
Receivables	
Inventories	
Other	
Total Current Assets	
Non-Current Assets	
Cash on deposit	
Receivables	
Investments in associated entities	
Other investments	
Inventories	
Property, plant and equipment	
Publishing rights, titles and television licences	
Goodwill	2
Other	
Total Non-Current Assets	
Total Assets	
Liabilities and Shareholders Equity	
Current Liabilities	
Interest bearing liabilities	2
Payables	2
Tax liabilities	2
Provisions	2
Total Current Liabilities	
Non-Current Liabilities	
Interest bearing liabilities	2
Payables	2
Tax liabilities	2
Provisions	2
Total Non-Current Liabilities excluding exchangeable securities	
Exchangeable securities	2

Total Liabilities

Shareholders Equity

Contributed equity

Reserves

Retained profits

Shareholders equity attributable to members of the parent entity

Outside equity interests in controlled entities

Total Shareholders Equity

Total Liabilities and Shareholders Equity

Contingent liabilities

Commitments

The Statement of Financial Position is to be read in conjunction with the Statement of Shareholders Equity and the accompanyi

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Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE, 2003

		Co
		2003
	Note	A
Operating activity		
Net profit (loss) attributable to members of the parent entity		1,808
Adjustment for non-cash and non-operating activities:		
Associated entity earnings, net of dividends		194
Outside equity interest		421
Depreciation and amortisation		776
Other items, net		90
Change in accounting policy after tax		
Change in financial position:		
Receivables		(559)
Inventories		(206)
Payables		(657)
Tax liabilities and provisions		616
Cash provided by operating activity		2,483
Investing and other activity		
Property, plant and equipment		(551)
Acquisitions, net of cash acquired	32	(644)
Investments in associated entities		(794)
Other investments		(145)
Repayment of loan by an associate		170
Proceeds from sale of non-current assets		167
Cash (used in) provided by investing activity		(1,797)
Financing activity		
Issuance of debt and exchangeable securities		3,172
Repayment of debt and exchangeable securities		(3,673)
Cash on deposit	13	(698)
Issuance of shares		1,927
Repurchase of preferred shares		
Dividends paid		(272)
Leasing and other finance costs		
Cash provided by (used in) financing activity		456
Net increase in cash		1,142
Opening cash balance		6,337
Exchange movement on opening cash balance		(733)
Closing cash balance	13	6,746

Gross cash flows from operating activity	
Cash from trading operations	
Receipts	29,361
Payments	(25,561)
	3,800
Dividend and distribution receipts	48
Interest receipts	207
Interest payments	(1,084)
Income tax payments	(394)
Dividends paid on exchangeable securities	(94)
Cash provided by operating activity	2,483

The Statement of Cash Flows is to be read in conjunction with the accompanying notes.

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Statement of Shareholders Equity

FOR THE YEAR ENDED 30 JUNE, 2003

	Consolidated A$ million							
	Contributed Equity			**Reserves**			**Retained Profits**	**Outs int co c**
	Ordinary Share Capital	Preferred Limited Voting Share Capital	Perpetual Preference Share Capital	Asset Revaluation	Foreign Exchange Fluctuation	Associated Entities		
Balance at 30 June, 2000	4,799	6,080	490	3,143	3,865	(189)	11,691	
Net loss							(746)	
Transfers between reserves					63	(329)	266	
Items recognised directly in equity						1,060		
Dividends declared and proposed							(305)	
Dividend reinvestment	32	62						
Issue of shares	605	8,763						
Exchange gain on translation of net assets of controlled entities					3,309	(23)		
Outside equity interest, net								
Shares acquired and cancelled under share buyback		(91)						
Elimination of associate s reciprocal shareholding	(4)	(1)						
Balance at 30 June, 2001	5,432	14,813	490	3,143	7,237	519	10,906	
Net loss							(11,962)	
Transfers between reserves					2	(1,262)	1,260	
Items recognised directly in equity						(267)		
Dividends declared							(203)	
Dividend reinvestment	30	56						
Issue of shares	4	7,432						
Exchange loss on translation of net assets					(3,021)			

of controlled entities								
Outside equity interest, net								
Elimination of associate s reciprocal shareholding	(18)							
Balance at 30 June, 2002	5,448	22,301	490	3,143	4,218	(1,010)	1	
Net profit							1,808	
Transfers between reserves						321	(321)	
Items recognised directly in equity						152		
Dividends declared							(351)	
Dividend reinvestment	27	56						
Issue of shares		103						
Exchange loss on translation of net assets of controlled entities					(4,064)			
Outside equity interest, net								
Elimination of associate s reciprocal shareholding	(9)	11						
Balance at 30 June, 2003	5,466	22,471	490	3,143	154	(537)	1,137	

The Statement of Shareholders Equity is to be read in conjunction with the accompanying notes.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 1 Significant accounting policies

Underlying principles

The Full Financial Report has been prepared as a general-purpose financial report that complies with the requirements of the Cor
Australian Accounting Standards and Urgent Issues Group Consensus Views. The Full Financial Report has been prepared on a b
the previous year. The Full Financial Report has been prepared in accordance with historical cost convention.

Where necessary, comparative amounts have been reclassified and repositioned for consistency with current year disclosures.

Principles of consolidation

The consolidated financial statements include the accounts of the parent entity, The News Corporation Limited (The Company
entities, referred to collectively throughout this report as the Group. For financial reporting purposes, control generally means ow
interest in an entity but may, in certain instances, result from other considerations, including the Group s capacity to dominate de
relation to the financial and operating policies of the entity. Information from the financial statements of controlled entities, inclu
included from the date the Group obtains control until such time as control ceases. Where there is loss of control, the consolidated
include the results for the part of the reporting period during which the Group has control.

Although the Group has less than a majority voting interest in Fox Television Holdings, Inc. (FTH), this entity is included in t
statements because (i) the Group has the ability to redeem the majority voting interest at any time, (ii) the dividends on and the a
redemption of the majority voting interest are fixed, and not related to the performance of FTH, and (iii) senior management of F
Board of Directors, consists solely of persons employed by the Group.

These consolidated financial statements also include the Group s portion of the results of associated entities over which it has sig
Where accounting policies of associated entities differ from those adopted by the Group, adjustments have been made to achieve
accounting policies followed by the Group.

Financial statements of controlled entities and associated entities are, for consolidation purposes, adjusted to comply with Group
accepted accounting principles in Australia. All intercompany balances and transactions, including unrealized profits arising from
transactions, have been eliminated in full. Acquisitions of controlled entities are accounted for using the purchase method of acco

Revenue recognition

Revenues from the theatrical distribution or licensing of motion pictures are recognised when the following conditions are met:

a. Persuasive evidence of a sale or licensing arrangement with a customer exists;
b. The film is complete and, in accordance with the terms of arrangement, has been delivered or is available for immediate and u
c. The licence period of the arrangement has begun and the customer can begin its exploitation, exhibition or sale;
d. The arrangement fee is fixed or determinable; and
e. Collection of the arrangement fee is reasonably assured.

Revenues from home video and DVD sales are recognised on the date that video and DVD units are made widely available for sa
Group-imposed restrictions have expired.

Licence agreements for the telecast of theatrical and television product in the broadcast network, syndicated television and cable
routinely entered into in advance of their available date for telecast. Cash received in connection with such contractual rights for
yet recognisable is classified as deferred revenue within payables. Because deferred revenue generally relates to contracts for the
and television product which has already been produced, the recognition of revenue for such completed product is principally onl
commencement of the availability period for telecast under the terms of the related licensing agreement.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

Television advertising revenue is recognised as the commercials are aired. Subscriber fees received from cable system operators a
satellite services are recognised as revenue in the period services are provided.

Advertising revenue from newspapers, magazines and inserts is recognised when the advertisements are published. Revenues fro
newspaper circulation are recognised upon passing of control to the buyer.

Cash and Cash Equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

For purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily co

Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined by the first in first out or average cost metho
of inventories depending on the nature of the item, and by specific identification for the balance.

Program rights, and the related liability, for entertainment programs and sporting events are recorded at cost when the programs a
telecast. Program rights are primarily amortised on a straight-line basis, generally based on the usage of the program or term of th
cable programming are amortised on an accelerated basis. The current portion of program rights represents the estimated amount
next financial year.

The Group has a number of multi-year contracts for the television rights of certain sporting events. At the inception of these contr
subsequent reporting date, the Group evaluates the recoverability of the costs associated therewith, using aggregate estimated adv
directly associated with the program material and related expenses. When an evaluation indicates that a multi-year contract will r
loss, additional amortisation is provided to recognise such loss in the current year. Such loss is reflected in Other expenses.

The costs of sports contracts entered into by Fox Broadcasting Company are recorded as an operating expense based on the ratio
operating profits to estimated total operating profits. Estimates of total operating profits can change and, accordingly, are reviewe

amortisation is adjusted as necessary. Such changes in the future could be material.

Projects in progress are carried at cost which consists of the cost of material, labour and appropriate overhead expenses.

Film costs include direct production, production overhead and capitalised interest costs, net of any allocated amounts received fro
These costs, as well as participation and talent residuals, are amortised on an individual film basis in the ratio that the current yea
to management s estimate of total ultimate gross revenues from all sources. Marketing costs and development costs under term c
incurred. Development costs for projects not produced after three years are written off.

Film costs are stated at the lower of unamortised cost or estimated fair value on an individual film or television series basis. Reve
motion pictures and television products are continually reviewed by management and revised when warranted by changing condi
of total revenues and other events or changes in circumstances indicate that a motion picture or television production has a fair va
unamortised cost, a loss is recognised in the current year for the amount by which the unamortised cost exceeds the film or televi
value.

Filmed entertainment costs are classified as non-current assets to be consistent with United States generally accepted accounting
provides comparability of the Group s financial position against its competitors.

Recoverable amount

Non-current assets are written down to the recoverable amount where the carrying value of a non-current asset exceeds its recove

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

The recoverable amount of publishing rights, titles and television licences and goodwill has been determined by discounting the e
inflows arising from their continued use or sale. Discounting has not been used to determine the recoverable amount of all other n

Investment in associated entities

The Group uses the equity method of accounting for its investments in associated entities. Under this method, investments in asso
initially recognised at cost of acquisition and the carrying value is subsequently adjusted for increases or decreases in the Group
post-acquisition results and reserves of each associated entity. Investments in associated entities are carried at the lower of the eq
and recoverable amount in the consolidated financial report.

Investments in associated entities are decreased by the amount of dividends received.

Associated entities include interests in non-controlled partnerships and joint venture entities.

Property, plant and equipment

Depreciation is provided for by a charge to the Statement of Financial Performance over the expected useful life of each class of
and buildings are amortised over the shorter of the period of the lease or the useful life of the asset.

The following are the main depreciation rates per annum used:

Freehold buildings	2%	10
Leasehold premises	2%	33
Plant and equipment	3%	50
Plant and equipment under lease	10%	40

Publishing rights, titles and television licences

As a creator and distributor of branded content, the Group has significant intangible assets including, television licences, newspap distribution networks, sport franchises, publishing rights and other copyright products and trademarks. These assets are stated at t recoverable amount. While television licences in the United States are renewable every five years, the Directors have no reason to not be renewed. No amortisation is provided against these assets since, in the opinion of the Directors, the lives of the publishing television licences are indefinite.

The Group annually assesses the carrying amount of intangible assets to ensure that they are not carried at a value greater than the This assessment is primarily based on the Group s estimate of maintainable earnings before interest, tax, depreciation and amorti key business segments, and an appropriate market-based multiple.

Goodwill

Where the purchase consideration and incidental expenses exceed the fair value of the identifiable net assets acquired, the differe goodwill and written off against operating income on a straight line basis over the period the benefits are expected to arise, but no years.

Developing businesses

Costs incurred in the development of major new activities are capitalised until the operations are commenced on a commercial ba readily identifiable intangibles, such as publishing rights, titles and licenses but not goodwill, are recorded at cost and accounted the relevant accounting policy. Any other costs are amortised over the period in which benefits are expected to be received. There costs of this nature capitalised during the 2003 or 2002 fiscal years.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

Capitalisation of interest

Interest cost on funds invested in major projects with substantial development and construction phases are capitalised until produ
commence. Thereafter, the capitalised interest is amortised over the period in which benefits are expected to be received.

Provisions

Provisions are recognised when the Group has a legal, equitable or constructive obligation to make a future sacrifice of economic
result of past transactions or other past events, when it is probable that a future sacrifice of economic benefits will be required and
can be made of the amount of the obligation.

Employee Benefits

Provision has been made for benefits accruing as a result of employees rendering services up to the reporting date. These benefits
salaries, annual leave, sick leave, long service leave and post retirement benefits.

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefit expected to be settled
of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the
other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of
the employees up to the reporting rate. In determining the present value of future cash outflows, such obligations have been disco
appropriate national government bond rates. Relevant on-costs have been included in the determination of employee benefits pro

The value of the equity based compensation scheme described in Note 25 is not being recognised in the Statement of Financial Po

In respect of the Group s defined benefit superannuation plans the Group recognises pension costs at the required levels of contr
actuarially determined.

Income taxes

The Group follows tax effect accounting procedures. Income tax expense is calculated on the accounting profit after adjusting for
differences. Future income tax benefits relating to tax losses are not recognised as an asset unless the benefit is virtually certain o
Income taxes on cumulative timing differences are reflected in the Statement of Financial Position as future income tax benefit or
liability at income tax rates expected to apply when the underlying timing differences reverse.

There is no present intention to remit to Australia the retained profits or reserves of foreign controlled entities or to realise revalu
the sale of revalued assets. Accordingly, no provision has been made for withholding or other taxes that may become payable ove
a result of such remittance or realisation.

Other revenues and expenses

The Group discloses as Other revenues and Other expenses those transactions, the financial impact of which are included within p
ordinary activities, that are considered significant by reason of their size, nature or effect on the Group s financial performance f
revenues and Other expenses related to transactions of the Group s associated entities are included in Net loss from associated en
items includes both Other revenues and Other expenses.

Foreign currencies

Financial statements of self sustaining foreign controlled entities are translated using the current rate method whereby trading res
the average rates of exchange for the year and assets and liabilities are converted at the closing rates on the period end date. Any
arising on the translation are taken directly to the foreign exchange fluctuation reserve.

All realised and unrealised gains or losses of a trading nature are brought to account within profit (loss) from ordinary activities.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

The Group enters into limited forward foreign exchange contracts with the objective of protecting the Group against future adver
fluctuations. Exchange gains or losses on these contracts are brought to account within the profit (loss) from ordinary activities, e
relate to specific commitments, whereby they are deferred until the commitment to sell or purchase is satisfied. Material foreign e
disclosed in the financial statements.

Dividends

Dividends payable are recognised when their payment is determined by, and announced following, a meeting of the Board of Dir
a change in policy over fiscal 2001 whereby dividends were accrued at year end, even though determined by the Board of Directo
change in accounting policy was not material to the financial statements.

Classification of expenses

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

Earnings per share (EPS)

As the Group has two classes of ordinary shares (ordinary shares and preferred limited voting ordinary shares). EPS is computed
class of ordinary share in accordance with the requirements of AASB 1027 Earnings per Share . Net profit (loss) attributable to
entity is apportioned to both ordinary shareholders and preferred limited voting ordinary shareholders in the ratio of 1 to 1.2, resp
with the rights of the shareholders as described in the Company s Constitution. In order to give effect to this apportionment whe
weighted average preferred limited voting ordinary share is increased by 20% (the Adjusted Preferred) and is then compared t
average ordinary shares and the weighted average Adjusted Preferred. The resulting percentage is then applied to the Net profit (l
members of the parent entity to determine the apportionment for the preferred limited voting ordinary shareholder with the balan
ordinary shareholder.

Basic EPS is calculated as net profit or loss attributable to members of the parent entity, adjusted for dividends on perpetual prefe
by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit or loss attributable to members of the parent entity, adjusted (a) for dividends on perpetual
for the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as exp
other non-discretionary changes in revenue or expenses during the period that would result from dilution of potential ordinary sha
weighted average number of ordinary and dilutive potential ordinary shares, adjusted for any bonus element.

Financial Instruments

Terms and conditions of material financial instruments are disclosed in the following notes. Unless otherwise stated, financial ins
trade receivables and trade payables, are carried at historic cost. The fair value of interest bearing liabilities is disclosed in Note 2
other financial instruments is not materially different from their carrying value.

The fair value of financial instruments, including investments and borrowings, is generally determined by reference to market val
trading on national securities exchanges. In cases where quoted market prices are not available, fair value is based on the present
future cash flows or other valuation techniques.

Reserves

(i) Asset Revaluation: represents excess in asset values over book values at the date assets were historically revalued. No reval
made since 1990. In the 2001 fiscal year, in accordance with AASB 1041 Revaluation of Non-Current Assets , land and
carried at valuation were deemed to a cost basis of measurement. As such no further revaluations will be booked by the Gro

(ii) Foreign Exchange Fluctuation: refer Foreign Currencies above

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

(iii) Associated Entities: represents the Group s share of post acquisition retained earnings and reserves of companies accounte
method and are not available for distribution until they are received as dividends.

Use of Estimates

The preparation of consolidated financial statements in conformity with Generally Accepted Accounting Principles requires man
estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities a
consolidated financial statements, and the reported amounts of revenue and expense during the reporting period. The Group uses
determining the amortisation of filmed entertainment costs and programming contracts. Because of the use of estimates inherent i
reporting process, especially for companies with significant segments in the entertainment business, actual results could differ fro
These differences could be material.

Rounding of Accounts

The accounts have been rounded to the nearest million Australian dollars unless otherwise stated.

Fiscal Year

The Group maintains a 52-53 week fiscal year ending on the Sunday nearest to 30 June. Fiscal years 2001 through 2003 comprise

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 2 Business and geographic segment data

Business Segments

Consolidated

2003 A$ million

	Note	Filmed Entertainment	Television	Cable Network Programming	Direct Broadcast Satellite Television	Magazines & Inserts	Newspapers	Bo Publi
Sales revenue		7,689	8,162	3,891	340	1,583	4,659	
Operating expenses		(6,590)	(6,703)	(3,155)	(444)	(1,145)	(3,973)	(
Operating income		1,099	1,459	736	(104)	438	686	
Net profit (loss) from associated entities before other items	5	13	(33)	40	(279)		70	
Net borrowing costs								
Dividend on exchangeable securities								
Income tax expense before other items								
Outside equity interest before other items	9							
Profit before other items								
Other revenues before income tax	6		47					
Other expenses before income tax	6		(69)		(21)			
Income tax expense on other items	6							
Net (loss) profit from associate other items	5				(162)		257	
Outside equity interest on other items	9							
Net profit (loss) attributable to members of the parent entity		1,112	1,404	776	(566)	438	1,013	

Consolidated

2002 A$ million

	Note	Filmed Entertainment	Television	Cable Network Programming	Direct Broadcast Satellite Television	Magazines & Inserts	Newspapers	Bo Publi
Sales revenue		7,714	8,160	3,569		1,650	4,604	
Operating expenses		(6,810)	(7,287)	(3,189)		(1,202)	(3,782)	(
Operating income		904	873	380		448	822	
Net (loss) profit from associated entities before other items	5	(23)	(97)	(82)	(342)		47	
Net borrowing costs								
Dividend on exchangeable securities								

	Note						
Income tax expense before other items							
Outside equity interest before other items	9						
Profit before other items							
Other revenues before income tax	6			4,234			
Other expenses before income tax	6		(1,240)	(1,689)			
Income tax expense on other items	6						
Net loss from associate other items	5			(50)	(1,045)		(25)
Outside equity interest on other items	9						
Net profit (loss) attributable to members of the parent entity		881	(464)	2,793	(1,387)	448	844

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 2 Business and geographic segment data (continued)

Business Segments		Consolidated 2001 A$ million							
	Note	Filmed Entertainment	Television	Cable Network Programming	Direct Broadcast Satellite Television	Magazines & Inserts	Newspapers	Book Publishing	Other
Sales revenue		6,795	6,838	2,696		1,675	4,600	1,907	1,067
Operating expenses		(6,308)	(5,831)	(2,499)		(1,238)	(3,696)	(1,702)	(1,211)
Operating income		487	1,007	197		437	904	205	(144)
Net (loss) profit from associated entities before other items	5	(36)	(61)	15	(247)		34		133
Net borrowing costs									
Dividend on exchangeable securities									
Income tax expense before other items									
Outside equity interest before other items	9								
Profit before change in accounting policy and other items									
Other revenues before income tax	6		723	1,213					1,399
Other expenses before income tax	6		(888)	(1,111)		(68)			(2,542)
Income tax expense on other items	6								
Net loss from associate other items	5				(78)		(9)		
Change in accounting policy	7	(1,107)							
Income tax benefit on change in accounting policy									

Net (loss) profit attributable to members of the parent entity	(656)	781	314	(325)	369	929	205	(1,154)

Intersegment revenues generated primarily by the Filmed Entertainment segment of $1,127 million (2002 $1,484 million, 2001 $
eliminated on consolidation within the Filmed Entertainment segment. Intersegment operating (losses) profits generated primaril
Entertainment segment of ($23 million) (2002 $76 million, 2001 $24 million) have been eliminated on consolidation within the F
segment.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 2 Business and geographic segment data (continued)

Business Segments	Consolidated 2003 A$ million								
	Note	Filmed Entertainment	Television	Cable Network Programming	Direct Broadcast Satellite Television	Magazines & Inserts	Newspapers	Book Publishing	Othe
Assets									
Investments in associated entities		99	9	2,585	1,124		590		1,11
Segment assets		6,468	19,888	9,016	3,559	2,181	7,695	2,927	1,84
Corporate assets									
Total assets		6,567	19,897	11,601	4,683	2,181	8,285	2,927	2,96
Liabilities									
Segment liabilities		3,618	3,968	807	1,415	483	591	759	1,49
Corporate liabilities									
Total liabilities		3,618	3,968	807	1,415	483	591	759	1,49
Acquisition of assets		20	1,066	123	2,052	3	93	8	22
Depreciation and amortisation		129	177	73	44	11	225	9	10
Other non-cash expenses	4		69		21				82

	Consolidated 2002 A$ million								
	Note	Filmed Entertainment	Television	Cable Network Programming	Direct Broadcast Satellite Television	Magazines & Inserts	Newspapers	Book Publishing	Othe
Assets									
Investments in associated entities		79	183	2,826	1,579		403		1,80
Segment assets		7,380	22,864	10,627		2,527	8,249	3,037	1,74
Corporate assets									
Total assets		7,459	23,047	13,453	1,579	2,527	8,652	3,037	3,55
Liabilities									
Segment liabilities		4,209	4,965	1,146		488	755	630	1,36
Corporate liabilities									

Total liabilities		4,209	4,965	1,146		488	755	630	1,36
Acquisition of assets		103	5,473	1,546		9	197	10	24
Depreciation and amortisation	4	131	193	82		13	225	15	9
Other non-cash expenses			1,238	1,683		12			14,45

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 2 Business and geographic segment data (continued)

Geographic Segments

	Consolidated 2003 A$ milli		
	USA	Europe	Aust
Sales revenue	22,689	4,713	2,511
Net (loss) profit from associated entities before other items	(64)	(155)	60
Other revenues before income tax	516	116	47
Net (loss) profit from associate Other items	(246)	59	257
Assets			
Investment in associated entities	3,479	360	1,687
Segment assets	38,794	10,091	4,697
Corporate assets			
Total assets	42,273	10,451	6,384
Acquisition of assets	1,189	2,306	98

	Consolidated 2002 A$ milli		
	USA	Europe	Aust
Sales revenue	22,194	4,418	2,402
Net (loss) profit from associated entities before other items	(222)	(113)	21
Other revenues before income tax	5,579		48
Net loss from associate Other items	(50)	(1,045)	(25)
Assets			
Investment in associated entities	4,456	671	1,748
Segment assets	44,035	7,247	5,147
Corporate assets			
Total assets	48,491	7,918	6,895
Acquisition of assets	7,259	202	119

	Consolidated		
	2001 A$ milli		
	USA	Europe	Aust
Sales revenue	19,094	4,185	2,299
Net (loss) from associated entities before other items	(85)	(73)	(4)
Other revenues before income tax	2,330	973	32

In April 2003, the Group and Telecom Italia completed the previously announced acquisition of Telepiu, S.p.A. (Telepiu) fror
Telepiu has been merged with Stream S.p.A (Stream), and the combined platform has been renamed SKY Italia, which is own
and 19.9% by Telecom Italia. The results of SKY Italia have been included in the Group s Statement of Financial Performance f
date of acquisition, and are presented in a new segment, Direct Broadcast Satellite Television. Prior year segment disclosure, incl
associated entities, has been reclassified, as appropriate, to conform to this new presentation.

Total segment revenue per AASB 1005 Segment Reporting is the addition of Sales revenue, Net profit (loss) from associated e
items, Other revenues before income tax and Net profit (loss) from associate Other items.

Sales are grouped based on country of origin. There were no material intersegment sales between geographic areas.

Aust stands for Australasia and comprises Australia, Asia, Fiji, Papua New Guinea and New Zealand.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

	2003
NOTE 3 Sales revenue	
Sales revenue	
Rendering of services	29,91
NOTE 4 Revenue and expense items	
Operating income is arrived at after charging:	
Loss on sale of property, plant and equipment	1
Operating lease rentals and rent	37
Trade debts written off	14
Net charge to provisions for:	
Doubtful debts and rebates	28
Other	7
Depreciation and amortisation	
Goodwill	7
Property, plant and equipment	64
Leased assets	5
	77

	A$ 000
Auditors remuneration	
Amounts paid or payable for auditing the accounts of the parent entity and certain controlled entities:	
Service provider	
Ernst & Young	13,994
Arthur Andersen	
Other auditors	404
	14,398
Amounts paid or payable for other services:	
Service provider	
Ernst & Young	18,090
Arthur Andersen	
Other auditors	8,048
	26,138
Net borrowing costs	
Interest expense:	

Unrelated entities	(1,000)
Interest income:	
Unrelated entities	202
Associated entities (a)	7
	209
Dividends paid on exchangeable securities	(94)
Interest capitalised:	
Property, plant and equipment and other assets	
Film inventories	45
	45
Amortisation of capitalised interest	(60)

(a) Includes $5 million (2002 $10 million, 2001 $12 million) interest income received from Queensland Press Pty. Limited in rela
unsecured loan facility provided by the Group as described in Note 30. This loan was repaid in full during fiscal 2003.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

	200
NOTE 5 Associated entities	
The Group s share of the profit (loss) after income tax of its associated entities consist principally of	
British Sky Broadcasting Group plc	
Stream, S.p.A (a)	13
Sky Latin America	(29
Sky Brasil (formerly Net Sat Servicos Ltda)	(5
Innova, S.de R.L de C.V. (Mexico)	(3
Other	(4
Fox Sports Cable Networks	4
FOXTEL	(1
ESPN Star Sports	
Other associated entities	10
	(15
Other items after income tax (b)	7
Net loss from associated entities	(8
Net loss from associated entities comprises:	
Attributable to joint venture entities	(31
Attributable to other associated entities	22
Net loss from associated entities	(8
Net loss from associated entities comprises:	
Loss before income tax	(6
Income tax	(2
Net loss from associated entities	(8

(a) In April 2003, the Group acquired a controlling interest in Stream S.p.A (Stream), which concurrently acquired all of the Telepiu, S.p.A (Telepiu), a majority-owned subsidiary of Vivendi Universal and Stream s only direct competitor in the Television business in Italy. The aggregate consideration paid for Telepiu consisted of 438 million ($711 million) in cash 350 million ($602 million) in indebtedness. The excess purchase price over the fair value of the net assets acquired of $1, within publishing rights, titles and television licences.

Telepiu has been merged with Stream, and the combined platform has been renamed SKY Italia, which is owned 80.1% by the G
Telecom Italia. The results of SKY Italia have been included in the Group s Consolidated Statement of Financial Performance fr
date of acquisition, and is presented in a new segment, Direct Broadcast Satellite Television. As a result of the acquisition, comm
the Group ceased to equity account its share of Stream s results.

(b) The 2003 Other items primarily reflect the Group s share of a gain arising from the sale of the publishing assets of Indeper
Limited, a New Zealand media company. This is partially offset by a charge to reflect the permanent diminution of the asse
Multi-Country Partners, a Latin American DTH platform, due to the sustained losses of the platform and the decision of the
future financial support of this business.

The 2002 Other items primarily represents the Group s equity accounted share of the write off by its associate British Sky Broad
(BSkyB) of its investment in KirchPayTV.

At 30 June, 2002, the Group s investment in BSkyB was recorded at zero, and as a result the Group ceased to equity account its
In fiscal 2002, the Group did not record $135 million of its share of BSkyB s losses. Subsequently, the Group recommenced equ
of BSkyB s results from 11 November, 2002 after not recording $135 million of its share of BSkyB s profit.

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FOR THE YEAR ENDED 30 JUNE, 2003

	2003
NOTE 6 Other items	
The profit (loss) from ordinary activities before tax includes the following Other items whose disclosure is relevant in explaining the financial performance of the Group	
Disposal of interests in subsidiaries (a)	504
Sale of Fox Family Worldwide (b)	
Sale of Echostar shares (c)	
Sale of Outdoor Life (d)	
Sale of The Golf Channel (e)	
Sale of TM3 (f)	
Write down of investment in Gemstar (g)	(551)
Write down of investment in Knowledge Enterprises (h)	(158)
Early extinguishment of debt (i)	(143)
Write down of sports rights (j)	
Write down of investment in Stream (k)	
Write down of investment in KirchMedia (l)	
Office closure costs and other	
Write down of investment in One.Tel (m)	
Healtheon/WebMD transaction restructure, net (n)	
Disposal and write down of other non-current assets (o)	(30)
	(378)
Income tax benefit (expense) attributable to Other items	215
Other loss after tax	(163)
Other loss after tax comprises:	
Other revenues before income tax	679
Other expenses before income tax	(1,057)
Income tax benefit (expense) attributable to Other items	215
	(163)

(a) Primarily relates to the sale by Fox Entertainment Group (FEG), a subsidiary of the Group, of 50 million shares of its Cl net proceeds of approximately US$1.2 billion ($1.8 billion). Upon consummation of the offering, in November 2002, the G voting interest in FEG decreased from 85.32% and 97.84% to 80.58% and 97%, respectively. The resulting gain has been r revenue.

(b) In October 2001, a subsidiary of the Group, Fox Broadcasting Company (FOX), Haim Saban and the other shareholders
Worldwide, Inc. (FFW), sold FFW to The Walt Disney Company (Disney) for total consideration of approximately $
assumption of certain debt), of which approximately $3.2 billion was in consideration of the Group s interest in FFW. As a
transaction, the Group recognised a gain on sale of $2,323 million. In addition, the Group sublicensed certain post-season M
(MLB) games through the 2006 MLB season to Disney for aggregate consideration of approximately $1.2 billion, payab
of the sublicense.

(c) During fiscal 2002 and 2001, the Group sold its investment in EchoStar Communications Corporation for total consideratio
and $635 million and recorded a gain on the sale of $468 million and $415 million, respectively.

(d) On 25 July, 2001, as a result of the exercise of rights by existing shareholders, FEG acquired 50.23% of Outdoor Life Netw
Life) for approximately $608 million. This acquisition resulted in FEG owning 83.18% of Outdoor Life. On 23 August, 2
Outdoor Life exercised its option to acquire FEG s ownership interest in Outdoor Life for $977 million in cash. Upon the c
Group recognised a gain of $271 million.

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

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 6 Other items (continued)

(f) In March 2000, News Germany Television Holdings Gmbh, a subsidiary of the Group, purchased a 34% interest in TM3 K increase its holdings to 100%) for total consideration of $301.4 million. In January 2001, the Group agreed to sell TM3 to consideration of $265 million and $427 million in newly issued shares of KirchMedia. The Group based its valuation of the three different factors: (i) previous equity transactions that KirchMedia had entered into with other investors, (ii) a required payment of $427 million if KirchMedia did not issue such shares, and (iii) the put option the Group received over its Kirch KirchMedia s parent in the amount of $427 million. The Group recorded a gain on this sale of approximately $18 million.

(g) In July 2000, TV Guide, Inc. (TVG) completed a merger with Gemstar International Group Limited (Gemstar) pursu wholly-owned subsidiary of Gemstar which was renamed Gemstar-TV Guide International, Inc. (Gemstar TV Guide). the merged entity at July 2000 was 21.38%. In May 2001, the Group acquired 80% of Liberty s 21.3% interest in Gemstar for 121.5 million ADRs representing 486 million preferred limited voting ordinary shares of the Group. The acquisition by interest in Gemstar-TV Guide through the issuance of preferred shares was a non-cash transaction, with investments and co increasing by $7,920 million. In December 2001, the Group acquired the remaining 20% of Liberty s interest in Gemstar- for 28.8 million ADRs of the Group representing 115.2 million preferred limited voting ordinary shares valued at $1,407 m was a non-cash transaction, with investments and contributed equity increasing by $1,407 million. As a result of this transa ownership interest in Gemstar-TV Guide increased to 42.9% (42.9% at 30 June, 2002). As at 30 June, 2002, the Group ow in Gemstar-TV Guide and recorded a charge to reflect the permanent impairment in carrying value of $11.1 billion. The ch by reference to Gemstar-TV Guide s share price at 28 June, 2002 of US$5.39 ($9.56) per share. During fiscal 2003, Gems value continued to decline and the Group considered several factors to determine if an additional charge was required. As a the Group recorded a $551 million charge to reduce the carrying value of the investment in Gemstar-TV Guide to US$3.75 reflect a permanent decline in value.

(h) In fiscal 2003, the Group recorded an impairment charge of $158 million related to the Group s carrying value of its inves Enterprises, Inc. (Knowledge Enterprises). The charge was based on Knowledge Enterprises recent equity rights offeri estimated recoverable value of this investment.

(i) During fiscal 2002, the Group extinguished a substantial portion of debt owing on 10 1/8% Senior Debentures due in Octob Senior Notes due February 2003. The Group recognised a loss of $64 million and $47 million respectively due to the early debt. In June 2002 the Group and Fox Sports Networks, LLC, an indirect subsidiary of the Group, irrevocably called for th outstanding 8.875% Senior Notes due August 2007 and the 9.75% Senior Discount Notes due August 2007. The Group rec million on the irrevocable early extinguishment of the debt. The redemption was completed in August 2002. In March 2003 approximately 74% of its outstanding US$500 million aggregate principal 8 1/2% Senior Notes due February 2005 at a prem interest. The Group recognised a loss of US$45 million ($76 million) on the early redemption of the 8 1/2% Senior Notes w Other expenses in the Statement of Financial Performance. Also in March 2003, 8,247,953 Trust Originated Preferred Secu redeemed by the Group using proceeds from the issuance of Beneficial Unsecured Exchangeable Securities (BUCS). Th of US$37 million ($64 million) on early redemption of the TOPrS (including the write off of deferred issuance costs) which Other expenses in the Statement of Financial Performance.

(j) As a result of the downturn in sports related advertising during fiscal 2002, together with the reduction in long term forecas rates, in accordance with the Group s accounting policies, the Directors re-evaluated the recoverability of the costs of certa principally in the United States. Accordingly, the Group recorded a one-time Other expense of $1,861 million relating to N

League ($753 million), NASCAR ($578 million), Major League Baseball ($437 million) and non-US Cricket programming

(k) Stream was a satellite pay-TV provider in Italy. During fiscal 2002, the Group wrote down its investment in Stream by $59
considered by the Directors to be the recoverable amount at 30 June, 2002.

(l) During fiscal 2002, given the financial uncertainties surrounding KirchPayTV and its parent Kirch Gruppe, the Group reco
$460 million to fully write down its investment in KirchMedia.

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FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 6 Other items (continued)

(m) In May 2001, the Group became aware of serious financial problems at One.Tel Limited, an Australian telecommunication the Group owns approximately 24% of the outstanding equity. Upon completion of One.Tel s auditors review of its finar 2001, One.Tel was placed in administration. The carrying value of the investment in One.Tel has been fully written down c its operations.

(n) As a result of the restructure of the Group s investment in Healtheon/WebMD (WebMD) in fiscal 2001, the Group swa stock investment and recognised an impairment loss on its remaining common stock interest in WebMD. In exchange for th Group received the ownership interest in The Health Network (THN), warrants to purchase additional common stock in its obligation to provide future media services to and license content from WebMD and the elimination of future funding co international joint venture. The Group recorded a non-cash charge of $426 million related to this restructuring. The Group s interest in THN for consideration valued at $433 million.

(o) During fiscal 2001, the Group wrote down certain of its non-current assets, in particular its investment in Zee Telefilms Lir certain new media assets. During fiscal 2002, the Group wrote down certain non-current assets, mainly interactive, media a their recoverable amount. The Group also disposed of various non-current assets for an aggregate consideration of $96 mill the Group also settled certain liabilities owing to MCI Communications Corporation, including accrued interest, of US$1,0 million) for US$930 million ($1,760 million), consisting of 121.2 million preferred limited voting ordinary shares valued a ($1,288 million) and US$250 million ($473 million) in cash. The Group recognised a gain of $166 million on the settlemer the Group disposed of certain interactive and music related assets for aggregate consideration of $175 million, and also wro sporting and television assets. The 30 June, 2003 amount also includes a provision for an arbitration award that was issued International Systems against the Group. The Group disagrees with the findings of fact and the conclusions of law reached pursuant to the terms of the arbitration agreement between the two parties, intends to appeal the award.

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FOR THE YEAR ENDED 30 JUNE, 2003

	2003

NOTE 7 Change in accounting policy
Change in accounting policy before tax

At the beginning of the 2001 financial year, the Group changed its accounting policy with regards to, amongst other things, the tr and development costs incurred in the production and distribution of films whereby marketing and certain development costs, pre expensed over time, are now expensed as incurred. All motion picture and television production costs are reflected as non-curren accounting policy provides better comparability of the Group s results against its competitors and has also ensured continued co States generally accepted accounting principles for producers and distributors of films. The net impact of this change in accounti equity interest was a one-off pre-tax charge to profit of $1,107 million with an associated tax benefit of $421 million in fiscal 200 change on the 2001 fiscal year was a reduction in net profit attributable to members of the parent entity of $686 million and a co in the carrying value of inventory of $1,338 million, a reduction in tax liabilities of $509 million and in outside equity interest of

NOTE 8 Income tax expense

Profit (loss) from ordinary activities before income tax	3,000
Less net loss from associated entities	(89
	3,089
Prima facie tax (expense) benefit at 30% (2001 34%)	(927
Income tax (expense) benefit	(774
Difference	(153
Difference due to:	
Different tax rates applicable in countries other than Australia	26
Dividends on which tax is rebateable	(5
Capital items (a)	(48
Investment and capital allowances	(101
Other permanent differences between accounting and tax profit	(25
Reduction in current year income tax expense due to tax losses not recorded in prior years	
Current year losses not reflected in income tax expense	
	(153

(a) Amount for the year ended 30 June, 2002 principally relates to the write down of the Group s investment in Gemstar-TV C
loss benefit has not been recorded.

As at 30 June, 2003, the Group has unrecouped income tax losses available to offset against future years taxable income. There
not brought to account. The benefit of losses brought to account is recognised against deferred income tax liability (Note 23).

There is no material impact upon the Group s tax expense for the year ended 30 June, 2003 or deferred tax balances at 30 June, 2
Australian Government s Tax Consolidation legislation.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

	2
NOTE 9 Outside equity interest	
Outside equity interest before other items	(4
Outside equity interest on other items	
	(4

NOTE 10 Dividends

Dividends declared and proposed during the year:

Dividend per share

Class of Shares	*Interim*	*Final*	*Franking*	
Ordinary	1.5 cents	1.5 cents	Unfranked	
Ordinary	1.5 cents		50% franked at 34% tax rate	
Preferred limited voting ordinary	3.75 cents	3.75 cents	Unfranked	2
Preferred limited voting ordinary	3.75 cents		50% franked at 34% tax rate	
Perpetual preference	(a)		Unfranked	
				3

(a) Adjustable rate cumulative preference dividends as described in Note 25 (b).

On 13 August, 2003, the Directors of The News Corporation Limited recommended the payment on 15 October, 2003 of a final u
1.5 cents per ordinary share and 3.75 cents per preferred limited voting ordinary share on the issued shares at 12 September, 2003
for the final dividend. The final dividend has not been provided for in the financial statements, in accordance with the Group s ac
dividend was not declared and announced by the Directors prior to 30 June, 2003.

As at 30 June, 2003 the balance of the franking account of the parent entity adjusted for franking credits which will arise from the
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) on a grossed up basis.

C

2003

NOTE 11 Earnings per share

The following are various earnings per share calculations:

Earnings per share on net profit (loss) attributable to members of the parent entity	
Basic	
Ordinary shares	$ 0.307
Preferred limited voting ordinary shares	$ 0.368
Ordinary and preferred limited voting ordinary shares	$ 0.344
Diluted	
Ordinary shares	$ 0.305
Preferred limited voting ordinary shares	$ 0.366
Ordinary and preferred limited voting ordinary shares	$ 0.342

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FOR THE YEAR ENDED 30 JUNE, 2003

	2003			2002			
	Ordinary	Preferred	Total	Ordinary	Preferred	Total	Ordinary
		Millions			**Millions**		
Diluted							
Denominator							
Weighted average number of shares	1,964	3,181	5,145	1,962	2,979	4,941	1,924
Rollforward of outstanding shares							
Balance as at 30 June	2,097	3,230	5,327	2,094	3,209	5,303	2,092
Exercise/conversion of potential shares							
Shares issued with respect to Chris-Craft acquisition							
Balance as at report date	2,097	3,230	5,327	2,094	3,209	5,303	2,092
		$A million			$A million		
Numerator Earnings result	598	1,163	1,761	(4,258)	(7,756)	(12,014)	(334)
Reconciliation to Net profit (loss) from ordinary activities after tax							
Numerator			1,761			(12,014)	
Outside equity interest			418			348	
Dividends on preference shares			47			52	
Net profit (loss) from ordinary activities after tax			2,226			(11,614)	

As at June 2003 there are 30 million dilutive potential shares, the majority of which relate to preferred limited voting ordinary sh
potential shares relate to the various option plans described in Note 25. The denominator used in the basic earnings per share calc
million.

As at June 2002 and 2001 basic and diluted earnings per share calculations were the same as all potential shares were anti-dilutiv
accordance with AASB 1027 Earnings per Share .

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FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 12 Remuneration of Directors and Executives

Directors

The Directors of The News Corporation Limited who received, or were due to receive, remuneration (including bonuses, retireme
and share options), directly or indirectly from the Group or a related party, as shown in the following bands, were as presented be
have been valued using the Black-Scholes Option Pricing Model at the date of grant. As of 30 June, 2003, substantially all of the
share options have exercise prices in excess of the actual share price.

$		2003	2002	$		200
60,000	69,999	1		3,700,000	3,709,999	
70,000	79,999		1	4,970,000	4,979,999	
110,000	119,999		1	9,320,000	9,329,999	
120,000	129,999		3	9,580,000	9,589,999	
130,000	139,999	1	1	11,080,000	11,089,999	
140,000	149,999	2		11,750,000	11,759,999	
150,000	159,999	1		11,780,000	11,789,999	
160,000	169,999	1	1	13,370,000	13,379,999	
200,000	209,999	1		21,860,000	21,869,999	
210,000	219,999	1		25,050,000	25,059,999	
260,000	269,999	1		34,400,000	34,409,999	
280,000	289,999		1	39,260,000	39,269,999	
290,000	299,999		1	55,200,000	55,209,999	
				58,280,000	58,289,999	

Total remuneration, including salaries, retirement, share options and other benefits as employees, received or due and receivable
parent entity was $155,219,000 (2002 $157,367,000). Total remuneration of Directors of the parent entity and controlled entities
(2002 $162,284,000).

Australian Executives

Total remuneration, including salaries, retirement payments and other benefits as employees, received or due and receivable by A
Executive Officers was $5,420,000 (2002 $5,423,000).

The number of Australian based Executive Officers of the parent entity and the Group whose income, including benefits, was at l
shown in their relevant income bands, as follows:

$		2003	2002	$		2003
170,000	179,999	1		470,000	479,999	1
180,000	189,999		1	500,000	509,999	1
210,000	219,999	1		520,000	529,999	1
300,000	309,999	2		610,000	619,999	
310,000	319,999		2	670,000	679,999	1
320,000	329,999	1		710,000	719,999	
350,000	359,999	1		730,000	739,999	
410,000	419,999		1	920,000	929,999	1
420,000	429,999	1	1	1,000,000	1,009,999	1
450,000	459,999		1			

No amounts of remuneration were paid by the parent entity.

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FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 13 Cash

Current

Cash

Interest earned on cash deposits ranged from 0.13% to 7.00% (2002 0.02% to 9.00%) per annum.

Non-current

Cash on deposit (a)

(a) Includes cash placed on deposit as security for repayment of Eurobond acquired on consolidation of SKY Italia. See Note 21(
for further details.

NOTE 14 Receivables

Current receivables

Trade receivables

Trade receivables owing by associated entities

Less Allowance for doubtful debts, returns and rebates

Non-trade amounts owing by unrelated entities

Non-trade amounts owing by associated entities

Non-current receivables

Trade receivables

Trade receivables owing by associated entities

Non-trade amounts owing by unrelated entities

Non-trade amounts owing by associated entities

These receivables are primarily denominated in US dollars and located in the United States of America. There is no material relia
customer.

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NOTE 15 Inventories
Current inventories
At cost:
Raw materials
Work and projects in progress
Finished goods
Television and sports programming rights

Less provision for diminished value
Finished goods

Non-current inventories
At cost:
Film costs in process
Television and sports programming rights
Completed film product

Total filmed entertainment and television programming
Finished goods

Total interest capitalised in film inventories at 30 June, 2003 amounts to $39 million (2002 $73 million).

Interest has been capitalised at 8.00% (2002 8.00%).
Total inventories at 30 June, 2003 amount to $6,034 million (2002 $6,167 million) and consist of the following:
Filmed entertainment
Films
Released
Completed, not released
In production
In development or preproduction

Television productions

Released	
In production	
In development or preproduction	
Total filmed entertainment	
Television and sports programming	
Other inventories	
Total inventories	
Less current inventories	
Non-current inventories	

As of 30 June, 2003, the Group estimated that approximately 65% of unamortised film entertainment costs from completed films
amortised during fiscal year 2004 and approximately 96% of released unamortised filmed entertainment costs will be amortised v
years. As of 30 June, 2003, the Group estimated that approximately 49% of $1,292 million in accrued participation liabilities wil
fiscal year 2004.

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FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 16 Other assets

Current assets

Prepayments

Non-current assets

Future income tax benefit

Prepayments

NOTE 17 Investments

Investments in associated entities (a)

Listed securities

Unlisted securities

Joint ventures

Other investments investments in unrelated entities (b)

Listed securities at cost

Unlisted securities at cost

Quoted value of listed securities:

Associated entities

Other unrelated entities

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 17 Investments (continued)

Company	*Principal Activities*	*Percentage Ownership*	Note
(a) Investments in associated entities			
The Group s investments in associated entities (excluding joint venture entities) consist principally of:			
Gemstar-TV Guide International, Inc.	U.S. print and electronic guidance company	42.9% (2002 42.9%)	6(g)
Regional Programming Partners (1)	U.S. partnership holding interests in sporting networks, teams and arenas	40.0%	
BSkyB (2)	U.K. satellite TV broadcaster	35.4% (2002 36.2%)	
China Network Systems	Taiwan cable TV operator	Various	
Ventures Arena (1)	U.S. company holding interests in sporting arenas	40.0%	
Independent Newspapers Limited	New Zealand media company	45.1%	5(b)
FOXTEL	Australian pay TV operator	25.0%	
Queensland Press Pty. Limited	Australian newspaper publisher	41.7%	30
National Geographic Channel (US) (1) (3)	U.S. Cable Channel	66.7%	
National Geographic International (1)	International Cable Channel	50.0%	
The Group s investments in joint venture entities consist principally of:			
Stream, S.p.A	Italian pay TV provider	Consolidated (2002 50.0%)	6(k)
National Rugby League	Australian rugby league football competition	50.0%	
Other investments in associated and joint venture entities		Various	
(b) Investments in unrelated entities			
The Wireless Group plc	Commercial radio operator	40.2% (voting19.9%)	
New Regency (1)	Film production	20.0%	
Sky PerfecTV!	Satellite and digital pay TV platform	8.1%	
Knowledge Enterprises	Investment fund	17.8%	6(h)
Southwest Sports Group (1)	Sports entertainment	Various	
Other		Various	

(1) Held by the Group s 80.58% (2002 85.32%) owned subsidiary, FEG.

(2) At 30 June, 2002, the Group s investment in BSkyB was recorded at zero, and the Group had ceased to equity account its s
As at 30 June, 2002, the Group had not recorded $135 million of its share of BSkyB losses. The Group recommenced equit
of BSkyB results from 11 November, 2002.

(3) The Group does not control this entity as it does not hold a majority on the Board and is unable to dominate operating decis

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 17 Investments (continued)

	Note
(c) Movement in carrying amount of investments in associated entities	
Balance at beginning of year	
Net loss from associated entities	5
Dividends received from associated entities	
Movement due to foreign exchange fluctuation	
Investment in Gemstar-TV Guide	6(g)
Additional investment in joint venture entities	
Additional investment in other entities	
Repayment of loan by an associate	
Elimination of associates reciprocal shareholding in the Group	
Items recognised directly in equity (i)	
Write down of Gemstar-TV Guide	6(g)
Write down of other investments	
Carrying value of investments acquired	
Carrying value of investments disposed	
Carrying value of Stream, S.p.A. (now consolidated)	
Balance at end of year	

(i) These items relate to an increase in associated entity reserves of $152 million (2002 $267 million reduction, 2001 $1,060 m
During 2003 and 2001 BSkyB issued new equity as consideration for several transactions, including the acquisition of Spor
the remaining shares in British Interactive Broadcasting Holdings Limited (BiB). These issuances reduced the Group s
BSkyB from 37.1% (2001) to 36.2% (2002) to 35.4% (2003). In accordance with AASB 1016 Accounting for Investment
year ended 30 June, 2001, the Group recorded an increase in its investment in BSkyB and a corresponding increase in reser
In the year ended 30 June, 2002, the Group recorded a decrease in its investment and a corresponding decrease in reserves o
year ended 30 June, 2003, the Group recorded an increase in its investment in BSkyB and a corresponding increase in reser

Associated entities have incurred various commitments and contingencies during the normal course of business. The Group has n
of these commitments other than those included within Note 27 and 28.

(d) Associated entities financial summary

The following is an aggregate financial summary of material associated entities:

	2003
Total assets	18,315
Total liabilities	13,687
Revenues	14,199
Operating income (loss)	1,177
Net income (loss)	187

(e) All significant associates have balance dates consistent with the Group with the following exceptions:

Company
Gemstar-TV Guide International, Inc.
Regional Programming Partners
National Geographic Channel (US)
National Geographic International
Ventures Arena

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 18 Property, plant and equipment

Freehold land and perpetual leases

At cost

Freehold buildings

At cost

Less depreciation

Leasehold premises

Leasehold land at cost

Leasehold buildings at cost

Less amortisation

Plant and equipment

At cost

Less depreciation

Plant and equipment under lease

At cost

Less amortisation

At 30 June, 2003 the Directors considered the current values of the freehold land and buildings and leasehold premises on the bas
valuation with vacant possession. The Directors considered that these assets which are shown in the financial statements at a depr
$3,129 million are of a current value of approximately $4,001 million. As the assets are held at cost, this increment is not reflecte

statements.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 18 Property, plant and equipment (continued)

Freehold land and perpetual leases

Balance at beginning of year
Additions
Disposals
Movement due to foreign exchange fluctuation

Balance at end of year

Freehold buildings

Balance at beginning of year
Additions
Transfers from other accounts
Disposals
Depreciation
Movement due to foreign exchange fluctuation

Balance at end of year

Leasehold premises

Balance at beginning of year
Additions
Transfers to other accounts
Disposals
Amortisation
Movement due to foreign exchange fluctuation

Balance at end of year

Plant and equipment

Balance at beginning of year
Additions
Transfers (to) from other accounts
Disposals
Depreciation
Movement due to foreign exchange fluctuation

Balance at end of year

Plant and equipment under lease

Balance at beginning of year

Additions
Amortisation
Movement due to foreign exchange fluctuation

Balance at end of year

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 19 Publishing rights, titles and television licences
At cost

In accordance with AASB 1041 Revaluation of Non-Current Assets , as at 1 July, 2000 publishing rights, titles and television l
at valuation were reverted to a cost basis of measurement, with the existing revalued carrying amounts at 1 July, 2000 deemed to
Group had previously revalued these assets, although the Group has not recorded any revaluation increments since 1990.

NOTE 20 Goodwill
At cost
Less amortisation

NOTE 21 Interest bearing liabilities
Current
Bank loans unsecured
Loans unsecured (a)

Current interest bearing liabilities are repayable in the following currencies:
(amounts shown in millions)
Nil (2002 US $1,015) United States Dollars
JPY 1,107 (2002 JPY 3,166) Japanese Yen
INR 575 (2002 INR 262) Indian Rupees

(a) As at 30 June, 2002 this principally represented 8.875% Senior Notes and 9.75% Senior Discounted Notes that the Group h for redemption as described below in (f). The redemption was completed in August 2002.

Non-current
Bank loans unsecured
Loans unsecured

Non-current interest bearing liabilities are repayable in the following currencies:
(amounts shown in millions)
350(2002 nil) Euros
A$150 (2002 A$150) Australian Dollars
JPY5,217 (2002 JPY 6,264) Japanese Yen
US$7,684 (2002 US$7,525) United States Dollars

At 30 June, 2003 the impact of foreign currency movements reduced reported debt by $2,296 million (2002 $1,909 million). The assets of foreign controlled entities resulted in a $4,064 million decrease (2002 $3,021 million decrease) in the foreign exchange the Statement of Shareholders Equity.

Bank loans maturity
Aggregate maturities of unsecured bank loans
Not later than one year
Later than one year not later than five years

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

Note 21 Interest bearing liabilities (continued)

On 27 June, 2003, News America Incorporated, a subsidiary of the Group, terminated its existing Revolving Credit Agreement (t Agreement) and entered into a new US$1.75 billion ($2.6 billion) Five Year Credit Agreement (the New Credit Agreement) administrative agent, JP Morgan Chase Bank, as syndication agent, and the lenders named therein. The News Corporation Limite Fox Entertainment Group, Inc., News America Marketing FSI, Inc., and News Publishing Australia Limited are guarantors (the New Credit Agreement. The New Credit Agreement provides a US$1.75 billion ($2.6 billion) revolving credit facility with a sub million ($904 million) available for the issuance of letters of credit, and expires on 30 June, 2008. Borrowings are in US dollars c credit are issuable in US dollars or Euros. The significant terms of the agreement include the requirement that the Group maintai interest coverage ratios and limitations on secured indebtedness. The Group pays a facility fee of 0.20% regardless of facility usa interest for borrowings and letters of credit at LIBOR plus 0.675%. The Group pays an additional fee of 0.125% if borrowings ur 25% of the committed facility. The interest and fees are based on the Group s current debt rating. On 27 June, 2003, letters of cr million ($205 million) were issued under the New Credit Agreement.

Total unused credit facilities as at 30 June, 2003 amounted to $2,637 million (2002 $3,546 million).

Subsequent to 30 June, 2003, additional letters of credit representing 120 million ($204 million) were issued under the New Cre

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 21 Interest bearing liabilities (continued)

Loans payable unsecured

Description		*Face value*	*Due date*	Note
8 5/8% Senior notes	US$	500m	1 February 2003	(g)
5.625% Eurobond		350m	29 July 2004	(i)
8 1/2% Senior notes	US$	500m	15 February 2005	(a) (h)
8.875% Senior notes	US$	500m	15 August 2007	(f)
9.75% Senior discount notes	US$	405m	15 August 2007	(f)
6.625% Senior debentures	US$	350m	9 January 2008	(b)
7 3/8% Senior debentures	US$	200m	17 October 2008	(b)
4.750% Senior notes	US$	150m	15 March 2010	(h)
10 1/8% Senior debentures	US$	300m	15 October 2012	(a) (c)
9 1/4% Senior debentures	US$	500m	1 February 2013	(a)
8 5/8% Senior debentures	A$	150m	7 February 2014	(b)
7.6% Senior debentures	US$	200m	11 October 2015	(b)
8% Senior debentures	US$	400m	17 October 2016	(b)
7.25% Senior debentures	US$	350m	18 May 2018	(b)
8 1/4% Senior debentures	US$	250m	10 August 2018	(b)
Liquid Yield Option Notes (LYONs)	US$	1,515m	28 February 2021	(d)
8 7/8% Senior debentures	US$	250m	26 April 2023	(b)
7 3/4% Senior debentures	US$	200m	20 January 2024	(b)
7 3/4% Senior debentures	US$	90m	1 February 2024	(b)
9 1/2% Senior debentures	US$	200m	15 July 2024	(b)
8 1/2% Senior debentures	US$	200m	23 February 2025	(b)
7.7% Senior debentures	US$	250m	30 October 2025	(b)
7.43% Senior debentures	US$	240m	1 October 2026	(b)
7 1/8% Senior debentures	US$	200m	8 April 2028	(b)
7.3% Senior debentures	US$	200m	30 April 2028	(b)
7.28% Senior debentures	US$	200m	30 June 2028	(b)
7.625% Senior debentures	US$	200m	30 November 2028	(b)
6.55% Senior notes	US$	350m	15 March 2033	(h)
6.703% MOPPRS	US$	150m	21 May 2034	(e)
8.45% Senior debentures	US$	200m	1 August 2034	(b)
8.15% Senior debentures	US$	300m	17 October 2036	(b)
6.75% Senior debentures	US$	250m	9 January 2038	(b)
7.75% Senior debentures	US$	600m	1 December 2045	(b)
7.9% Senior debentures	US$	150m	1 December 2095	(b)
8 1/4% Senior debentures	US$	100m	17 October 2096	(b)

less current maturities

Total long term unsecured loans

Total long term unsecured bank loans payable

Total non-current interest bearing liabilities

Ratings of Public Debt

As of 30 June, 2003, the Group s debt rating from Moody s (Ba1 for subordinated notes and Baa3 for senior unsecured notes) a
(BBB-) were within the investment grade scale. As at 30 June, 2003, the Group was in compliance with all of its debt covenants.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 21 Interest bearing liabilities (continued)
Aggregate maturities of loans payable:
Not later than one year
Later than one year not later than five years
Later than five years

Fair value of interest bearing liabilities in aggregate amounts to $14.8 billion.

a) The terms include covenants which, among other things, restrict secured indebtedness to 10% of tangible assets and in certa
new senior indebtedness. Redemption may occur, at the option of the holders, at 101% of the principal plus an accrued inte
circumstances where a change of control is deemed to have occurred.

b) The terms include covenants which, among other things, restrict secured indebtedness to 10% of tangible assets. Redemptio
option of the holders, at 101% of the principal amount in certain circumstances where a change of control is deemed to hav

c) Pursuant to an offer to debenture holders, a substantial portion of these debentures was redeemed during fiscal 2002. The G
of $64 million (US$34 million) on the early extinguishment of debt, which is included within Other expenses in the Statem
Performance at 30 June, 2002. The remaining debentures were redeemed in fiscal 2003.

d) The Liquid Yield Option Notes (LYONS) pay no interest. However, the aggregate principal amount at maturity of US$1,51
yield of 3.5% per annum on the issue price. The holders may exchange the notes at any time into preferred limited voting o
News Corporation Limited (or ADRs representing such shares) or, at the option of the Group, the cash equivalent thereof a
of 48.5932 preferred limited voting ordinary shares per US$1,000 note. The notes are redeemable at the option of the holde
specified redemption amounts. The Group, at its election, may satisfy the redemption amounts in cash, ADRs or any combi
Group can redeem the notes in cash at any time on or after 28 February, 2006 at specified redemption amounts. The notes v
discount and are being accreted using the effective interest rate method.

e) In May 1998, the Group issued 6.703% Mandatory Par Put Remarketed Securities (MOPPRS) due 21 May, 2034. In cor
of MOPPRS, the Group entered into a remarketing agreement dated as on 21 May, 1998 (the Remarketing Agreement),
dealer named therein (the Remarketing Dealer), pursuant to which the MOPPRS are subject to mandatory tender in favo
Dealer on 21 May, 2004 (the Remarketing Date), for a purchase price equal to 100% of the principal amount of the outs
the Remarketing Dealer s election to remarket the MOPPRS, the interest rate to the 21 May, 2034 maturity date of the MO

to reach the sum of 5.958% plus the applicable spread (as defined in the Remarketing Agreement). In the event the Remark
elect to remarket the MOPPRS, they will mature on the Remarketing Date.

f) In June 2002, the Group and Fox Sports Networks, LLC, an indirect subsidiary of the Group, irrevocably called for redemp outstanding 8.875% Senior Notes due August 2007 and the 9.75% Senior Discount Notes due August 2007. The Group rec of $80 million (US$41.9 million) on the irrevocable early extinguishment of the debt, which is included within Other exper Statement of Financial Performance at 30 June, 2002. The redemption was completed in August 2002.

g) In March 2002, the Group offered to purchase for cash any and all of its outstanding US$500 million aggregate principal ar Notes due February 2003. Approximately 92% of these Notes were tendered and accepted for payment. The Group recogni million (US$24.4 million) on the early extinguishment of debt which is included within Other expenses in the Statement of at 30 June, 2002.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 21 Interest bearing liabilities (continued)

h) In March 2003, the Group purchased approximately 74% of its outstanding US$500 million aggregate principal amount of due February 2005 at a premium, plus accrued interest. Concurrent with this transaction, the Group issued US$150 million Notes due March 2010 and US$350 million of 6.55% Senior Notes due March 2033 at a discount. Proceeds from the issuar Notes were used to purchase the 8 1/2% Senior Notes and for general corporate purposes. The Group recognised a loss of U million) on the early redemption of the 8 1/2% Senior Notes which is included within Other expenses in the Statement of F

i) On 30 April, 2003, in connection with its acquisition of Telepiu, the Group assumed Telepiu s obligations under its 350 r 5.625% Guaranteed Notes due 2004 (the Eurobonds). The Eurobonds mature on 29 July, 2004 and accrue interest at 5.6 annual interest payments made on each anniversary date. The Group procured the issuance of a letter of credit for the benef Eurobonds and established a cash collateral account, reflected as Cash on Deposit on the Statement of Financial Position, to payments on the Eurobonds and secure the Group s obligations under the letter of credit. Subsequent to 30 June, 2003, cer exercised their option to require the Group to purchase approximately 126 million ($217 million) aggregate principal amo Group will make payment of the principal amount and accrued interest on 19 August, 2003 from the cash collateral accoun

Foreign Exchange Swaps

The Group has entered into a foreign currency swap, whereby the Group has received JPY 26.52 billion in exchange for US$240 exchange rate of 110.50). The fair value of this swap is US$46 million. Each year on 1 April and 1 October, the Group will receiv dollars at a fixed rate of 7.43% of the initial principal and in return, will pay interest in yen on the JPY 26.52 billion, at the six mo 0.37% (six month JPY LIBOR was 0.0716% at 30 June, 2003). The termination date of this swap is 2 October, 2006.

NOTE 22 Current liabilities
Payables
Trade payables
Other payables

These payables are primarily denominated in US dollars and located in the United States of America.

Tax liabilities
Income tax provision

Provisions
Employee benefits
Other

NOTE 23 Non-current liabilities
Payables
Trade payables
Other payables

These payables are primarily denominated in US dollars and located in the United States of America.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 23 Non-current liabilities (continued)

Included in non-current payables are contractual obligations payable and television program rights payable of approximately $1,2
$1,746 million). Contractual obligations consist primarily of participants share payable and talent residuals on film product.

Tax liabilities
Deferred income tax provision

Provisions
Employee benefits
Other

Other provisions
Balance at beginning of year
Additions
Utilised
Movement due to foreign exchange fluctuation

Balance at the end of year
Less current provision

Non-current provision

Income tax benefits attributable to tax losses utilised in arriving at the provision for deferred income tax amounted to $568 millio

NOTE 24 Exchangeable securities
1,477,716 (2002 9,725,669) exchangeable Trust Originated Preferred Securities (TOPrS) (a)
1,655,000 Beneficial Unsecured Exchangeable Securities (BUCS) (b)

(a) In November 1996, the Group, through a trust (the Exchange Trust) wholly-owned by News America Incorporated (N
Group, issued 10 million 5% TOPrS for aggregate gross proceeds of US$1 billion. Such proceeds were invested in (i) prefe
representing a beneficial interest of NAI s 5% Subordinated Discount Debentures due 12 November, 2016 (the Subordin
10,000,000 warrants to purchase from NAI ordinary shares of BSkyB (the Warrants). These investments represent the s
Trust. Cumulative cash distributions are payable on the TOPrS at an annual rate of 5%. The TOPrS are mandatorily redeem
2016 or earlier to the extent of any redemption by NAI of any Subordinated Debentures or Warrants. The News Corporatio
to pay cash in US dollars equal to the market value of the BSkyB ordinary shares for which the Warrants are exercisable in
freely tradeable shares. The Group and certain of its direct and indirect subsidiaries have certain obligations relating to the
securities representing a beneficial interest in the Subordinated Debentures, the Subordinated Debentures and Warrants wh
and unconditional guarantee of the respective issuer s obligations with respect thereto.

In March 2003, 8,247,953 TOPrS and related warrants were redeemed by the Group using proceeds from the issuance of BUCS,
Group recognised a loss of $64 million (US$37 million) on early redemption of the TOPrS (including the write off of deferred is
included within Other expenses in the Statement of Financial Performance.

(b) During 2003, News Corporation Finance Trust II (the Trust) issued an aggregate of US$1.655 billion 0.75% BUCS repr
debentures issued by NAI and guaranteed on a senior basis by the Group and certain of its subsidiaries. On or after 2 April,
option, the BUCS are exchangeable into BSkyB ordinary shares based on an exchange ratio of 77.09 BSkyB ordinary share
original liquidation amount of BUCS. The trust may pay the exchange market value of each BUCS in cash, by delivering o
BSkyB, or a combination of cash and ordinary shares of BSkyB.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 24 Exchangeable securities (continued)

The holders also have the right to tender the BUCS for redemption on 15 March, 2010, 15 March, 2013, or 15 March, 2018 for pa liquidation preference plus accrued and unpaid distributions and any final period distribution in, at the Group s election, cash, BS the Group s preferred ADRs, or any combination thereof.

The Group may redeem the BUCS for cash or BSkyB ordinary shares, or a combination thereof in whole or in part, at any time o 2010, at the adjusted liquidation preference of the BUCS plus any accrued and unpaid distributions and any final period distributi

The net proceeds from BUCS issuance were used to purchase approximately 85% of the Group s outstanding TOPrS from their l negotiated transactions for approximately US$877 million ($1,479 million).

The total net proceeds from the issuance of the BUCS were allocated between the fair value of the obligation and the fair value o The fair values of the obligation and the exchange feature were determined by pricing the issuance with and without the exchange values of the obligation and the exchange feature have been recorded in Exchangeable securities and in non-current liabilities, res value of the obligation will be accreted to its maturity value through the effective interest method.

	Consolidated	
	2003	2002
	A$ million	
NOTE 25 Contributed equity		
2,097,411,050(2002 2,094,411,035) ordinary shares	5,466	5,44
3,230,088,260(2002 3,208,695,775) preferred limited voting ordinary shares (a)	22,471	22,30
	27,937	27,74
3,800,000 perpetual preference shares (b)	132	13
10,000,000 8 5/8% cumulative perpetual preference shares (b)	358	35
	490	49
	28,427	28,22

(a) A holder of a preferred limited voting ordinary share (preferred share) shall be entitled to vote at any general meeting of News Corporation Limited by virtue of holding such share mutatis mutandis in the same manner and subject to the same co of an ordinary share (including as to the number of votes which may be cast on a poll) but only in the following circumstan

(i) on a proposal to reduce the share capital of The News Corporation Limited, or on a proposal to wind up or during the winding Corporation Limited, or on a proposal for the disposal of the whole of the property, business and undertaking of The News Corpo

(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.

(b) A subsidiary of The News Corporation Limited issued 10,000,000 8 5/8% cumulative perpetual preference shares in July 1 3,800,000 adjustable rate perpetual preference shares in July 1994. These shares are redeemable at the option of The News and rank after all debt holders in respect to both capital and dividends. Dividends on these shares can only be paid out of av

By section 1408 of the Corporations Act 2001 (which carries forward sections 1427, 1444 and 1449 of the Corporations Law), pr Company s constitution that state the authorised amount of a company s share capital are repealed. Also, by section 254C of the all shares of a company no longer have any par value. Accordingly, the share capital of the Group is now stated as a number of is

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 25 Contributed equity (continued)

Queensland Press Pty. Limited, an associated entity of the Group holds 318 million, representing 15.2% (2002 316 million, repre
ordinary shares and 148 million, representing 4.6% (2002 151 million, representing 4.7%), preferred shares in The News Corpora
Consolidated contributed equity has been reduced to remove this reciprocal shareholding in accordance with AASB 1016 Accou
Associates . Investments in associates have been reduced by the same amount. The average shares used to calculate earnings per
accordingly as in prior years.

The following table shows the movements in ordinary and preferred shares during the year.

	N
	Ordinar
Balance as at 1 July, 2002	2,094,41
Exercises/conversions of potential shares	86
Dividend reinvestment	2,91
Balance as at 30 June, 2003	2,097,41

The following table shows the dollar value movements in ordinary and preferred shares during the year:

	Consolidated	
	A$ million	
	Ordinary	Preferred
Balance as at 1 July, 2002	5,448	22,301
Exercises/conversions of potential shares		103
Dividend reinvestment	27	56
Queensland Press reciprocal shareholding	(9)	11
Balance as at 30 June, 2003	5,466	22,471

Share Options

The News Corporation Limited has a number of different share option arrangements as outlined below. As at 13 August, 2003 th
outstanding over ordinary shares and 271,138,971 options outstanding over preferred shares. All options are granted for $nil cons

Executives Share Option Scheme (Scheme), News Corporation Share Option Plan (Plan) and Australian Executive

The arrangements of these three plans provide that options may be granted for a number of shares, the transfer of which will not
News Corporation Limited s issued share capital, to employees of management or equivalent status, including Executive Directo
the options issued under the arrangements is the weighted average market price of the shares sold on the Australian Stock Exchan
trading days immediately prior to the date the option is granted. Options granted under the Plan and AEOP have a term of 10 yea
grant. The options granted under the Plan and the AEOP vest and become exercisable as to one quarter on each anniversary of th
granted under the Plan and the AEOP allow The News Corporation Limited to procure the transfer of issued ordinary or preferre
holders rather than issue new shares to them. There are currently no options issued and outstanding under the Scheme.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 25 Contributed equity (continued)

Details of options outstanding over one ordinary and one half of a preferred share under the Plan and AEOP are as follows:

	2003
On issue 1 July, 2002 (1 July, 2001)	310,500
Exercised during the period	(86,500)
Lapsed during the period	(10,000)
Outstanding at 30 June, 2003 (30 June, 2002)	214,000
Outstanding at 13 August, 2003 (14 August, 2002)	214,000
Exercise price range	
Expiry dates	
Proceeds received on exercise of options during the year	

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 25 Contributed equity (continued)

Details of options over one preferred share under the Plan and AEOP are as follows:

Number of Options Outstanding at 1 July, 2002	Number of Options Granted during the year	Number of Options Exercised during the year	Number of Options Lapsed/Forfeited during the year	Number of Options Outstanding at 30 June, 2003	Exercise Price $	Proceeds Received on Exercise of Options $	Grant Date of Options
556,500		(120,000)		436,500	4.57-7.03	814,800	November 1994-A 1996
7,773,600		(719,100)	(136,500)	6,918,000	5.17	3,717,747	July 1996
2,542,000				2,542,000	5.82-5.83		October 1996
800,000				800,000	5.58-5.70		November 1996 March 1997
16,078,692		(1,772,748)	(203,252)	14,102,692	4.79	8,491,463	August 1997
154,754		(1,252)		153,502	6.09-8.69	8,839	October 1997- Ap 1998
2,580,000				2,580,000	9.35-10.09		September 1998
14,574,724		(827,600)	(321,500)	13,425,624	7.98-8.08	6,687,008	October 1998
15,700				15,700	9.01		December 1998
863,300			(750,000)	113,300	9.78-9.88		January 1999
4,319,450			(282,675)	4,036,775	10.78		March 1999
18,017,950		(4,500)	(1,216,200)	16,797,250	10.46	47,070	September 1999
36,904,000				36,904,000	10.55-22.00		November 1999
136,832				136,832	13.01-15.43		December 1999 January 2000
10,600,000				10,600,000	15.86-17.75		May 2000
26,048,828			(1,642,556)	24,406,272	18.15		August 2000
1,728,600			(52,000)	1,676,600	12.68-21.54		October 2000- Ma 2001
2,200,000				2,200,000	14.03		August 2001
208,000				208,000	11.07-11.27		October 2001
8,900,600				8,900,600	11.62		November 2001
38,151,367		(1,400)	(2,125,840)	36,024,127	12.55	17,570	December 2001
362,000				362,000	10.66-13.06		January 2002- Ma 2002
	250,000			250,000	8.46		July 2002
	66,997,472		(1,741,500)	65,255,972	8.02		August 2002
	60,000			60,000	8.12		September 2002
	108,000			108,000	7.73		October 2002

	150,000			150,000	9.20		March 2003
	50,000			50,000	9.11		April 2003
193,516,897	67,615,472	(3,446,600)	(8,472,023)	249,213,746		19,784,497	

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

	2003
NOTE 25 Contributed equity (continued)	
On issue at 1 July, 2002 (1 July, 2001)	193,516
Issued during the period	67,615
Exercised during the period	(3,446
Lapsed/forfeited during the period	(8,472
Outstanding at 30 June, 2003 (30 June, 2002)	249,213
Issued during the period	
Exercised during the period	(215
Lapsed/forfeited during the period	(868
Outstanding at 13 August, 2003 (14 August, 2002)	248,129

The market value of options issued during the year under this Plan amounted to $268 million. The fair value of each option grant date of grant using the Black-Scholes Option Pricing Model, with the following assumptions: Australian weighted average risk-fr 5.72%; dividend yield of 1.5%; expected volatility of 43.40%; and expected life of options of 7 years.

Employees of management or equivalent status of the Group are entitled to participate in the Plan however the Compensation Co whom and how many options should be granted in furtherance of the Group s share option plans.

New World /Heritage /Chris-Craft Industries Options

Consequent to the acquisition of New World Communications Group Incorporated, Heritage Media Corporation and Chris-Craft Share Option Plans granted participants the right to purchase preferred shares of the Company. Details of options (all of which ar outstanding under these plans are as follows:

	2003

On issue at 1 July, 2002 (1 July, 2001)	20,765,2
Issued during the period	
Exercised during the period	(966,2
Lapsed during the period	(3,959,8
Outstanding at 30 June, 2003 (30 June, 2002)	15,839,1
Exercised during the period	(84,9
Lapsed during the period	
Outstanding at 13 August, 2003 (14 August, 2002)	15,754,2
Exercise price range	
Expiry dates	Jul
Proceeds received on exercise of options	

The number of employees who are entitled to participate in these plans was determined at the date of acquisition of the above co
options will be issued in the future under this plan.

In addition, during fiscal 2003, 9,567,452 preferred shares were issued on conversion of warrants assumed with the acquisition o
in July 2001. Proceeds received on exercise of these warrants amounted to $77.6 million.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 25 Contributed equity (continued)

Fox Entertainment Group

There are presently no options outstanding over FEG shares.

NDS Option Schemes

NDS Group plc (NDS), a subsidiary of the Group, has three executive share option schemes: The NDS 1997 Executive Share scheme), The NDS 1999 Executive Share Option Scheme (the 1999 unapproved scheme) and The NDS UK Approved Share approved scheme). The provisions of each scheme are substantially the same, except that the 1999 approved scheme is approve Revenue for the purposes of granting UK employees options over shares in NDS which are free from income tax in the hands of certain circumstances. Following the creation of the 1999 unapproved scheme, no further options will be granted under the 1997

The schemes provide for the grant of options to purchase Series A ordinary shares in NDS with a maximum term of 10 years. Op schemes vest over a four year period. The schemes authorise options to be granted subject to a maximum of 10% of the ordinary at the date of grant. Options granted prior to the Initial Public Offering were granted at the Directors estimate of the market valu by independent advice. Vested options became exercisable following the Initial Public Offering of the Series A ordinary shares o Options granted on, and subsequent to, the Initial Public Offering have been granted at an exercise price equal to the quoted closi A ordinary shares on the NASDAQ Exchange on the last trading day before the date of grant.

In addition, NDS operates employee share ownership schemes in the UK, Israel and USA. These enable employees to enter into a contract with independent financial institutions linked to an option to subscribe for Series A ordinary shares in NDS. The option p discount of between 15% and 20% of the quoted closing price of the Series A ordinary shares on the NASDAQ Exchange on the the announcement of the schemes.

	2003
Details of options under this scheme are as follows:	
On issue 1 July, 2002 (1 July, 2001)	4,505,5
Issued during the period	960,9
Exercised during the period	

Lapsed during the period	(1,258,5
Outstanding at 30 June, 2003 (30 June, 2002)	4,207,9
Lapsed during the period	(8,0
Exercised during the period	(6
Outstanding at 13 August, 2003 (14 August, 2002)	4,199,2
Exercise price range	
Expiry dates	Augus

The market value of the options issued during the year under these plans amounted to $6.1 million.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes Option Pricing Model, with the follo
weighted average risk-free interest rate of 3.15%; dividend yield of nil; expected volatility of 58%; and expected life of options o

All employees are entitled to participate in the plans, however (with the exception of the employee share ownership schemes whi
management determines to whom and how many options are granted.

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NOTE 25 Contributed equity (continued)

News International Sharesave Scheme

In October, 1997, shareholders approved the establishment of a sub-plan to The News Corporation Share Option Plan. The U.K. S sacrifice savings scheme, which was established for the benefit of U.K. resident employees of News International plc, an indirect subsidiary of The News Corporation Limited, to provide those employees with an opportunity to participate in the equity of The N Limited. The U.K. Sub-Plan involves the grant of options over preferred shares to participating employees. The option entitles ho delivery to them of these shares upon the maturity of 3, 5 or 7 year savings plans which were implemented in conjunction with th have an exercise price which represents a discount of up to 20% of the market price of the shares at the date of the grant of the op price is paid by an automatic withdrawal from the participant s saving plan in favour of the Trustee who, on exercise of the optio to acquire the requisite number of shares and transfer them to the participant.

	2003
Details of options under this scheme are as follows:	
On issue 1 July, 2002 (1 July, 2001)	6,042,41
Issued during the period	3,502,29
Exercised during the period	(397,68
Lapsed during the period	(1,923,12
Outstanding at 30 June, 2003 (30 June, 2002)	7,223,89
Exercised during the period	(22,08
Lapsed during the period	(53,52
Outstanding at 13 August, 2003 (14 August, 2002)	7,148,28
Exercise price range	
Expiry dates	Augus
Proceeds received on exercise of option	

The market value of options issued during the year under these plans amounted to $12 million. The fair value of each option gran assumptions described on page F-43.

Liberty Media Transaction

In March 2003, the Group and Liberty Media Corporation (Liberty) entered into an agreement under which Liberty has the rig
2003, to purchase US$500 million of the Group s preferred limited voting ordinary ADRs, at US$21.50 ($35.93) per ADR. If Li
its right, the Group can require Liberty to purchase US$500 million ($835 million) of its preferred limited voting ordinary ADRs.
the Group acquire an ownership interest in Hughes Electronics Corporation prior to 27 March, 2005.

Net Tangible Asset Backing Per Share

Net tangible asset backing per ordinary share is $(0.24) (2002 $(0.32)). The net tangible asset backing per ordinary share is based
disclosed in the Statement of Financial Position and does not reflect the market value of investments which, in some cases, signif
values.

NOTE 26 Outside equity interests in controlled entities
Subsidiary contributed equity
Retained profits
Reserves

Outside equity interests in controlled entities primarily relates to interests in FEG, SKY Italia, NDS and New Millennium.

On 30 March, 2001, the Group s film distribution arrangement with New Millennium Investors LLC (New Millennium) expir
outstanding equity of New Millennium and repaid all of New Millennium s existing debt, resulting in the

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 26 Outside equity interests in controlled entities (continued)

acquisition of film inventories of US$650 million ($1,314 million) and the elimination of current and non-current payables of US million). Concurrently, the Group entered into a new series of film rights agreements whereby a controlled consolidated entity of Venture LLC (NM2), that holds certain library film rights, funds the production or acquisition costs of all eligible films, as def Twentieth Century Fox Film Corporation (TCF), a subsidiary of the Group, between 2001 and 2005 (these film rights agreeme collectively referred to as the New Millennium II Agreement). NM2 is a separate legal entity from the Group and TCF and has liabilities. NM2 issued a preferred limited liability membership interest (Preferred Interest) to a third party to fund the film fin presented on the consolidated Statement of Financial Position as outside equity interests in controlled entities. The Preferred Inter redemption rights but is entitled to an allocation of the gross receipts to be derived by NM2 from the distribution of each eligible to the extent available based on the gross receipts from the distribution of the eligible films consists of (i) a return on the Preferre Preferred Payments), based on certain reference rates (generally based on US commercial paper rates or LIBOR) prevailing or determination, and (ii) a redemption of the Preferred Interest, based on a contractually determined amortisation schedule. The Pre preference in the event of a liquidation of NM2 equal to the unredeemed portion of the investment plus any accrued and unpaid P

The net change in Preferred Interest outstanding was US$88 million ($133 million) and US$8 million ($14 million) for the years and 2002, respectively. These amounts were comprised of issuances by the Group of additional Preferred Interest under New Mil amount of US$520 million ($783 million) and US$657 million ($1,165 million) and redemptions by the Group of Preferred Inter ($916 million) and US$649 million ($1,150 million) during fiscal year 2003 and 2002, respectively.

At 30 June, 2003, there was $1,148 million (2002 $1,507 million) of Preferred Interest outstanding, which is included in the State Position as outside equity interest in controlled entities, with the Preferred Payments recorded in the Statement of Financial Perfo equity interest.

A Ratings Trigger Event for the above agreement would occur if the Group s debt rating:

(i) (a) falls below BB+ and below Ba1, or (b) falls below BB, or (c) falls below Ba2, or (d) it is not rated by both rating case, the Group has not, within ten business days after the occurrence of such event, provided credit enhancement so agreement is rated at least BB+ and Ba; or

(ii) (a) falls below BBB- and Baa3, or (b) it is not rated by both rating agencies, and, in each case, more than US$25 mill payments redeemable at that time from film gross receipts remain unredeemed for at least one quarter.

If a Ratings Trigger Event were to occur, then (a) no new films will be transferred, (b) rights against certain film assets may be en
Preferred Interest may become redeemable.

During the year ended 30 June, 2003, no Ratings Trigger Event occurred. If a Ratings Trigger Event were to occur, then US$425
(or approximately 56% of the outstanding balance at 30 June, 2003) may be payable immediately. The balance of the redemption
the extent of future gross receipts from films that had been transferred to NM2.

NOTE 27 Contingent liabilities

(a) Regional Programming Partners

In December 1997, Rainbow Media Sports Holdings, Inc. (Rainbow) (a subsidiary of Cablevision Systems Corporation) (Ca
Net, Inc. (Fox Sports Net) (a subsidiary of the Group) formed Regional Programming Partners (RPP) to hold various progra
connection with the operation of certain Regional Sports Networks (RSNs). Rainbow contributed various interests in RSNs, th
Entertainment Complex, Radio City Music Hall, the New York Rangers National Hockey League franchise, and the New York K
National Basketball Association franchise, to RPP in exchange for a 60% partnership interest in RPP, and Fox Sports Net contrib
($1,295 million) in cash for a 40% partnership interest in RPP.

Pursuant to the RPP partnership agreement upon certain actions being taken by Fox Sports Net, Rainbow has the right to purchas
Net s interests in RPP. The buyout price will be the greater of (i) (a) US$2.125 billion ($3.2 billion), increased by

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FOR THE YEAR ENDED 30 JUNE, 2003

capital contributions and decreased by capital distributions, times Fox Sports Net s interest in RPP plus (b) an 8% rate of return
(ii) the fair market value of Fox Sports Net s interest in RPP. Consideration will be, at Rainbow s option, in the form of cash or
interest rate of prime plus 1/2%.

In addition, for 30 days following 18 December, 2005 (the Put Date) and during certain periods subsequent to the put date so l
commenced an initial public offering (IPO) of its securities, Fox Sports Net has the right to cause Rainbow to, at Rainbow s c
all of its interests in RPP or (ii) consummate an IPO of RPP s securities. The purchase price will be the fair market value of Fox
RPP and the consideration will be, at Rainbow s option, in the form of marketable securities of certain affiliated companies of R
note with an interest rate of prime plus 1/2%. The determination of the fair market value of the investment in RPP will be made i
terms of the partnership agreement and will be affected by the valuation of the consideration received from Rainbow.

In connection with the above transaction, Rainbow and Fox Sports Net formed National Sports Partners (NSP) in which each
Sports Net were issued a 50% partnership interest to operate Fox Sports Net (FSN), a national sports programming service tha
RSNs with 24 hour per day national sports programming. In addition, Rainbow and Fox Sports Net formed National Advertising
which each of Fox Sports Net and Rainbow were issued a 50% partnership interest, to act as the national advertising sales repres
Sports Net-owned RSNs and the RPP-owned and managed RSNs. Independent of the arrangements discussed above relating to R
following the put date and during certain periods subsequent to the put date, or any subsequent put date so long as NSP and NAP
an IPO of its securities, Rainbow has the right to cause Fox Sports Net to, at Fox Sports Net s option, either (i) purchase all of R
and NAP, or (ii) consummate an initial public offering of NSP s and NAP s securities. The purchase price will be the fair marke
interest in NSP and NAP and the consideration will be, at Fox Sports Net s option, in the form of marketable securities of certai
Fox Sports Net or a three-year note with an interest rate of prime plus 1/2%. The determination of the fair market value of the inv
NSP will be made in accordance with the terms of the partnership agreement and will be affected by the valuation of the conside

In January 2003, Fox Sports Net exercised its right to put its 50% direct ownership interests in SportsChannel Chicago Associate
Pacific Associates (collectively, the SportsChannels) to RPP in connection with the Rainbow Transaction. In March 2003, RP
agreed on a US$150 million ($252 million) purchase price for the interest in the SportsChannels, payable in the form of three-yea
the subsidiaries of RPP which own only the interests in the SportsChannels, the terms of which are under negotiation. The transa
close in the first half of fiscal 2004. Following the closing of this sale, the SportsChannels will be held 100% by RPP and indirec
Net and 60% by Rainbow, and each will remain a Fox Sports Net affiliate.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 27 Contingent liabilities (continued)

(b) PanAmSat International Systems

In late June 2003, an arbitration award was issued in favour of PanAmSat International Systems against the Group. The arbitratio
regarding the termination provisions of an agreement to provide satellite transponder capacity over India. The Group disagrees w
and the conclusions of law reached by the arbitrator and, pursuant to the terms of the arbitration agreement between the parties, i
award. Also see Note 6(o).

(c) NDS

In September 2002, NDS Group plc and two of its subsidiaries were named as defendants in a lawsuit filed by DIRECTV, Inc. (
of its affiliates in the United States District Court for the Central District of California. At DIRECTV s request, the action was fi
Additionally, on 21 October, 2002, NDS filed counterclaims against DIRECTV and a chip manufacturer. In late April 2003, the p
proceedings pending efforts to resolve the disputes through mediation. In August 2003, the parties agreed to stay the litigation be
closing of the Group s acquisition of a 34% interest in Hughes Electronics Corporation (see Note 33). Upon the closing of the ac
interest, the litigation and all claims and counter claims alleged therein will be dismissed with prejudice.

On 2 October, 2002, NDS Americas, Inc. was served with subpoenas by the U.S. Attorney s office in San Diego, California, see
apparently in connection with an investigation related to Canal+ Technologies claims (these claims have been dismissed) and E
cooperating with the investigation. NDS was advised by the U.S. Attorney s Office in San Diego that it is not currently considere
subject in the investigation. Lead responsibility for the investigation has recently been transferred to the U.S. Attorney s Office f
California.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 27 Contingent liabilities (continued)

(d) Hughes Electronics Transaction

In April 2003, a putative derivative and shareholder class action (Norman Levin v. K. Rupert Murdoch et al., 03 CV 2929) was fi States District Court for the Southern District of New York against FEG s board members and FEG (as nominal defendant), alle that in approving the Hughes transaction (see Note 33), they breached their fiduciary duties to FEG s public shareholders. The ac and unspecified equitable relief. FEG and FEG s board members intend vigorously to defend this action. On 15 July, 2003, defe the complaint.

In April 2003, six putative shareholder class actions were filed in state courts in Delaware (four actions) and California (two actio Motors (GM) and certain of its board members, alleging that in approving the above-described transaction, the defendants brea duties to public holders of GM s Class H shares. Hughes and its board members are defendants in certain of these actions and ar breached fiduciary duties to the same shareholders. The Group is a defendant in two of the Delaware actions and is alleged to hav other defendants purported breaches of fiduciary duties. The actions seek monetary and injunctive relief, including enjoining co transaction. The Group believes it is entitled to indemnification by GM under the agreements related to the transaction.

The Group has not been served in any of these actions. The Delaware actions were consolidated on 6 May, 2003, and a consolida currently scheduled to be filed on 5 September, 2003. If and when served, the Group intends vigorously to defend these actions.

(e) Other

Various claims arise in the ordinary course of business against controlled entities. The amount of the liability (if any) at 30 June, ascertained, and the parent entity believes that any resulting liability would not materially affect the financial position of the Grou

Income tax would arise if certain fixed assets, investments and publishing rights, titles and television licences were disposed. As intention to dispose of any of these assets, the Directors believe it would be misleading to record any amount against this conting

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 28 Commitments

The Group has commitments under certain firm contractual arrangements (firm commitments) to make future payments. Thes
secure the future rights to various assets and services to be used in the normal course of operations. The following table summaris
firm commitments at 30 June, 2003.

		Payments Due by Perioc			
	Note	Total	1 year	2-3 years	4
				A$ million	
Contracts for Capital Expenditure					
Plant and machinery		136	118	15	
Operating Leases (a)					
Land and buildings		3,206	274	497	
Plant and machinery		1,469	288	436	
		4,675	562	933	
Other commitments					
Unsecured loans payable	21	12,331		804	
Term loans	21	98	33	65	
Exchangeable securities	24	2,084			
New Millennium II Preferred Interest	26	1,148	760	388	
News America Marketing (b)		251	106	140	
Major League Baseball (c)		2,503	532	1,270	
National Football League (d)		3,473	1,092	2,381	
National Association of Stock Car Auto Racing (e)		2,140	293	812	
Cricket (f)		472	65	227	
Other including programming (g)		12,051	3,656	3,901	
		36,551	6,537	9,988	
Total commitments, borrowings and contractual obligations		41,362	7,217	10,936	

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 28 Commitments (continued)

The Group also has certain contractual arrangements in relation to certain associates that would require the Group to make payme
if certain circumstances occur (contingent guarantees). The Group does not expect that these contingent guarantees will result
being paid by the Group in the foreseeable future. The timing of the amounts presented in the table below reflect when the maxin
guarantees will expire and does not indicate that the Group expects to incur an obligation to make payments during that time fran

	Amount of Commitment Expira			
	Total	1 year	2-3 years	4-
			A$ million	
Sports rights (h)	1,518	111	149	
Transponder leases (i)	514	48	90	
Star Channel (j)	75	40	35	
Other	185	2	4	
	2,292	201	278	

Guarantees amounting to $12,429 million (2002 $15,441 million) are given by the parent entity in respect of interest bearing liab

a) The Group leases transponders, office facilities, warehouse facilities, equipment and microwave transmitters used to carry l
These leases, which are classified as operating leases, expire at certain dates through 2036. In addition, the Group leases va
which expire at various dates through 2094.

b) News America Marketing (NAM), a leading provider of in-store marketing products and services primarily to consumer
manufacturers, enters into minimum guarantee agreements with retailers.

c) The Group s contract with Major League Baseball (MLB) grants the Group rights to telecast certain regular season and
MLB games. The contract began with the 2001 MLB season and ends with the 2006 MLB season. The remaining future sc
payments for telecast rights to such MLB games aggregated approximately US$1.7 billion as of 30 June, 2003. For the dur
term of its contract with MLB, the Group has sublicensed telecast rights to certain MLB post-season games to The Walt Di
and is entitled to be paid a sublicence fee aggregating US$495 million over the remaining term. The amounts reflected on t
have not been reduced by the sublicence.

d) Under the Group s contract with the National Football League (NFL) through 2006, remaining future minimum payme
broadcast certain football games aggregated approximately US$2.3 billion as of 30 June, 2003, and are payable over the re
contract. This contract provided the NFL with the option to renegotiate the programming rights to broadcast certain footbal
the 2002 football season. This option was not exercised and expired in February 2003.

e) The Group s contracts with the National Association of Stock Car Auto Racing (NASCAR), which contain certain term
Group rights to broadcast certain NASCAR races through fiscal 2009 and exclusive NASCAR content rights as well as the
exploited with a new NASCAR cable channel or the existing Speed Channel through fiscal 2013. The remaining future mi
aggregated approximately US$1.4 billion as of 30 June, 2003, and are payable over the remaining terms assuming no early

f) The Group acquired the exclusive rights to transmit and exploit the signals for the 2003 and 2007 Cricket World Cups and
International Cricket Council (ICC) cricket events for a minimum guarantee of US$550 million through fiscal year 2007
guaranteed this contract and has been granted the first right of refusal and the last right to match the highest bid received fo
in their respective territories. As of 30 June, 2003, the remaining minimum guarantee is US$313 million over the remainin

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 28 Commitments (continued)

g) The Group s minimum commitments and guarantees under certain other programming, local sports broadcast rights, playe telecommunications services and other agreements aggregated approximately $12,051 million at 30 June, 2003.

h) The Group has guaranteed various sports rights agreements for certain associated entities which aggregate approximately U US$1,050 million) and extend through 2019.

i) The News Corporation Limited has guaranteed various transponder leases for certain associated companies operating in La aggregate of these guarantees is approximately US$341 million (2002 US$355 million) and extends to 2019.

j) The Group has guaranteed a bank loan facility of $75 million for Star Channel Japan pro rata with the Group s ownership facility covers a term loan of $35 million which matures in September 2005 and an agreement for overdraft of $40 million.

As at 30 June, 2002, the Group had commitments, borrowings and contractual obligations of $44.4 billion mainly comprising uns (as per Note 21) and commitments to broadcast television programs. Of these commitments, $8.3 billion was payable within one payable between 2 and 5 years and $20.5 billion was payable after 5 years.

NOTE 29 Superannuation commitments

The Group participates in more than 70 pension and savings plans of various types, in a variety of jurisdictions covering, in aggre employees. The Group has a legally enforceable obligation to contribute to some plans and is not required to contribute to others. plans include both contributory and non-contributory defined benefit plans and non-contributory accumulation plans. The plans o controlled entities include both contributory accumulation plans, contributory and non-contributory defined benefit pension plans employees, while the plans of the United States subsidiaries include both defined benefit pension plans and non-contributory and accumulation plans covering all eligible employees not covered by union administered plans. The non-vested portion of the accu obligation at 30 June, 2003 was $55 million (2002 $45 million). The total pension and savings plan expense for the years ended 3 and 2001 was $107 million, $99 million and $69 million, respectively. The Group makes contributions in accordance with applic contract terms in each jurisdiction in which the Group operates. From time to time, plan assets are in excess/deficit of the plan s cannot access any plan assets when a surplus exists nor does it have a current legal obligation to make payments to fund deficits. sufficient to fund all benefits in each of the years 2003, 2002 and 2001.

Each plan is responsible for conducting actuarial assessments of plan benefits and assets to the extent required by applicable law. assessments of plan benefits and assets take into account market values of plan assets, interest rates and expected future salary in assessments and recommendations, the Group makes contributions to the plan to meet its annual legal obligation. During 2003 th amounts in excess of annual legal requirements.

The Statement of Financial Position includes accrued liabilities relating to the Group s pension obligation amounting to $196 mi
million), primarily related to plans in the United States where actuarially determined pension costs have exceeded annual legal ob

Accumulated plan benefits and plan net assets for the Group s defined benefit plans as at 30 June, 2003 are as follows:

	Assets Exceed Projected Benefits	Projected Benefits Exce Assets
	A$ million	A$ million
Total accumulated benefit obligation	535	1,8
Effect of projected future salary increases	6	1
Total projected benefit obligations	541	1,9
Plan assets at market value	610	1,0
Plan assets in excess of (less than) projected benefit obligations	69	(9

Accumulated plan benefits and plan net assets for the Group s defined benefit plans as at 30 June, 2002 are as follows:

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 29 Superannuation commitments (continued)

	Assets Exceed Projected Benefits	Projected Benefits Excee Assets
	A$ million	A$ million
Total accumulated benefit obligation	473	1,52
Effect of projected future salary increases	1	13
Total projected benefit obligations	474	1,66
Plan assets at market value	573	1,09
Plan assets in excess of (less than) projected benefit obligations	99	(56

The following assumptions were used with respect to the plans for the year ended 30 June, 2003:

	2003	2002
Weighted average accrued discount rates used in determining the actuarial present value of accumulated plan benefits	5.0%-6.0%	6.0%-7.0
Expected Rate of Return on Plan Assets	7.0%-8.0%	7.0%-9.0
Rate of increase in future compensation	3.5%-6.0%	3.5%-5.5

The Group believes that the discount rates used are representative of the prevailing long term interest rates existing at 30 June, 20 Group believes that the expected rate of return on plan asset assumptions are representative of the long term prospective rate. As Group had approximately 36,900 (2002 33,800, 2001 31,400) full-time equivalent employees worldwide.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 29 Superannuation commitments (continued)

Assets of the plans are invested primarily in managed funds which invest primarily in a combination of equity and fixed income i

Details of the major defined benefit and defined contribution plans in which the Group participates are:

			Actuarial Ass	
Name of Plan or Fund	Type of Benefit	Group Contribution Policies	Date	
Australia				
NewsSuper	Defined benefit and defined contribution	As required to fund defined benefit	1 July, 2001	Willia Limit
News Employees Superannuation Trust	Defined benefit and defined contribution	As required to fund defined benefit	1 July, 2001	Willia Limit
News Limited Group Superannuation Fund	Defined contribution	9% of members salaries	Not applicable	
Hong Kong				
Star Provident Fund	Non-contributory and defined contribution	10% of members monthly base salary	Not applicable	
Star Mandatory Provident Fund	Contributory and defined contribution	5% of members relevant monthly income	Not applicable	
United Kingdom				
News International plc Pension and Life Assurance Plan for Senior Executives	Non-contributory and defined benefit	As required to fund defined benefit	1 July, 2000	Willia Limit
News International Pension Plan	Contributory and defined contribution	8% of members basic pay	1 October, 2001	Willia Limit
HarperCollins Pension & Life Assurance Scheme	Contributory and defined benefit	As required to fund defined benefit	31 March, 2000	Watso & Ac
HarperCollins Executive Pension & Life Assurance Scheme	Contributory and defined benefit	As required to fund defined benefit	31 March, 2002	Aon I
Digimedia Vision Pension and Life Assurance Plan	Contributory and defined benefit	As required to defined benefit	1 December, 2001	Willia Limit
United States				
News America Incorporated Employees Pension and Retirement Plan	Non-contributory defined benefit	As required to fund defined benefit	1 January, 2003	Merc Consu
Fox Pension Plan	Non-contributory defined benefit	As required to fund defined benefit	1 January, 2003	Buck
Fox Investment Plan	Contributory defined contribution	The Group matches up to 3% of eligible compensation	Not applicable	

Pension Plan for Union Employees of Fox Television Stations, Inc.	Contributory defined benefit	As required to fund defined benefit plus voluntary member contributions	1 January, 2003	Buck
Los Angeles Dodgers Pension Plan	Non-contributory defined benefit	As required to fund the benefit	1 January, 2003	The E
Los Angeles Dodgers Savings Plan	Frozen contributory defined contribution	No contributions frozen plan	Not applicable	
HarperCollins Retirement Plan	Non-contributory defined accumulation	From 1% to 14% of members gross wages	Not applicable	
News America Incorporated Savings Plan	Contributory and defined contribution	The Group matches up to 3% of eligible compensation	Not applicable	

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FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 30 Related party

Directors in office and attendance at Board Meetings

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

KR Murdoch AC	7	ASB Knight
GC Bible	6	GJ Kraehe AO
C Carey	6	JR Murdoch
P Chernin	7	LK Murdoch
KE Cowley AO	7	TJ Perkins
DF DeVoe	7	BC Roberts Jr. (resigned August 2002)
R Eddington	6	SS Shuman
JAM Erkko KBE	2	AM Siskind

Shares and options held by Directors

The relevant interest of each Director in the share capital of The News Corporation Limited, as notified by the Directors to the Au
Exchange Limited in accordance with section 300(11) of the Corporations Act 2001, at 30 June, 2003 is as follows:

	The News Corporation Limited			
	Ordinary Shares	Preferred Limited Voting Ordinary Shares	Ordinary Share Options	Prefe Limi Voti Ordinary Opti
K R Murdoch AC*	31,924	8,601		24,00
G C Bible				6
C Carey				5,31
P Chernin				18,27
K E Cowley AO		50,843		19
D F DeVoe				3,67
R Eddington				89
J A M Erkko KBE	24,000	30,000		7

A S B Knight**	339,348	400,000		7
G J Kraehe AO	5,122			2
J R Murdoch	3,283	1,686		1,06
L K Murdoch	11,707	903		3,64
T J Perkins	28,372			7
S S Shuman	121,993	641,031	16,000	10
A M Siskind	27,871	50,143		3,68
As at 30 June, 2003	593,620	1,183,207	16,000	61,14
As at 30 June, 2002	588,808	1,182,629	24,000	59,01

There have been no changes to the relevant interests of Directors between 30 June, 2003 and the date of this report.

* K R Murdoch AC additionally is deemed to have a relevant interest in shares by reason of his beneficial and trustee interests in Pty. Limited, a substantial shareholder, and may also be entitled (as defined in the Corporations Act (2001)), to shares by reason Kayarem Pty. Limited, which has a relevant interest in an additional 17,374,354 ordinary shares and 8,872,628 preferred limited

** A S B Knight is deemed to have an interest by reason of his beneficial interest in a settlement, the trustees of which are Royal Trustees Limited and Blomfield Trustees (Jersey) Limited.

Other than disclosed elsewhere in this note, since the end of the previous financial year no Director of the Group has received, or receive, a benefit by reason of a contract made by the Group or a related corporation with the Director or with a firm of which the with a company in which they have a substantial financial interest.

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NOTE 30 Related party (continued)

Share and option transactions with Directors and Director related entities
Shares and options acquired in the parent entity during the year:
Ordinary shares
Preferred limited voting ordinary shares
Preferred limited voting ordinary share options

The exercising of options and the acquisition and disposal of shares were made on terms and conditions no more favourable than
share and option holders.

Other Director transactions

Directors of The News Corporation Limited and Directors of its related parties, or their director-related entities, conduct transacti
within the Group that occur within a normal employee, customer or supplier relationship on terms and conditions no more favour
which it is reasonable to expect the entity would have adopted if dealing with the Director or director related entity at arm s leng
circumstances. These transactions include the following and have been quantified below where the transactions are considered lik
users of the financial statements.

The Group has advanced US$1 million to C. Carey, a Director of the parent entity, in connection with the Director s relocation.
or before 19 January, 2005.

S S Shuman is a non-executive Director of The News Corporation Limited. He is also the Managing Director of Allen & Compar
United States based investment bank. The fees paid to Allen & Company Incorporated were US$nil for 30 June, 2002 and 2003.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 30 Related party (continued)

During the year there were transactions between the Group and Queensland Press Pty. Limited. Queensland Press Pty. Limited is Investments Pty. Limited in which K R Murdoch AC, by reason of his beneficial and trustee interest, may be deemed to have an i of these transactions was $95,550,000 (2002 $62,408,000). Details of these transactions are outlined below.

Transactions with Queensland Press Pty. Limited	
Loan receivable from Queensland Press Pty. Limited (a)	
Funds on deposit (b)	
Acting as agent for the purchase of newsprint and other	1
Provision of editorial, advertising and other resources	
Provision of printing and distribution facilities	
Provision of printed matter	
Sale of business at market value	
Transactions with other associated entities	
The Group conducts transactions with associated entities on arm s length basis under normal terms and conditions, no more favourable than those offered to others.	
Sale of programming inventory	2
Provision of broadcasting systems	2
Provision of channel compilation and uplink services	
Lease of transponder capacity	
Provision of administrative services	
Sale of advertising	
Purchase of advertising	
Sale of telephony services	
Provision of printed matter	

(a) The Group provided Queensland Press Pty. Limited with a subordinated and unsecured loan facility in the amount of $170 payable on this loan at the 90 day Bank Bill Swap Rate plus 0.6%. The Group recorded income of $5 million (2002 $10 mi million) on this loan which is included in interest income from associated companies in Note 4. The loan was repaid in full

(b) In fiscal 2002 Queensland Press Pty. Limited placed funds on deposit with News Limited, a wholly owned subsidiary of th placed these funds on deposit on the money market and returned any interest earned thereon to Queensland Press Pty. Limi ended during fiscal 2003.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 31 Controlled entities

See the Group s Full Financial Report as filed under Form 6-K on 15 September, 2003 with the Securities and Exchange Commi

Deed of cross guarantee

Companies marked with # are parties to a deed of cross guarantee which has been lodged with and approved by the Australian Se
Investment Commission (ASIC). Under the deed of cross guarantee each of the companies guarantees the debts of the other na
Additionally, as a result of the class order issued by ASIC, these companies are relieved from the requirement to prepare and hav
accounts. The consolidated Financial Statements (after eliminating intercompany investments and other intercompany transactio
companies as at 30 June, 2003 and 2002 are as follows:

Closed group statement of financial performance for the year ended 30 June, 2003
Revenue
Operating expenses

Operating income

Investment income
Borrowing costs
Net profit from associated entities

Net profit from ordinary activities before tax

Income tax benefit (expense)

Net profit attributable to members of the parent entity

Total change in equity other than those resulting from transactions with owners as owners

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 31 Controlled entities (continued)

Closed group statement of financial position as at 30 June, 2003
Assets
Current Assets
Cash
Receivables
Inventories
Other

Total Current Assets

Non-Current Assets
Receivables
Investments in associated entities
Other investments
Property, plant and equipment
Publishing rights, titles and television licences
Goodwill
Other

Total Non-Current Assets

Total Assets

Liabilities and shareholders equity
Current Liabilities
Payables
Tax liabilities
Provisions

Total Current Liabilities

Non-Current Liabilities
Payables
Tax liabilities
Provisions

Total Non-Current Liabilities

Total Liabilities

Shareholders Equity
Contributed equity
Reserves
Retained profits

Total Shareholders Equity

Total Liabilities and Shareholders Equity

Closed group retained profits
Retained profits at the beginning of the financial year
Net profit attributable to members of the parent entity
Dividends provided for or paid
Aggregate amounts transferred to reserves

Retained profits at the end of the financial year

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

2003

NOTE 32 Acquisitions and disposals

The following controlled entities were sold by the Group:

Date	Name	Principal Activities	Voti
January 2001	TM3 Fernsenen Gmbh & Co. KG	Television broadcasting and programming	

Controlled entities sold
Consideration received:
Cash
Shares

Total consideration received

Assets and liabilities disposed:
Current receivables
Current inventories
Property, plant and equipment
Publishing rights, titles and television licences
Current trade creditors and provisions
Non-current trade creditors and provisions

Net assets disposed

Net profit before tax on disposal

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

	Note	2003

NOTE 32 Acquisitions and disposals (continued)

The following controlled entities were acquired by the Group:

Date	Name	Principal Activities		
July 2000	Fourth Estate Limited	Book Publishing		
November 2000	Media Support Services	Outdoor Advertising		
December 2000	Orbis Technologies Limited	Interactive Online Betting		
February 2001	Midwest Sports Channel	Cable Channel	(a)	
July 2001	Chris-Craft Industries, Inc.	Television Stations	(b)	
July 2001	BHC Communications, Inc.	Television Stations	(b)	
July 2001	United Television, Inc.	Television Stations	(b)	
July 2001	Speedvision Network LLC	Cable Channel	(c)	
December 2001	Fox Sports International	Cable Programming	(d)	
August 2002	WPWR-TV	Television Station	(e)	100%*
April 2003	Telepiu S.p.A.	Direct Broadcast Satellite Television	(f)	80.1%

* Held by the Group s 80.58% (2002 85.32%) owned subsidiary, FEG.

Controlled entities acquired	
Non cash consideration shares	
Consideration paid cash	1,36
Less cash acquired	(72
Net cash paid	64
Total consideration paid	64
Assets and liabilities acquired:	
Current receivables	22
Current prepayments	58
Current inventories	50
Non-current receivables	2

Non-current inventories	12
Property, plant and equipment	50
Investments (disposed) acquired	(91
Publishing rights, titles and television licences	2,42
Goodwill	7
Current trade creditors and provisions	(1,35
Non-current trade creditors and provisions	(40
Interest bearing liabilities	(60
Outside equity interest	(53
	64

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 32 Acquisitions and disposals (continued)

The following details are provided with regards to acquisitions of controlled entities:

(a) In February 2001, Fox Sports Networks LLC (Fox Sports Networks), acquired certain assets and liabilities constituting t Sports Channel, a regional sports network serving the Minneapolis, Minnesota and Milwaukee, Wisconsin metropolitan are Assignment and Assumption Agreement among Fox Sports Networks, Viacom and Comcast Corporation (Comcast) and between Viacom and Comcast for approximately US$40 million ($79 million).

(b) In July 2001, the Group, through a wholly-owned subsidiary, acquired all of the outstanding common stock of Chris-Craft I subsidiaries, BHC Communications, Inc. and United Television, Inc., (collectively, Chris-Craft). The consideration for t approximately US$2.0 billion ($3.5 billion) in cash and the issuance of 68,854,209 ADRs representing 275,416,836 preferr ordinary shares valued at $4.4 billion. Simultaneously with the closing of the acquisition, the Group transferred US$3,432 r million) of certain net assets, constituting Chris-Craft s ten television stations (the Acquired Stations) to its majority ow exchange for 122,244,272 shares of FEG s Class A Common Stock (the Exchange), thereby increasing the Group s ow 82.76% to 85.25%. FEG assigned the licenses issued by the Federal Communications Commission (FCC) for the Acqui subsidiary, Fox Television Stations, Inc., which became the licensee and controls the operations of the Acquired Stations. T Chris-Craft and transferred to FEG the Acquired Stations in order to strengthen FEG s existing television station business.

The Group consolidated the operations of the Acquired Stations, as of the date of Exchange, 31 July, 2001, with the exception of Lake City, whose operations were not consolidated as of the Exchange due to regulatory requirements which precluded the Grou station and required its disposal (see description for Clear Channel swap below).

In October 2001, the Group exchanged KTVX-TV in Salt Lake City and KMOL-TV in San Antonio with Clear Channel Commu WFTC-TV in Minneapolis (the Clear Channel swap). In addition, in November 2001, the Group exchanged KBHK-TV in San Inc. for WDCA-TV in Washington, DC and KTXH-TV in Houston (the Viacom swap). In June 2002, the Group exchanged K Acquired Station, for Meredith Corporation s WOFL-TV in Orlando and WOGX-TV in Ocala (the Meredith Swap , and toget Clear Channel swaps, the Station Swaps). All of the stations exchanged in the Station Swaps were Acquired Stations. The stat Station Swaps have been independently appraised at the same fair values as those Acquired Stations that were exchanged. Accord was recognised by the Group as a result of the Station Swaps.

(c) In July 2001, as a result of the exercise of rights by existing shareholders of Speedvision Network, LLC, the Group acquire of Speedvision Network, LLC, now Speed Channel, Inc. (Speed Channel) for US$401 million ($789 million). This acqu Group owning 85.46% of Speed Channel. As a result, the Group has consolidated the results of Speed Channel from July 2 the Group acquired the remaining 14.54% minority interest in Speed Channel for approximately US$111 million ($221 mil Group s ownership percentage to 100%.

(d) The Group and Liberty Media Corporation (Liberty) at 30 June, 2001 each owned 50% of Fox Sports International. In Ju
pre-existing option, Liberty exercised its right to sell its 50% interest in Fox Sports International to the Group in exchange
3,673,183 ADRs representing 14,692,732 preferred limited voting ordinary shares valued at $180 million. The transaction
December 2001. Under the terms of this transaction, the Group transferred the acquired interest in Fox Sports International
exchange for the issuance of 3,632,269 FEG Class A Common Stock. This issuance increased the Group s interest in FEG
85.32%, while its voting interest remained at 97.8%.

(e) In August 2002, the Group acquired the television station WPWR-TV in the Chicago designated market area from Newswe
US$425 million ($640 million) in cash.

(f) In April 2003, the Group and Telecom Italia acquired Telepiu, S.p.A. (Telepiu), Vivendi Universal s satellite pay-televi
approximately 788 million ($1,313 million), consisting of the assumption of 350 million ($602 million) in outstanding in
payment of 438 million ($711 million). In the acquisition, Telepiu was merged with Stream S.p.A., and the combined plat
Italia, which is owned 80.1% by the Group and 19.9% by Telecom Italia.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 33 Hughes Electronics

In April 2003, the Group, General Motors Corporation (GM) and Hughes Electronics Corporation (Hughes) reached an agr
would acquire 34% of Hughes. The Group will acquire GM s 19.9% interest in Hughes for approximately US$3.8 billion ($5.7 b
US$768 million ($1,157 million) of the consideration may be paid in preferred ADRs. The Group will acquire through a merger a
Hughes for approximately US$2.7 billion ($4.1 billion) that is payable, at the Group s option, in cash or preferred ADRs. Simult
closing of this transaction, the Group will transfer its 34% ownership interest in Hughes to Fox Entertainment Group (FEG) in
notes representing US$4.5 billion ($6.8 billion) and approximately 74.2 million shares of FEG s Class A Common Stock. This w
ownership interest in FEG from 80.6% to approximately 82%, whilst its voting percentage of FEG will remain at 97%. The closi
subject to a number of conditions, including regulatory approvals.

NOTE 34 United States Generally Accepted Accounting Principles

The following consolidated condensed statements of operations, balance sheets and statements of cash flows are presented in acc
US-GAAP and are based upon the significant differences between US-GAAP and A-GAAP described in notes (a) to (k) herein a
consolidated net income (loss) and shareholders equity which follows the notes.

Consolidated Condensed Statements of Operations

FOR THE YEAR ENDED 30 JUNE

	(in A$ million	
	share a	
	2003	**20**
Revenue	29,752	28
Operating expenses	25,149	25
Depreciation and amortization	717	1
Other operating charge		1
Operating income	3,886	
Equity in losses of associated companies	(584)	(14
Interest, net	(793)	(1

Gain on issuance of subsidiary shares	293	
Other income	171	1
Income (loss) before income tax and minority interest	2,973	(13
Income tax expense	(1,080)	
Minority interest	(472)	
Income (loss) before cumulative effect of accounting change	1,421	(14
Cumulative effect of accounting change, net of tax		
Net income (loss)	1,421	(14
Basic and diluted earnings (loss) per share:		
Income (loss) before cumulative effect of accounting change, net of tax		
Ordinary shares	$ 0.24	$
Preferred limited voting ordinary shares	$ 0.29	$
Cumulative effect of accounting change, net of tax:		
Ordinary shares	$ 0.00	$
Preferred limited voting ordinary shares	$ 0.00	$
Net income (loss):		
Ordinary shares	$ 0.24	$
Preferred limited voting ordinary shares	$ 0.29	$

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 34 United States Generally Accepted Accounting Principles (continued)

Consolidated Condensed Balance Sheets

AT 30 JUNE

ASSETS

Current Assets
Cash and cash equivalents
Receivables net of allowance
Inventories
Other

Total Current Assets
Cash on deposit
Receivables
Investments
Inventories
Filmed entertainment costs, net
Property, plant and equipment net of accumulated depreciation (2003 $4,182 and 2002 $4,153)
Publishing rights, titles and equipment net of accumulated amortization (2003 $2,558 and 2002 $2,903)
Goodwill net of accumulated amortization (2003 $1,073 and 2002 $743)
Other

Total Non-current Assets

Total Assets

LIABILITIES AND SHAREHOLDERS EQUITY

Current Liabilities
Interest bearing liabilities
Payables and other

Total Current Liabilities
Non-current Liabilities
Interest bearing liabilities
Payables and other

Total Non-current Liabilities
Minority interest in subsidiaries, including exchangeable securities
Shareholders Equity

Total Liabilities and Shareholders Equity

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 34 United States Generally Accepted Accounting Principles (continued)

Consolidated Condensed Statements of Cash Flows

FOR THE YEAR ENDED 30 JUNE

	2003
Net income (loss)	1,421
Adjustments to reconcile net income (loss) to cash provided by operating activities:	
Equity losses of associated companies and distributions	693
Outside equity interest	475
Depreciation and amortization	717
Amortization of cable distribution investments	214
Other items, net	(510)
Cumulative effect of accounting change, net of tax	
Change in related balance sheet accounts, net of acquisitions	(520)
Cash provided by operating activities	2,490
Investing and Other Activities:	
Property, plant and equipment	(551)
Acquisitions, net of cash acquired	(644)
Investments in associated companies	(794)
Other investments	(152)
Repayment of loan by an associate	170
Proceeds from sale of non-current assets	167
Cash (used in) provided by investing activities	(1,804)
Financing Activities:	
Issuance of debt and exchangeable securities	3,172
Repayment of debt and exchangeable securities	(3,673)
Cash on deposit	(698)
Issuance of shares	1,927
Repurchase of preference shares	
Dividends paid	(272)

Leasing and other finance costs	
Cash provided by (used in) financing activities	456
Net increase in cash	1,142
Opening cash balance	6,337
Exchange movement on opening cash balance	(733)
Closing cash balance	6,746

Descriptions of the A-GAAP policies, which differ significantly in certain respects from US-GAAP and are reconciled herein, ar

(a) Revaluation of Assets

Prior to fiscal 1991, Property, plant and equipment, Publishing rights, titles and television licenses and Investments were revalued excess of cost. The major portion of such revaluation was ascribed to Publishing rights, titles and television licenses. No revaluat performed since fiscal 1990 and during fiscal 2001, the Group, in accordance with Australian Accounting Standards Board (AA of Non-current Assets , adopted a cost basis of measurement, thereby discontinuing further revaluations under A-GAAP. US-GA revaluation of assets in excess of cost. Accordingly, any gain on the sale of an existing revalued asset would differ between A-GA the amount of the remaining unamortized revaluation.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 34 United States Generally Accepted Accounting Principles (continued)

(b) Intangible Assets

Under A-GAAP, amounts paid for the acquisition of Publishing rights, titles and television licenses in connection with purchase b and initial cable distribution investments are not amortized by the Group, where they are considered to have indefinite useful live in purchase business combinations is amortized over a period not exceeding 20 years using the straight-line method. Under US-G change described below, goodwill was being amortized on a straight-line method not exceeding 40 years, except for those busine initiated after June 30, 2001. The effect of this difference in amortizable lives is reflected in the fiscal 2001 and 2002 reconciliati income (loss) as reported in the consolidated condensed statements of financial performance to Net income (loss) under US-GAA net income (loss) to US-GAAP).

Effective July 1, 2002, the Group adopted Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Othe US-GAAP. SFAS No. 142 eliminates the requirement to amortize goodwill, indefinite-lived intangible assets and the excess cost of equity investees assets. This Statement supersedes Accounting Principles Board Opinion No. 17, Intangible Assets, and re to assess goodwill and indefinite-lived intangible assets annually for impairment. Intangible assets that are deemed to have a defi to be amortized over their useful lives. SFAS No. 142 requires the Group to perform an initial impairment assessment of its good indefinite-lived intangible assets as of the date of adoption. This impairment assessment compares the fair value of these intangib carrying value. As a result of the tests performed, the Group has determined that none of its goodwill and indefinite-lived intangi impaired. Beginning in fiscal 2003, the Group reflects the full difference in the amortization of goodwill acquired in purchase bus the 2003 reconciliation of A-GAAP Net income (loss) as reported in the consolidated condensed statements of financial performa (loss) under US-GAAP, as US-GAAP no longer requires the amortization of such assets. Also see (e) and (k).

(c) Investments

Net loss from associated entities has been adjusted to reflect the approximate effect of applying US-GAAP to the associated com consolidated financial statements.

The equity method of accounting for associated companies has been adjusted to reflect the approximate effect of applying US-G companies A-GAAP consolidated financial statements. Additionally, the Group s investments exceed its equity in the underlyi these investees. Under A-GAAP, this amount is not amortized as the excess in each case is considered by the Group to be an inta indefinite useful life. Under US-GAAP, the difference between the cost of these investments and the underlying equity in their ne an intangible asset and was previously amortized over a period not to exceed 40 years. However, as discussed in (b), upon adopti effective July 1, 2002, amortization of these intangible assets is no longer required. Also see (f).

Under US-GAAP, in accordance with SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities , the G
its equity securities as available-for-sale securities, reported at fair market value, with unrealized gains and losses excluded from
as a component of other comprehensive income (loss) within shareholders equity. A-GAAP has no comparable policy. See (i).

Under A-GAAP, the Group recognizes gains (losses) resulting from the issuance of shares of subsidiaries in the Statement of Fin
Gains (losses) resulting from the issuance of shares of equity investees are recorded as a component of shareholders equity. Und
gains (losses) are recorded as part of earnings, in accordance with the Securities and Exchange Commission s (SEC) Staff Ac
No. 51, Accounting for Sales of Stock by a Subsidiary. Under US-GAAP, in fiscal 2003, the Group reduced the gains on the is
subsidiaries and associated entities by $247 million, which primarily relates to the sale of shares by Fox Entertainment Group, Inc
of the Group.

In fiscal 2001, under US-GAAP, the Group recognized gains on the issuance of shares of associated entities, principally by Britis
Group plc (BSkyB), of $856 million.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 34 United States Generally Accepted Accounting Principles (continued)

(d) Minority Interest in Subsidiaries

Under A-GAAP, minority interest in subsidiaries is included in shareholders equity on the consolidated condensed statements o contrast, under US-GAAP, minority interest in subsidiaries is classified on the balance sheet outside of shareholders equity.

In November 1996, an indirect subsidiary of the Group issued exchangeable preferred securities, which are included in Exchange A-GAAP (TOPrS). The TOPrS were issued with attached warrants exercisable into ordinary shares of BSkyB (the Warrants Corporation, cash equal to the market value of such shares. Upon the adoption of SFAS No. 133, Accounting for Derivative Ins Activities, on July 1, 2000, the Group began recording the Warrants at their fair value on each balance sheet date (in Accounts p current) and any related changes to their fair value are recorded as a component of net income. This fair value adjustment is inclu carrying value of exchangeable preferred securities warrants, conversion feature of BUCS and other derivatives in the Reconc (loss) to US-GAAP.

During 2003, an indirect subsidiary of the Group issued an aggregate of $2.5 billion 0.75% Senior Exchangeable Beneficial Unse Securities (BUCS). The total net proceeds from the issuance of the BUCS was allocated between the fair value of the obligatio exchange feature. The fair values of the obligation and the exchange feature have been recorded in Exchangeable securities and ir liabilities, respectively. Also at the balance sheet date, under US-GAAP, the exchange feature is recorded at fair value in accorda 133 and the adjustment is included in the Change in carrying value of exchangeable preferred securities warrants, conversion f derivatives in the Reconciliation of net income (loss) to US-GAAP.

In March and April of 2003, the Group redeemed 85% of the TOPrS and the related warrants. As a result of the fair value adjustm the basis of the US-GAAP obligation was greater than the A-GAAP obligation upon redemption. Accordingly the basis differenc on redemption of exchangeable preferred securities and related warrants in the Reconciliation of net income (loss) to US-GAAF

(e) Income Taxes

Under US-GAAP, the Group accounts for income taxes under SFAS No. 109 Accounting for Income Taxes. Upon adoption o Group increased the goodwill and deferred tax liabilities to provide for deferred taxes from basis differences on prior business co adjustment had no effect on US-GAAP net loss reported in prior periods as the resulting increase in amortization expense (record being offset by a corresponding decrease in income tax expense. Under A-GAAP, deferred taxes for basis differences resulting fr combinations are not provided.

Deferred income taxes represent the net tax effects of temporary differences between the carrying amounts of assets and liabilitie reporting purposes and the amounts used for tax purposes. The Group s temporary differences primarily relate to the amortizatio titles and television licenses, basis differences on business combinations and net operating loss carryforwards for income tax purp

(f) Developing Businesses

Costs incurred in the development of major new activities, including associated companies, are capitalized until the operations ha commercial basis. At that point any readily identifiable intangibles, such as publishing rights, titles and television licenses but no recorded at cost and accounted for in accordance with the relevant accounting policy. Under A-GAAP, there were no material co capitalized during fiscal 2003 and 2002. Under US-GAAP, these business development costs are charged to operating income or associated companies, as applicable, in the period incurred, in accordance with the American Institute of Certified Public Accoun Position 98-5 Reporting on the Costs of Start-up Activities.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 34 United States Generally Accepted Accounting Principles (continued)

(g) Pension Benefits

Under A-GAAP, for the Group s defined benefit superannuation plans, the Group recognizes pension costs at the required levels or as actuarially determined. Under US-GAAP, pension costs for defined benefit plans, whether overfunded or underfunded, are r basis in accordance with SFAS No. 87, Employers Accounting for Pensions, rather than based on contributions payable to th year. In addition, no minimum liability adjustment is recognized against equity whereas under US-GAAP a minimum pension lia against equity when the accumulated benefit obligation exceeds the fair value of plan assets.

(h) Earnings per ADR

Earnings per ADR (EPS) is computed individually for the ordinary ADRs and preferred ADRs. Net income (loss) is apportion holders and preferred ADR holders on the ratio of 1 to 1.2, respectively, in accordance with the rights of the shareholders as desc Corporation s Constitution. In order to give effect to this apportionment when determining EPS, the weighted average preferred 20% (the Adjusted Preferred) and is then compared to the sum of the weighted average ordinary ADRs and the weighted avera The resulting percentage is then applied to the Net income (loss) to determine the apportionment for the preferred ADR holders w attributable to the ordinary ADR holders.

EPS has been presented in the two-class presentation, as the preferred ADRs participate in dividends with the ordinary ADRs. Pr been restated to conform to the two-class presentation.

The following table sets forth the differences in computation of diluted earnings per ADR under SFAS No. 128, Earnings per Sh and US-GAAP:

	Y
	2003
Net profit (loss) profit attributable to members of the parent entity	1,808
Net US-GAAP adjustments	(387)

LYONS Interest expenses	31
Perpetual preference dividends	(47)
Income (loss) available to members of the parent entity in accordance with US-GAAP	1,405
Weighted average ADRs in accordance with A-GAAP	1,286
Plus incremental shares from assumed conversions for US-GAAP	19
Weighted average ADRs in accordance with US-GAAP	1,305

(i) Other Comprehensive Income

SFAS No. 130, Reporting Comprehensive Income establishes standards for the reporting and display of comprehensive incom financial statements under US-GAAP. Comprehensive income consists of net income and other gains and losses affecting shareh under US-GAAP, are excluded from net income. As of June 30, 2003 and 2002, accumulated other comprehensive income (loss) and $2,891 million, respectively.

(j) Revenue

In November 2001, the U.S. Financial Accounting Standards Board (FASB) issued Emerging Issues Task Force (EITF) No Consideration Given by a Vendor to a Customer or a Reseller of the Vendor s Products. This EITF states that the financial stat customer incentives, including the amortization of cable distribution investments over the original term of the cable distribution a presented as a reduction in revenue. Under A-GAAP, costs associated with cable distribution investments are reflected as intangi under US-GAAP, effective January 1, 2002, the Group has reclassified the amortization of cable distribution investments against amortization of cable distribution investments had previously been included in Depreciation and amortization under US-GAAP.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 34 United States Generally Accepted Accounting Principles (continued)

(k) Acquisitions

Under A-GAAP, when an entity or operation is acquired, the identifiable assets and liabilities assumed must be measured at their of the closing of the acquisition. The purchase consideration is the fair value, as of the closing date of the acquisition, of assets gi issued or liabilities undertaken by the acquiring entity.

Under US-GAAP, equity instruments that are issued in a purchase business combination are valued on the date the terms of the p agreed to and announced, which differs from A-GAAP that values such consideration at the date of closing of the acquisition. In US-GAAP, deferred taxes are recognized for the future tax consequences of temporary differences between the assigned values a assets and the tax basis of the identifiable assets. Such differences are not recognized for A-GAAP.

The impact of these differences on the July 2001 acquisition of Chris Craft Industries and its subsidiaries and on the December 20 Sports International for US-GAAP purposes was to increase the purchase price by approximately $3,574 million above the A-GA $1,800 million related to SFAS No. 109 in connection with the acquisition of Chris-Craft Industries, and $84 million, including $ SFAS No. 109 in connection with the acquisition of Fox Sports International.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 34 United States Generally Accepted Accounting Principles (continued)

The application of US-GAAP, as described above, would have had the following effect on consolidated net income (loss) and sha

FOR THE YEAR ENDED 30 JUNE

	(in A$ millio share and pe	
	2003	
Net income (loss) as reported in the consolidated condensed statements of financial performance	1,808	(
Items increasing (decreasing) reported income before cumulative effect of an accounting change:		
Amortization of publishing rights, titles and television licenses (b)		
Amortization of cable distribution investments (j)	(214)	
Amortization of goodwill (b)	47	
Gain/(loss) on sale/disposal of non-current assets, net (c)	(247)	
Adjustment of writedown of investment in Stream SpA related to basis difference (c)		
Adjustment of writedown of investment in Gemstar-TV Guide related to basis difference (1) (c)		
Adjustment of writedown of investment in Latin America DTH platforms related to basis difference (c)	104	
Equity in losses of associated companies (c)	(51)	
Change in carrying value of exchangeable securities warrants, exchange feature of BUCS and other derivatives (d)	(70)	
Gain on redemption of exchangeable securities and related warrants (d)	280	
Income tax (expense) benefit relating to US-GAAP adjustments (e)	(306)	
Minority interest relating to US-GAAP adjustments (d)	40	
Other, net	30	
Net (decrease) increase in reported income before cumulative effect of accounting change	(387)	
	1,421	(
Cumulative effect of accounting change, net of tax (2)		
Net income (loss) in accordance with US-GAAP	1,421	(
Basic and diluted earnings (loss) per ADR in accordance with US-GAAP(h):		
Ordinary ADRs	$ 0.96	$

Preferred ADRs	$ 1.15	$

(1) The write down of the Group s investment in Gemstar-TV Guide is included in Equity in losses of associated companies i condensed statement of operations.

(2) The fiscal 2002 charge represents the Group s proportionate share of the cumulative effect of accounting change for the ad Fox Family Worldwide of $42 million and SFAS No. 142 by Gemstar-TV Guide of $76 million.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 34 United States Generally Accepted Accounting Principles (continued)

FOR THE YEAR ENDED 30 JUNE

Shareholders equity as reported in the consolidated statements of financial position under A-GAAP
Items increasing (decreasing) reported shareholders equity:
Publishing rights, titles, and television licenses:
(a) & (i) Revaluation of assets and Other comprehensive income
(f) & (j) Developing businesses and Cable distribution investments
(b) Allocation of purchase price of business combinations
(k) Acquisitions
Other

Revaluation and other
(b) Allocation of purchase price of business combinations

Amortization
Goodwill:
(e) Income taxes
(k) Acquisitions
(b) Allocation of purchase price of business combinations
Other

Effect of adopting SFAS No. 109 and other deferred taxes
(b) Allocation of purchase price of business combinations

Amortization
Accounts payable and other non-current liabilities:
(e) Income taxes
(d) Minority interest in subsidiaries
(k) Acquisitions
(b) Intangible assets
Other

Effect of adopting SFAS No. 109 and other deferred taxes
(d) Minority interest in subsidiaries
(c) Investments

(g) & (i) Minimum pension liability
Other

Effect of adopting SFAS No. 133 and other
Investments:
(c) & (i) Investments and Other comprehensive income

Unrealized gains on certain investments available for sale
(c) Investments
(k) Acquisitions

Associated companies reserve
Minority interest in subsidiaries:
(d) Minority interest in subsidiaries

Minority interest in subsidiaries
Other:
(a) & (i) Revaluation of assets and Other comprehensive income
(g) & (i) Intangible pension asset
(b) & (j) Intangible assets and Revenue
Other

Other

Net decrease in reported shareholders equity

Shareholders equity in accordance with US-GAAP

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 35 US-GAAP and US Reporting Disclosures

The consolidated condensed financial statements prepared in accordance with accounting principles generally accepted in United
Note 34 and the significant differences between A-GAAP and US-GAAP are presented throughout Note 34. Additional US-GAA
already incorporated into the A-GAAP financial statements and related notes, are summarized below.

(a) Goodwill and Other Intangible Assets

The Group s intangible assets consist of the following:

	At 30 June, 2002		
	Gross	Accumulated Amortization	Net
		(in A$ millions)	
Intangible assets not subject to amortization			
FCC licenses	$ 15,008	$ (1,655)	$ 13,3
Distribution Networks	2,376	(239)	2,1
Publishing Rights & Imprints	1,592	(485)	1,1
Newspaper Mastheads	1,008	(327)	6
Franchise rights	384	(33)	3
Other	380	(60)	3
	$ 20,748	$ (2,799)	$ 17,9
Intangible assets subject to amortization	112	(104)	
Total Intangibles	$ 20,860	$ (2,903)	$ 17,9

	At 30 June, 2003		
	Gross	Accumulated Amortization	Net

		(in A$ millions)	
Intangible assets not subject to amortization			
FCC licenses	$ 15,295	$ (1,452)	$ 13,8
Distribution Networks	1,570	(206)	1,3
Publishing Rights & Imprints	1,258	(429)	8
Newspaper Mastheads	1,002	(291)	7
Franchise rights	336	(35)	3
Other	199	(55)	1
	$ 19,660	$ (2,468)	$ 17,1
Intangible assets subject to amortization	150	(90)	
Total Intangibles	$ 19,810	$ (2,558)	$ 17,2

Aggregate amortization expense for the fiscal years ended 30 June, 2003, 2002 and 2001, was $8 million, $603 million and $582

At 30 June, 2003, substantially all remaining intangible assets were determined to have indefinite lives.

As acquisitions and dispositions may occur in the future and as purchase price allocations are finalized, amortization expense ma

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 35 US-GAAP and US Reporting Disclosures (continued)

The changes in the carrying value of goodwill, by segment, are as follows:

	Balance at 30 June, 2002	Reclassifications	Purchase Price adjustments (1)	F ex fluc
			(in A$ millions)	
Filmed Entertainment	$ 686	$ 187	$	$
Television	5,916	(2)	(978)	
Cable Network Programming	5,449		(336)	
Direct Broadcast Satellite Television			1,126	
Magazines and Inserts	465			
Newspapers				
Book Publishing				
Other	(16)		33	
Total Goodwill	$ 12,500	$ 185	$ (155)	$

(1) Adjustments primarily relate to the purchase price allocations for the acquisitions of Chris-Craft Industries, Inc., Speed Cha WPWR-TV.

The following table provides a reconciliation of reported Loss before cumulative effect of accounting change for the year ended 3 Adjusted loss before cumulative effect of accounting change that would have been reported had SFAS No. 142 been adopted as o

	For the year e	
	Loss before cumulative effect of accounting change	C
	(in A$ millior ar	

As reported historical basis	$ (14,552)
Add: Goodwill amortization	78
Add: Intangible amortization	576
Add: Intangible amortization related to equity investees	91
Income tax impact of the above adjustments	(239)
Minority interest impact on above adjustment	(77)
Adjusted loss before cumulative effect of accounting change	$ (14,123)

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FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 35 US-GAAP and US Reporting Disclosures (continued)

(b) Other Items

Under A-GAAP, items that are considered significant by reason of their size, nature or effect on the Group s financial performar classified as Other revenues and other expenses before tax. The classification of these items in the consolidated statements of ope US-GAAP differs from their classification under A-GAAP. Accordingly, under US-GAAP, some of these items have been reclas appropriate line items in the consolidated statements of operations while other items are either adjusted or not recognized in the c of operations for US-GAAP purposes.

The following table reconciles Other items in Note 6 in accordance with A-GAAP to Other income under US-GAAP for the year

	2003
Other Items A-GAAP (Note 6)	(378)
Reclassifications (i)	752
US-GAAP adjustments (ii)	(203)
Total Other income US-GAAP(k)	171

(i) These items were reclassified from Other items under A-GAAP to the following line items in the US-GAAP statements of ope

	Reclassified to:			
	Cost and Expenses	Other Operating Cost	Equity in losses of associated companies	Gain on issuance of subsidiary shares
				(in A$ millions)
For the year ended 30 June, 2001				
Restructuring costs (a)	195			

Minority interest				
Disposal and write down of assets (d)	111			
Other	18			
	324			
For the year ended 30 June, 2002				
Restructuring costs (a)	40			
Sports rights agreement (b)		1,861		
Write down of investments in Gemstar and other (c)			11,224	
Disposal and write down of assets (d)	214			
Other	51			
	305	1,861	11,224	
For the year ended 30 June, 2003				
Disposal of interests in subsidiaries (e)	57			(130)
Write down of investments in Gemstar and other (c)			551	
Disposal and write down of assets (d)	158			
Other	116			
	331		551	(130)

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 35 US-GAAP and US Reporting Disclosures (continued)

(a) The nature and amount of the restructuring costs for the three years ended June 30, 2003 are as follows:

Office closure costs
Employee termination costs
Other costs
Total restructuring costs

(b) Sports rights agreements

The nature and amount of this item are more fully described in Note 35(j). The amount reclassified relates to a change in account
Group s national sports rights agreements resulting from the downturn in the worldwide advertising market, which caused the G
estimated losses on these contracts over their terms. This charge has been reclassified to operating expenses for US-GAAP.

(c) Write down of investments in Gemstar and other

The nature and amount of this item is more fully described in Note 35(l). The amount reclassified primarily relates to the Group
investment in Gemstar, under A-GAAP, to reduce the carrying value of the investment to reflect an other-than temporary decline
of the write down under US-GAAP is included in Equity in losses of associated companies for the year ended 30 June, 2003 and

(d) Disposal and write down of assets

During the periods presented, the Group sold or closed various businesses. Under A-GAAP, these charges were included in Othe
the actual losses on dispositions or estimated impairment in carrying value of the operations and primarily relates to the Group s
investment in Knowledge Enterprises in fiscal 2003, the Group s music operations and the closing of the Group s internet ventu
2002, and the closing of the United Kingdom internet business and the diminution in value of a cost basis investment in fiscal 20
such disposals and write downs of assets are included in Operating Expenses.

(e) Disposal of interests in subsidiaries

The amount reclassified into gain on issuance of subsidiary shares for the year ended 30 June, 2003 primarily relates to the sale b
the Group, of 50 million shares of its Class A Common Stock for net proceeds of approximately US$1.2 billion ($1.8 billion). Ur
gain on issuance of subsidiary share is presented under separate line in the accompanying unaudited consolidated condensed state

(ii) The US-GAAP adjustments include:

	30 June, 2003	30 June, 2002
		(in A$ million
Reversal of developing business start-up costs (1)		628
Gain/loss on sale of investments (2)	(142)	(56
Other	(61)	(23
	(203)	549

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 35 US-GAAP and US Reporting Disclosures (continued)

(1) Under A-GAAP, developing business start up costs incurred during the development of a major new activity are capitalize have commenced on a commercial basis. Under US-GAAP, in accordance with Statement of Position 98- 5 Reporting on Activities, such costs are expensed as incurred. As a result, the write off of developing business start up costs for A-GAA US-GAAP results since such amounts were recorded, as incurred, in previous periods; therefore, a US-GAAP adjustment is adjustment to the A-GAAP amount for US-GAAP purposes primarily related to $590 million related to Stream for year end $215 million related to internet businesses for the year ended 30 June, 2001.

(2) The nature and amount of these items are more fully described in Note 34(c). In fiscal 2001, the Group recognized gains or by BSkyB, an associated entity, of $856 million, which are reflected in Other income (expense) under US-GAAP in accord are reflected in Shareholders equity under A-GAAP. In addition, during the fiscal 2001, the Group sold TM3 to KirchMed consideration of approximately $265 million and approximately $427 million in newly issued shares of KirchMedia. The g adjusted by $367 million under US-GAAP since the A-GAAP carrying value exceeded the US-GAAP carrying value by th difference in carrying value principally arose from the treatment of developing business start-up costs, which are capitalize compared to US-GAAP where such amounts are expensed as incurred. See Note 34(f). The fiscal 2003 amount primarily re between A-GAAP and US-GAAP in calculating the gain resulting from the issuance of FEG shares discussed above in Not extinguishment of debt related to redemption of TOPrS which are more fully described in Note 34(c) and Note 34(d), respe

(c) Derivatives

At the beginning of fiscal 2001, the Group adopted under US-GAAP, SFAS No. 133, Accounting for Derivate Instruments and which requires every derivative instrument (including certain derivative instruments embedded in other contracts) to be recorded fair value as either an asset or a liability. The statement also requires that changes in the fair value of recorded derivatives be reco earnings unless specific hedge accounting criteria are met. The Group s adoption of SFAS No. 133, under US-GAAP, resulted in after-tax charge of approximately $115 million as a cumulative effect of a change in accounting principle and a $1,535 million in at 30 June, 2001. (Also see Note 34(d).)

(d) Income Taxes

Significant components of the Group s provisions for income taxes were as follows:

20

Current:	
Australia	(1
Foreign	(3
Total current	(5
Deferred:	
Australia	
Foreign	(5
Total deferred	(5
	(1,0

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 35 US-GAAP and US Reporting Disclosures (continued)

The reconciliation of income tax attributable to continuing operations computed at the statutory rate to income tax expense is:

	Years
	2003
Tax at statutory rate	30%
Effect of foreign tax rates	6%
Capital profits (losses) not taxable (benefited)	1%
Reduction in current year income tax expense due to tax losses not recorded in prior years	%
Other permanent differences	(1)%
	36%

Significant components of the Group s deferred tax assets and liabilities were as follows:

Deferred tax assets:
Net operating loss carry forwards
Capital loss

Total deferred tax assets

Deferred tax liabilities:
Basis differences on business combinations
Accelerated amortization and depreciation
Other

Total deferred tax liabilities

Net deferred tax liabilities before valuation allowance

Less: valuation allowance

Net deferred tax liabilities

At 30 June, 2003 the Group had approximately $3.3 billion of net operating and $1.4 billion of capital loss carryforwards availab taxable income. These net operating loss carryforwards, if not utilised to reduce taxable income in future periods, will expire in v between 2004 and 2023, while the majority of the capital loss carryforwards do not expire. In assessing the realisability of deferr management evaluates a variety of factors in considering whether it is more likely than not that some portion or all of the deferre ultimately be realised. Management considers earnings expectations, the existence of taxable temporary differences, tax planning periods in which estimated operating losses can be utilised. Based upon this analysis, management has concluded that it is more l Group will not realise all of the benefits of these deferred tax assets. In particular, this is due to the uncertainty of generating capi jurisdictions and because certain of the Group s subsidiaries were formed into a tax group for which the deferred tax assets of th expected to be fully utilised through tax planning strategies or reversing taxable temporary differences of that tax group. Accordi allowances have been established to reflect the expected realisation of the deferred tax assets as to 30 June, 2003 and 2002.

Undistributed earnings of the Group s foreign subsidiaries are considered to be indefinitely reinvested and, accordingly, no tax p provided thereon.

(e) Pension and Other Postretirement Disclosure

Pension Benefits

The funded status of the Group s defined benefit pension plans, separated between overfunded and underfunded plans, as well as to determine the projected benefit obligation and the return on plan assets, are set forth in Note 29. The assumptions used for A-G with the assumptions used for US-GAAP purposes.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 35 US-GAAP and US Reporting Disclosures (continued)

The following table sets forth the change in benefit obligation for the Group s benefit plans:

Benefit obligation, beginning of year	
Service cost	
Interest cost	
Benefits paid	
Actuarial loss	
Curtailments	
Acquisitions	
Amendments, transfers and translations	
Benefit obligation, end of year	

The following table sets forth the change in fair value of plan assets for the Group s benefit plans:

Fair value of plan, beginning of year	
Actual return on plan assets	
Employer contributions	
Benefits paid	
Acquisitions	
Transfer and translations	
Fair value of plan, end of year	

The components of net periodic pension costs were as follows:

	20
Service cost-benefits earned during the period	
Interest cost on projected benefit of obligation	1
Expected return on plan assets	(1
Other	
Net periodic pension cost	1

The following table provides a reconciliation of the funded status of the Company s pension plans to the net amount recorded on
balance sheets:

Funded status	
Unrecognized net loss	
Unrecognized prior service cost	
Unrecognized net transition obligation	
Net pension asset (liability) recognized, end of the year	

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 35 US-GAAP and US Reporting Disclosures (continued)

Amounts recognized in the consolidated balance sheets include:

Prepaid pension assets
Accrued pension liabilities
Intangible assets
Other comprehensive income

Net pension asset (liability), end of the year

Other Postretirement Benefits

Certain subsidiaries of the Group sponsor retiree health and life insurance benefit plans. These benefit plans offer medical and/or certain full-time employees and eligible dependents that retire after fulfilling age and service requirements.

The components of net periodic postretirement benefit costs were as follows for the years ended 30 June:

Service cost
Interest cost on projected benefit obligation
Other

Net periodic postretirement benefit cost

The following table sets forth the change in accumulated postretirement benefit obligation (APBO) for the Group s postretire
June:

APBO, beginning of the year
Service cost
Interest cost
Benefits paid
Actuarial loss
Acquisition
Amendments and translations
APBO, end of the year

The funded status of the Group s postretirement benefit plans was as follows as of 30 June:

APBO
Plan assets
Funded status
Unrecognized net loss
Unrecognized prior service cost
Accrued postretirement liability, end of the year

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 35 US-GAAP and US Reporting Disclosures (continued)

The following assumptions were used in accounting for the Group s postretirement plans for the years ended June 30.

	2003	2002
Discount rate	6.00%	7.00%-7.75
Healthcare cost trend rate	12.00%-16.50%	12.00%-16.5

The effect of a one percentage point increase and one percentage point decrease in the assumed health care cost trend rate would effects on the results for the year ended June 30, 2003:

	Serv an Interes
One percentage point increase	
One percentage point decrease	

(f) Earnings Per Share in accordance with US-GAAP

The following table sets forth the computation of basic and diluted earnings per share under SFAS No. 128, Earnings per Share per share amounts and %):

	30 June, 2003	30 June, 20(
Net income (loss) before cumulative effect of accounting change	$ 1,421	$ (14,55
Perpetual preference dividends	(47)	(5
Net income (loss) before cumulative effect of accounting change available to shareholders basic and diluted	$ 1,374	$ (14,60

	Ordinary	Preferred	Total	Ordinary	Preferred	Total	Ordinary
Allocation of Income:							
Allocation Percent (a)	34%	66%	100%	35%	65%	100%	43%
Allocation of Income	$ 470	$ 904	$ 1,374	$ (5,176)	$ (9,428)	$ (14,604)	$ 293
Weighted average shares (b)	1,964	3,152		1,962	2,979		1,924
Net income (loss) before cumulative effect of accounting change per share basic and diluted	$ 0.24	$ 0.29		$ (2.64)	$ (3.16)		$ 0.15

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 35 US-GAAP and US Reporting Disclosures (continued)

	30 June, 2003	30 June, 200
Cumulative effect of accounting change available to shareholders basic and diluted	$	$ (118

	30 June, 2003			30 June, 2002			30
	Ordinary	Preferred	Total	Ordinary	Preferred	Total	Ordinary
Allocation of Income:							
Allocation Percent (c)	34%	66%	100%	35%	65%	100%	43%
Allocation of Income	$	$	$	$ (42)	$ (76)	$ (118)	$ (407)
Weighted average shares (b)	1,964	3,152		1,962	2,979		1,924
Cumulative effect of accounting change per share basic and diluted	$	$		$ (0.02)	$ (0.03)		$ (0.21)
Net income (loss)			$ 1,421			$ (14,670)	
Add perpetual preference dividends			(47)			(52)	
Net income (loss) available to shareholders basic and diluted			$ 1,374			$ (14,722)	

	Ordinary	Preferred	Total	Ordinary	Preferred	Total	Ordinary
Allocation of Income:							
Allocation Percent (d)	34%	66%	100%	35%	65%	100%	43%
Allocation of Income	$ 470	$ 904	$ 1,374	$ (5,217)	$ (9,505)	$ (14,722)	$ (114)
Weighted average shares (b)	1,964	3,152		1,962	2,979		1,924
Net loss per share basic and diluted	$ 0.24	$ 0.29		$ (2.66)	$ (3.19)		$ (0.06)

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 35 US-GAAP and US Reporting Disclosures (continued)

	30 June, 2003	30 June, 2002
(a) Allocation Percent		
Ordinary	$ 1,374	$ (14,604)
	34%	35%
	470	(5,176)
Preferred	1,374	(14,604)
	66%	65%
	904	(9,428)
Total	$ 1,374	$ (14,604)
(b) Weighted Average Shares		
Ordinary	1,964	1,962
	100%	100%
	1,964	1,962
Preferred	3,152	2,979
	120%	120%
	3,782	3,575
Shares for Allocation	5,746	5,537
(c) Allocation Percent		
Ordinary	$	$ (118)
	34%	35%
		(42)
Preferred		(118)
	66%	65%
		(76)
Total	$	$ (118)

(d) Allocation Percent		
Ordinary	$ 1,374	$ (14,722)
	34%	35%
	$ 470	(5,217)
Preferred	$ 1,374	(14,722)
	66%	65%
	904	(9,505)
Total	$ 1,374	$ (14,722)

Potentially dilutive shares were not included in the computation of diluted loss per share for the three years ended June 30, 2003 be anti-dilutive.

Common stock equivalents excluded from:
Ordinary shares
Preferred limited voting ordinary shares

(g) Employee Share Options

SFAS No. 123, Accounting for Stock-Based Compensation, encourages, but does not require, companies to record compensat employee compensation plans at fair value. The Group has chosen to account for stock-based compensation awards to employees Accounting for Stock Issued to Employees, and its interpretation, FASB Interpretation No. (FIN) 44, Accounting for Cert Stock Compensation, an interpretation of APB Opinion No. 25 for US-GAAP. However, SFAS No. 123 does requires certain d companies that will continue to use the intrinsic value-based method for measuring compensation cost in connection with employ plans. Refer to Note 25 for a description of the plans.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 35 US-GAAP and US Reporting Disclosures (continued)

A summary of the option scheme activity is as follows (option numbers in thousands of shares):

	2003		2002	
	Options	Weighted Avg Ex. Price	Options	Weighted Avg Ex. Price
Outstanding at beginning of year	200,025	$ 12.82	159,507	$ 12.71
Granted	71,118	8.04	52,720	12.46
Exercised	(3,974)	5.82	(5,763)	6.38
Cancelled	(10,410)	11.51	(6,439)	12.80
Outstanding at end of year	256,759	$ 11.65	200,025	$ 12.82
Exercisable at end of year	121,405		97,899	
Weighted average fair value of options granted (1)		$ 3.94		$ 4.47

The following table summarizes information about the Scheme, Plan and AEOP options, as of 30 June, 2003. (Option numbers in
Refer to Note 25 for description of the plans.

Range of Exercise Prices	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
$4.57 to $6.79	26,805	$ 5.08	3.50
$7.03 to $10.55	103,548	$ 8.49	7.81
$10.66 to $15.86	67,106	$ 12.09	7.75
$17.72 to $22.00	59,300	$ 19.64	6.76
	256,759	$ 11.65	7.10

A summary of the New World, Heritage and Chris-Craft options (option numbers in thousands of shares):

	2003		2002	
	Options	Weighted Avg Ex. Price	Options	Weighted Avg Ex. Price
Outstanding at beginning of year	20,765	$ 5.41	594	$ 2.19
Granted			32,954	5.19
Exercised	(966)	9.07	(12,255)	4.60
Cancelled	(3,960)	11.41	(528)	7.14
Outstanding at end of year	15,839	$ 10.55	20,765	$ 5.41
Exercisable at end of year	15,839		20,709	
Weighted average fair value of options granted (1)		$		$ 3.53

(1) The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model.

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FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 35 US-GAAP and US Reporting Disclosures (continued)

The following table summarizes information about the New World, Heritage and Chris-Craft options, as of 30 June, 2003. (Optic
thousands of shares)

Range of Exercise Prices	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	E
$1.55 to $2.28	160	$ 1.85	0.32	
$2.55 to $3.82	250	$ 3.07	2.51	
$3.92 to $5.01	111	$ 4.34	2.30	
$6.26 to $8.89	3,646	$ 6.54	0.80	
$9.85 to $13.91	11,672	$ 12.15	6.04	
	15,839	$ 10.55	4.70	

In connection with the Group s acquisition of Chris-Craft, outstanding stock options held by employees of Chris-Craft became e
their terms, for the Group s ADRs effective at the acquisition date. The share equivalent of the Group s ADRs issued to employ
been included in Note 25. These options did not reduce the shares available for grant under any other option plan. The fair value
the acquired companies employees, up to the fair value of the options surrendered, was included as part of the purchase price. T
of the issued options over the surrendered options is accounted for in accordance with SFAS No. 123, whereby the excess fair va
unamortized deferred compensation expense and future amortization is based on the graded vesting schedule of the stock options
the Group began recording deferred compensation related to the unvested options held by employees of Chris-Craft, in accordanc
Interpretation No. 44.

A summary of the NDS options (option numbers in thousands of shares):

	2003		2002	
	Options	Weighted Avg. Ex. Price	Options	Weighted Avg. Ex. Price

Outstanding at beginning of year	4,506	$ 44.83	3,753	$ 46.46
Granted	961	7.97	1,022	41.50
Exercised			(70)	16.41
Cancelled	(1,259)	90.36	(199)	68.28
Outstanding at end of year	4,208	$ 22.80	4,506	$ 44.83
Exercisable at end of year	2,390		2,205	
Weighted average fair value of options granted		$ 21.00		$ 13.48

In November 1999, an indirect majority-owned subsidiary of the Group, NDS, consummated an IPO. NDS sponsors an Executive under which all vested options become exercisable upon an IPO, the consummation of a sale or at the discretion of NDS board US-GAAP, the measurement date of the options was the IPO date with compensation cost determined thereon. Accordingly unde of approximately $31.7 million was recorded against earnings representing the excess of the IPO price over the exercise price of the date of the IPO. Additional charges of $4.0 million and $nil were recorded at 30 June, 2001 and 2002, respectively.

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FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 35 US-GAAP and US Reporting Disclosures (continued)

The following table summarizes information about the NDS options, as of 30 June, 2003. (Option numbers in thousands of shares

Range of Exercise Prices	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	E
Up to $20.00	2,423	$ 10.98	5.03	
$20.01 to $40.00	810	$ 31.74	6.50	
$40.01 to $60.00	924	$ 41.82	8.27	
$60.01 to $80.00	14	$ 67.73	5.51	
$80.01 to $100.00				
$100.01 to $120.00	37	$ 109.09	7.22	
All Options	4,208	$ 22.80	6.04	

SFAS No. 123, Accounting for Stock-Based Compensation, encourages, but does not require, companies to record compensat employee compensation plans at fair value. The Group has chosen to account for stock-based compensation awards to employees Accounting for Stock Issued to Employees, and its interpretation, FASB Interpretation No. (FIN) 44, Accounting for Cert Stock Compensation, an interpretation of APB Opinion No. 25 for US-GAAP.

In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation Transition and Disclosure. No. 148 requires the disclosure in interim reports of compensation expense calculated according to SFAS No. 123 for those awar employee compensation that were outstanding and accounted for under the intrinsic value method of APB No. 25. The following effect on Net income (loss) and Earnings (loss) per share as if the fair value based method under SFAS No. 123 had been applied unvested awards in each period.

	For the yea
	2003
	(in A$ millions, e
Net income (loss) in accordance with US-GAAP, as reported	1,421

Deduct: Total stock-based employee compensation expense determined under the fair value based method for all awards, net of related tax effects	(144)	
Pro forma net income (loss) in accordance with US-GAAP	1,277	
Basic and diluted earnings (loss) per share in accordance with US-GAAP		
As reported:		
Ordinary shares	$ 0.24	$
Preferred limited voting ordinary shares	$ 0.29	$
Pro forma:		
Ordinary shares	$ 0.21	$
Preferred limited voting shares	$ 0.26	$

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the follow for grants in fiscal years 2001, 2002 and 2003, respectively: risk-free interest rates of 6.56%, 4.95% and 5.72% for both the Sche Plan options; expected dividends yields of approximately 1.5% for both the Scheme options and the Plan options; expected lives Scheme options and the Plan options; expected volatility of 33.27%, 33.27% and 43.40%.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no ves are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expec volatility. Because the Group s employee share options have characteristics significantly different from those of traded options, the subjective input assumptions can materially affect the fair value estimate, in management s opinion, the existing models do n reliable single measure of the fair value of its employee share options.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 35 US-GAAP and US Reporting Disclosures (continued)

(h) Other Comprehensive Income (Loss)

SFAS No. 130, Reporting Comprehensive Income establishes standards for the reporting and display of comprehensive incom
financial statements under US-GAAP.

	As of a
	2003
Accumulated other comprehensive income (loss):	
Balance at beginning of year	2,891
Foreign currency translation adjustments	(3,822)
Unrealized holding gains (losses) on securities, net of tax	(86)
Minimum pension liability, net of tax	(179)
Net other comprehensive income adjustments	(4,087)
Balance at end of year	(1,196)
Comprehensive income (loss):	
Net income (loss)	1,421
Net other comprehensive (loss) income adjustments	(4,087)
Total comprehensive (loss) income	(2,666)

(i) Segment Disclosure

The Group s reportable operating segments under the provisions of SFAS No. 131 are presented in Note 2. Such segments have
accordance with the Group s internal management structure, which is organized based on operating activities. The Group evalua
several factors, of which the primary financial measure is segment operating income. The accounting policies of the operating seg
those described in the summary of significant accounting policies (Note 1).

The following is geographic segment information on long-lived assets:

	At 30
	2003
	(in A$ m
Long-Lived Assets	
United States	33,394
Europe	8,712
Australasia	4,060
Corporate	6,720
Total	52,886

Under US-GAAP, Equity in losses of associated companies, Interest, net, Gain on issuance of subsidiary shares and other income segments, as they are not under the control of segment management. Under A-GAAP, these items are segmented in accordance w Segment Reporting .

(j) Other Operating Charge

The Group has several multi-year sports rights agreements including a contract with the NFL through fiscal year 2006, a contract through fiscal year 2009 and contracts with MLB through fiscal year 2007 and a contract with International Cricket Council throu These contracts provide the Group with the broadcast rights to certain national sporting events during their respective terms. NAS contains certain early termination clauses that are exercisable by NASCAR.

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FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 35 US-GAAP and US Reporting Disclosures (continued)

The Group continually evaluates the recoverability of the rights costs against the revenues directly associated with the program m direct expenses over the expected contract lives. During fiscal 2002 under US-GAAP the Group recorded an Other operating cha for US sports rights agreements and $93 million on international sports rights agreements. This charge related to a change in acc Group s national sports rights agreements caused by the downturn in the worldwide advertising market, which caused the Group programming costs inventory and to provide for estimated losses on these contracts over their estimated terms. For the US sports considered the severe downturn in sports-related advertising, the lack of any sustained advertising rebound subsequent to Septem industry-wide reduction of projected long-term advertising growth rates and for the international sports rights, lower projected sp television revenue, all of which resulted in the Group s estimate of future directly attributable revenues associated with these co previously anticipated. Because the vast majority of costs incurred under these contracts are fixed, such as the rights costs and pr results of these lower revenue estimates indicated that the Group would generate a loss over the estimated remaining term of the s A-GAAP, this charge was included in Other expenses before tax.

In accordance with Accounting Principles Board (APB) Opinion No. 20, Accounting Changes, the Group has determined th on Basic and diluted earnings (loss) per share, net of tax benefit of $672 million, for the fiscal year 2002 is $0.21 loss per ordinar per preferred limited voting ordinary share.

The costs of these sports contracts are charged to expense based on the ratio of each period s operating profits to estimated total contract. Considering the provision of $1,861 million for estimated losses and absent a difference between the actual future reven compared to the estimated future revenues and costs, no operating profit or loss will be recognized over the estimated remaining contracts.

The profitability of these long-term national sports contracts as discussed above is based on the Group s best estimates at 30 Jun attributable revenues and costs; such estimates may change in the future, and such changes may be significant. Should revenues c applied at 30 June, 2003, an additional loss will be recorded.

Should revenues improve as compared to estimated revenues, then none of the recorded loss will be restored, but the Group will l operating profit, which will be recognized over the estimated remaining contract term.

(k) Other income (expense)

The following table sets forth the components of Other income (expense) included in the accompanying consolidated condens
operations prepared under US-GAAP:

	2
Gain on sale of FFW	
Gain on sale of Echostar	
Gain on sale of Outdoor Life	
Gain on sale of The Golf Channel	
Early extinguishment of debt	
Write down of investment in KirchMedia	
Write down of investment in One.Tel	
Write down of investment in Healthheon/WebMD	
Other	

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 35 US-GAAP and US Reporting Disclosures (continued)

(l) Gemstar Impairment

During fiscal year 2002, Gemstar-TV Guide, in which the Group has an investment which is accounted for using the equity meth
significant decline in its market capitalization.

In determining if the decline in Gemstar s market value was other than temporary, the Group considered a number of factors: (i)
operating performance and near term prospects of the investee; (ii) the reason for the decline in fair value, be it general market co
specific or investee specific; (iii) analysts ratings and estimates of 12 month share price targets for the investee; (iv) the length o
to which the market value has been less than the carrying value of the Group s investment; and (v) the Group s intent and ability
for a period of time sufficient to allow for a recovery in fair value.

As a result of this review, the Group recorded an $11.7 billion charge, included in Equity in losses of associated companies, to re
of the investment to reflect an other-than-temporary decline in value. The charge was determined by reference to Gemstar s shar
of $9.56 per share and the Group s ownership of approximately 175 million shares.

In March 2003, Gemstar filed its December 31, 2002 annual report on Form 10-K and also filed amended and restated results for
described above. Accordingly, the Group has reviewed these restatements to determine the effects on the Group s consolidated s
position and consolidated statement of financial performance. Because the Group wrote-down its investment in Gemstar to its rec
June, 2003 and 30 June, 2002, the Gemstar restatements did not have an effect on the Group s consolidated condensed balance s
condensed statements of operations and cash flows.

During fiscal 2003, Gemstar s market value continued to decline and the Group considered the five factors discussed above to de
charge was required. As a result of this review, during fiscal 2003 the Group recorded a $551 million charge to reduce the carryin
investment in Gemstar-TV Guide to $6.66 (US$3.75) per share to reflect a decline in value.

(m) Statement of Shareholders Equity

Under A-GAAP, in fiscal 2002 and 2003, dividends payable are recognized when their payment is determined by, and announced
of the Board of Directors, which is consistent with dividend treatment under US-GAAP. In fiscal 2001, under A-GAAP, dividend

year-end, even though determined by the Board of Directors at a later date. Under US-GAAP, dividends are recognized when dec

The following table sets forth the different classes of shares issued by the Group:

Ordinary shares no par value; issued and outstanding 2,097,411,050 2003 and 2,094,411,035 2002
Preferred limited voting shares ordinary shares no par value; issued and outstanding 3,230,088,260 2003 and 3,208,695,775 200
Adjustable rate cumulative perpetual preference shares US$25 par value; 3,800,000 shares authorized; issued and outstanding
Guaranteed 8 5/8% perpetual preference shares US$25 par value; 10,000,000 shares authorized; issued and outstanding

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 35 US-GAAP and US Reporting Disclosures (continued)

(n) Recently Issued Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. (FIN) 46, Consolida Entities, an Interpretation of ARB No. 51 . FIN 46 requires an investor to consolidate a variable interest entity if it is determined primary beneficiary of that entity, subject to the criteria set forth in FIN 46. Assets, liabilities, and non controlling interests of nev variable interest entities will be initially measured at fair value. After initial measurement, the consolidated variable interest entity under the guidance provided by Accounting Research Bulletin No. 51, Consolidated Financial Statements. FIN 46 is effective entities created or entered into after 31 January, 2003. For variable interest entities created or acquired before 1 February, 2003, F first fiscal year or interim period beginning after 15 June, 2003. Beginning on 1 July, 2003 the adoption of FIN 46 will require th Group s $2,084 million in exchangeable securities related to the BUCS and TOPrS issuances to non-current interest bearing liab consolidated balance sheets and the $94 million annual payments from dividend on exchangeable securities to Interest, net on the statements of operations with no resulting effect on the Group s net income (loss). The Group is currently assessing the adoption to other variable interests.

In May 2003, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 150, Accounting for Certain Finan Characteristics of both Liabilities and Equity. SFAS No. 150 amends SFAS No. 6, Elements of Financial Statements, to impr financial instruments that, under previous guidance, issuers could account for as equity. The new statement requires that those ins as liabilities in statements of financial position. SFAS No. 150 is effective for all financial instruments entered into or modified a otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. For financial instruments created date of SFAS No. 150 and still existing at the beginning of the interim period of adoption, transition shall be achieved by reportin of change in an accounting principle by initially measuring the financial instruments at fair value or other measurement attribute statement. The Group will adopt SFAS No.150 on 1 July, 2003 and does not expect it to have a material impact on its consolidate statements of operations

(o) Other Transactions

Sunshine

In January 2002, the Group acquired an additional 23.3% voting interest in Sunshine Networks (Sunshine) for approximately S resulted in the acquisition of a controlling financial interest in Sunshine and increased the Group s ownership percentage in Suns 93%. In February 2002, the Group acquired an additional approximate 0.4% interest in Sunshine. Since the Group obtained a con interest upon the acquisition in January 2002, Sunshine has been consolidated into the Cable Network Programming segment of t under the control of the Group. Under US-GAAP this transaction has been treated as a purchase in accordance with SFAS Nos. 1

Taiwan Cable Group (China Network System)

In April 2001, STAR purchased a 20% interest in each of the Koos Group s (Koos) 15 cable systems in Taiwan. The aggreg
transaction was $474 million. As of June 2003, STAR had aggregate interests of up to 23% in 17 cable systems throughout Taiwa
affiliated with Koos. The Group accounts for this investment under the equity method of accounting from the date of acquisition.
business group based in Taiwan encompassing finance, telecommunications, entertainment and other businesses.

Home Team Sports

In February 2001, Fox Sports Networks sold its approximate 34% limited partnership interest in Home Team Sports, in a non-cas
amended cable carriage arrangements (the Carriage Arrangements) related to the distribution of certain of the Group s progra
systems. The value ascribed to the Carriage Arrangements was $89 million and was based upon the value of similar cash transact
had completed. The Group has recognized a gain of approximately $80 million related to this transaction for the year ended 30 Ju

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 35 US-GAAP and US Reporting Disclosures (continued)

(q) Valuation and Qualifying Accounts

	Balance at beginning of period	Additions charged to costs and expenses	Deductions
			(in A$ millions)
30 June, 2001			
Allowance for doubtful accounts current receivables	438	151	81
30 June, 2002			
Allowance for doubtful accounts current receivables	541	286	102
30 June, 2003			
Allowance for doubtful accounts current receivables	832	288	109

(a) Includes foreign exchange translation gain (loss), 2003 $(65) million, 2002 $(40) million, and 2001 $49 million. In addit
increase primarily reflects the consolidation of SKY Italia.

(p) Supplemental Disclosure of Cash Flow Information

Non-cash transactions:
Ordinary shares and preferred limiting voting ordinary shares issued on exchange of convertible debt
Shares issued in lieu of cash dividend payments
Preferred limited voting ordinary shares issued in acquisitions

Shares issued to obtain investments in Gemstar-TV Guide International, Inc. (formerly TV Guide, Inc.)

(q) Selected Summarized Information

All senior notes, senior debentures, Zero Coupon Exchangeable Subordinated Notes, Liquid Yield Option Notes and Mandatory I
Securities as discussed in Note 21 were issued by News America Incorporated (NAI), the principal subsidiary of the Group in
guaranteed by TNCL and certain subsidiaries of TNCL.

Summarized financial information of NAI and its consolidated subsidiaries is as follows:

	Ye
	2003
NAI (US-GAAP)	
Balance Sheet:	
Current assets	10,846
Non-current assets	35,777
Current liabilities	4,943
Non-current liabilities	18,669
Preferred stock	5,149
Minority interest in subsidiaries, including exchangeable preferred securities	7,908
Statements of Operations:	
Revenues	20,950
Expenses, other expenses, net and taxes	18,434
Net (loss) income	2,516

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 36 Subsequent Events (Unaudited)

As more fully discussed in Note 5, the Group assumed $602 million in indebtedness in connection with the Telepiu acquisition (t
Indebtedness permitted the holders to require the Group to repurchase the Indebtedness during a 90-day period following the acq
19 August 2003, 36% of the Indebtedness was retired by the Group in accordance with the repurchase provision.

On 15 September, 2003, the plaintiff in the putative derivative and shareholder class action (Norman Levin v. K. Rupert Murdoch
agreed to dismiss the action with prejudice as to himself and without prejudice to putative class members other than himself. On
the Court entered the agreed upon order of dismissal.

On 19 September, 2003, the Group purchased substantially all of the outstanding equity of Tintagel Investors L.L.C. (Tintagel
Preferred Interest in NM2, for US$25.5 million ($38.3 million) plus accrued and unpaid Preferred Payments in the amount of app
US$106,000 ($159,109). As a result of the acquisition of this equity interest, the Group will consolidate the assets and liabilities o
accounting purposes. The 30 June, 2003 outstanding NM2 Preferred Interest of US$762 million ($1,148 million), included in Ou
controlled entities prior to the acquisition, will be eliminated upon consolidation; and Tintagel s 30 June, 2003 outstanding indeb
million ($1,109 million) will now be included in Interest bearing liabilities on the consolidated statements of financial position of
acquisition, Tintagel will continue to be a separate legal entity from the Group with separate assets and liabilities.

As of 30 June, 2003, the Group guaranteed sports rights agreements for SportsChannel Chicago Associates (SportsChannel Chic
approximately US$1,007 million. On 30 September 2003, SportsChannel Chicago received notice that each of the Chicago Cubs,
and White Sox have exercised their right to terminate their rights agreement with Sports Channel Chicago effective 30 Septembe
termination of the rights agreements, the remaining guarantee would be approximately US$43 million through fiscal 2005.

On 10 October, 2003, the Group announced that it had reached an agreement in principle to sell the Los Angeles Dodgers, togeth
Stadium and the team s training facilities in Vero Beach, Florida and the Dominican Republic, to an investment group headed by
This agreement is subject to MLB approval and customary conditions.

On 15 October, 2003 Liberty acquired US$500 million (A$835 million) of the Group s preferred limited voting ordinary ADRs,
per ADR, pursuant to a right that Liberty had acquired in March 2003.

On 6 June, 2003, Echostar Communications Corporation, Echostar Satellite Corporation, Echostar Technologies Corporation and
(together, Echostar) filed an action against NDS Group plc and NDS Americas Inc. (together, NDS) in the United States Di
District of California. Echostar filed an amended complaint on 8 October, 2003. The amended complaint purports to allege claim

Digital Millennium Copyright Act, the Communications Act of 1934, the Electronic Communications Privacy Act, the Computer California s Unfair Competition statute and the federal RICO statute. The complaint also purports to allege claims for civil consp of trade secrets and interference with prospective business advantage. The complaint seeks injunctive relief, compensatory and ex restitution. NDS response to the amended complaint is not yet due. NDS belives the claims to be baseless and intends to vigorou On 25 July, 2003, Sogecable, S.A. and its subsidiary Canalsatelite Digital, S.L., Spanish satellite broadcasters and customers of C (together, Sogecable), filed an action against NDS in the United States District Court for the Central District of California. Sog complaint on 9 October, 2003. The amended complaint purports to allege claims for violation of the Digital Millennium Copyrigl RICO statute. The complaint also purports to allege claims for interference with contract and prospective business advantage. The injunctive relief, compensatory and exemplary damages and restitution. NDS response to the amended complaint is not yet due. claims to be baseless and intends vigorously to defend the action.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 37 Supplemental Guarantor Information

As more fully discussed in Note 21, on 27 June, 2003, News America Incorporated (NAI) terminated its existing Revolving C
entered into the New Credit Agreement. The News Corporation Limited (News Corporation), FEG Holdings, Inc., Fox Enterta
News America Marketing FSI, Inc., and News Publishing Australia Limited are guarantors under the New Credit Agreement. Ce
News Corporation that were guarantors under the Prior Credit Agreement are not guarantors under the New Credit Agreement an
accordance with the indentures pursuant to which NAI has issued public debt (a listing of the public debt is set forth in Note 21 (t
27 June, 2003, these subsidiaries have ceased to be guarantors of the Public Debt.

The group noted above, presently guarantees the senior public indebtedness of News Corporation s indirect wholly owned subsid
35(q)). Supplemental condensed consolidating financial information (A-GAAP) of the Guarantors is presented on pages F-96 thro
supplemental financial information should be read in conjunction with the Consolidated Financial Statements.

A reconciliation of the Group s results under A-GAAP to US-GAAP is presented in Note 34. There are no GAAP reconciling ite
America Incorporated column presented. For GAAP reconciling items related to The News Corporation Limited column, ref

In accordance with SEC Rules and Regulations, in the Guarantor Wholly Owned Subsidiaries column, the Group uses the equ
the results of all of the non-guarantor subsidiaries, representing substantially all of the Group s consolidated results of operations
intercompany eliminations. Accordingly, the Group believes there are no material differences between the reconciling items prese
the adjustments required to reconcile the results of the guarantor subsidiaries reflected in this column to US-GAAP. Therefore, th
reconciliation of the supplemental guarantor information to US-GAAP would not materially affect an investor s assessment of th
of the guarantees.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 37 Supplemental Guarantor Information (continued)

SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENT OF FINANCIAL POSITION

As of June 30, 2003

(A$ in millions)

	A-GAAP						
	News America Incorporated	The News Corporation Limited (1)	Guarantor Wholly Owned Subsidiaries (1)	Guarantor Non-Wholly Owned Subsidiaries	Non-Guarantor Wholly Owned Subsidiaries	Non-Guarantor Non-Wholly Owned Subsidiaries	Eliminations
ASSETS							
Current Assets							
Cash	5,458	9			865	414	
Receivables	16				2,131	3,554	
Inventories			40		673	1,218	
Other	4		21	12	285	161	
Total Current Assets	5,478	9	61	12	3,954	5,347	
Investments							
Investments in associated companies and Other investments	387		523	96	2,864	2,851	
Intragroup investments	38,439	31,078	52,368	19,764	70,890	19,085	(231,624)
Total Investments	38,826	31,078	52,891	19,860	73,754	21,936	(231,624)
Property, plant and equipment	172		2		3,885	2,240	
Other Assets							
Cash on deposit	698						
Intercompany	(36,906)	88	11,315	2,490	27,181	(4,168)	
Goodwill					58	286	33
Publishing rights, titles and television licences	221		408	55	10,521	21,492	27
Receivables	75			135	618	391	
Inventories					547	3,556	
Other	207		5		450	83	
Total Other Assets	(35,705)	88	11,728	2,680	39,375	21,640	60

TOTAL ASSETS	8,771	31,175	64,682	22,552	120,968	51,163	(231,564)
LIABILITIES AND STOCKHOLDERS EQUITY							
Current Liabilities							
Interest bearing liabilities	14				19		
Other current liabilities	63		501		4,239	4,460	7
Total Current Liabilities	77		501		4,258	4,460	7
Non-current Liabilities							
Interest bearing liabilities	11,791				605		
Other non-current liabilities	801		611		279	3,552	
Total Non-Current Liabilities excluding exchangeable securities	12,592		611		884	3,552	
Exchangeable securities					2,084		
Total Liabilities	12,669		1,112		7,226	8,012	7
Minority interest in subsidiaries, including exchangeable securities							
Shareholders Equity	(3,898)	31,175	63,570	22,552	113,742	43,151	(231,571)
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	8,771	31,175	64,682	22,552	120,968	51,163	(231,564)

See notes to supplemental guarantor information

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 37 Supplemental Guarantor Information (continued)

SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENT OF FINANCIAL POSITION

As of June 30, 2002

(A$ in millions)

	A-GAAP						
	News America Incorporated	The News Corporation Limited (1)	Guarantor Wholly Owned Subsidiaries (1)	Guarantor Non-Wholly Owned Subsidiaries	Non-Guarantor Wholly Owned Subsidiaries	Non-Guarantor Non-Wholly Owned Subsidiaries	Eliminations
ASSETS							
Current Assets							
Cash	3,920	7	778	66	1,192	374	
Receivables	25		16	18	1,668	4,684	(602
Inventories			35		405	1,657	(162
Other	6		24	19	236	281	
Total Current Assets	3,951	7	853	103	3,501	6,996	(764
Investments							
Investments in associated companies and Other investments	544		2,098	104	2,729	3,112	
Intragroup investments	40,823	19,513	28,177	22,566	74,652	20,803	(206,534
Total Investments	41,367	19,513	30,275	22,670	77,381	23,915	(206,534
Property, plant and equipment	203		101		3,599	2,768	
Other Assets							
Intercompany	(37,181)	10,321	4,984	1,073	25,086	(4,283)	
Goodwill					(45)	472	28
Publishing rights, titles and television licences	321		123	66	10,156	24,826	(144
Receivables	85		7	147	391	426	(260
Inventories					202	4,665	(635
Other	155		23	1	407	120	(1
Total Other Assets	(36,620)	10,321	5,137	1,287	36,197	26,226	(1,012

TOTAL ASSETS	8,901	29,841	36,366	24,060	120,678	59,905	(208,310
LIABILITIES AND STOCKHOLDERS EQUITY							
Current Liabilities							
Interest bearing liabilities	175				11	1,670	
Other current liabilities	138		194	150	2,949	6,491	(773
Total Current Liabilities	313		194	150	2,960	8,161	(773
Non-current Liabilities							
Interest bearing liabilities	13,581				4		
Other non-current liabilities	752		947	(209)	879	5,592	(2,268
Total Non-Current Liabilities excluding exchangeable securities	14,333		947	(209)	883	5,592	(2,268
Exchangeable securities					1,690		
Total Liabilities	14,646		1,141	(59)	5,533	13,753	(3,041
Minority interest in subsidiaries, including exchangeable securities							
Shareholders Equity	(5,745)	29,841	35,225	24,119	115,145	46,152	(205,269
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	8,901	29,841	36,366	24,060	120,678	59,905	(208,310

See notes to supplemental guarantor information

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 37 Supplemental Guarantor Information (continued)

SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENT OF FINANCIAL PERFORMANC

For the year ended June 30, 2003

(A$ in millions)

	A-GAAP							
	News America Incorporated	The News Corporation Limited (1)	Guarantor Wholly Owned Subsidiaries (1)	Guarantor Non-Wholly Owned Subsidiaries	Non-Guarantor Wholly Owned Subsidiaries	Non-Guarantor Non-Wholly Owned	Eliminations	The Ne Corporation and Subsi
Sales Revenue	8		1,005		9,209	19,691		
Operating expenses	250		693	78	8,259	16,281		
Operating income (loss)	(242)		312	(78)	950	3,410		
Net loss from associated entities			(335)	(3)	209	40		
Net profit (loss) from subsidiary entities	5,556	(2,598)	3,337	2,344	794		(9,433)	
Net borrowing costs	(3,919)	4,367	899	215	(1,894)	(459)		
Dividend on exchangeable securities					(94)			
Other items before income tax	(339)	39	272	292	(342)	(300)		
Profit (loss) from ordinary activities before income tax	1,056	1,808	4,485	2,770	(377)	2,691	(9,433)	
Net income tax (expense) benefit					(305)	(217)	(252)	
	1,056	1,808	4,485	2,770	(682)	2,474	(9,685)	

Net profit (loss) from ordinary activities after tax								
Net profit attributable to outside equity interests				24		(95)	(347)	
Net profit (loss) attributable to members of the parent entity	1,056	1,808	4,485	2,794	(682)	2,379	(10,032)	

See notes to supplemental guarantor information

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 37 Supplemental Guarantor Information (continued)

SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENT OF FINANCIAL PERFORMANC

For the year ended June 30, 2002

(A$ in millions)

	A-GAAP						
	News America Incorporated	The News Corporation Limited (1)	Guarantor Wholly Owned Subsidiaries (1)	Guarantor Non-Wholly Owned Subsidiaries	Non-Guarantor Wholly Owned Subsidiaries	Non-Guarantor Non-Wholly Owned Subsidiaries	Eliminations
Sales revenue	10		1,035		8,365	21,444	(1,840)
Operating expenses	205		772	67	7,249	18,940	(1,761)
Operating income (loss)	(195)		263	(67)	1,116	2,504	(79)
Net loss from associated entities	(76)		(353)	(6)	(848)	(151)	
Net profit (loss) from subsidiary entities	1,573	(11,965)	41	2,198	(1,664)		9,817
Net borrowing costs	(3,733)	3	601	193	2,582	(646)	
Dividend on exchangeable securities					(93)		
Other items before income tax	206		(1,729)	(124)	(11,545)	931	287
Profit (loss) from ordinary activities before income tax	(2,225)	(11,962)	(1,177)	2,194	(10,452)	2,638	10,025
Net income tax (expense) benefit	(22)		(1)		(172)	(231)	(229)
Net profit (loss) from	(2,247)	(11,962)	(1,178)	2,194	(10,624)	2,407	9,796

ordinary activities after tax							
Cumulative effect of accounting change, net of tax							
Net profit attributable to outside equity interests						(67)	(281)
Net profit (loss) attributable to members of the parent entity	(2,247)	(11,962)	(1,178)	2,194	(10,624)	2,340	9,515

See notes to supplemental guarantor information

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 37 Supplemental Guarantor Information (continued)

SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENT OF FINANCIAL PERFORMANC

For the year ended June 30, 2001

(A$ in millions)

	A-GAAP							
	News America Incorporated	The News Corporation Limited (1)	Guarantor Wholly Owned Subsidiaries(1)	Guarantor Non-Wholly Owned Subsidiaries	Non-Guarantor Wholly Owned Subsidiaries	Non-Guarantor Non-Wholly Owned Subsidiaries	Eliminations	The Corporati a Subsi
Sales revenue	52		2,086		7,136	17,646	(1,342)	
Operating expenses	185		1,564	51	6,359	15,657	(1,331)	
Operating income (loss)	(133)		522	(51)	777	1,989	(11)	
Net loss from associated entities			543	11	(235)	7	(575)	
Net profit (loss) from subsidiary entities	2,399	(3,257)	(2,729)	(917)	412		4,092	
Net borrowing costs	(3,027)	2,511	717	75	8,953	(743)	(9,421)	
Dividends on exchangeable securities					(90)			
Change in accounting policy before tax						(1,107)		
Other items before income tax	(862)		(342)	861	5,916	(1,828)	(5,019)	
Net profit (loss) from ordinary activities before income	(1,623)	(746)	(1,289)	(21)	15,733	(1,682)	(10,934)	

tax							
Net income tax (expense) benefit	(1)		(126)	11	(37)	221	(56)
Net profit (loss) from ordinary activities after tax	(1,624)	(746)	(1,415)	(10)	15,696	(1,461)	(10,990)
Cumulative effect of accounting change, net of tax							
Net profit attributable to outside equity interests						(27)	(169)
Net profit (loss) attributable to members of the parent entity	(1,624)	(746)	(1,415)	(10)	15,696	(1,488)	(11,159)

See notes to supplemental guarantor information

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 37 Supplemental Guarantor Information (continued)

SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the year ended June 30, 2003

(A$ in millions)

	A-GAAP							
	News America Incorporated	The News Corporation Limited (1)	Guarantor Wholly Owned Subsidiaries (1)	Guarantor Non-Wholly Owned Subsidiaries	Non-Guarantor Wholly Owned Subsidiaries	Non-Guarantor Non-Wholly Owned Subsidiaries	Eliminations	C L S
Operating activity								
Net profit (loss) attributable to members of the parent entity	1,056	1,808	4,485	2,794	(682)	2,379	(10,032)	
Adjustment for non-cash and non-operating activities:								
Associated entity earnings, net of dividends			274	3	(53)	(30)		
Net profit (loss) from subsidiary entities	(5,556)	2,598	(3,337)	(2,344)	(794)		9,433	
Depreciation and amortization	19		1		358	398		
Other items, net	121	(39)	(181)	(292)	181	300		
Change in financial position	7,857	(4,367)	(1,573)	(1,972)	(837)	(313)	820	
Cash provided by (used in) operating activity	3,497		(331)	(1,811)	(1,827)	2,734	221	
Investing and other activity								

Property, plant and equipment	(16)				(281)	(254)	
Investments	(13)		(447)	(70)	(191)	(862)	
Repayment of loan by an associate					170		
Proceeds from sale of non-current assets	40				115	12	
Cash (used in) provided by investing activity	11		(447)	(70)	(187)	(1,104)	
Financing activity							
Issuance of debt and exchangeable securities					3,172		
Repayment of debt and exchangeable securities	(773)				(1,336)	(1,564)	
Cash on deposit	(698)						
Funding from related entities		221					(221)
Issuance of shares	90	2		1,825		10	
Dividends paid		(221)			(41)	(10)	
Cash provided by (used in) financing activity	(1,381)	2		1,825	1,795	(1,564)	(221)
Net increase (decrease) in cash	2,127	2	(778)	(56)	(219)	66	
Opening cash balance	3,920	7	778	66	1,192	374	
Exchange movement on opening cash balance	(589)			(10)	(108)	(26)	
Closing cash balance	5,458	9			865	414	

See notes to supplemental guarantor information

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 37 Supplement Guarantor Information (continued)

SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the year ended June 30, 2002

(A$ in millions)

	A-GAAP							
	News America Incorporated	The News Corporation Limited (1)	Guarantor Wholly Owned Subsidiaries (1)	Guarantor Non-Wholly Owned Subsidiaries	Non-Guarantor Wholly Owned Subsidiaries	Non-Guarantor Non-Wholly Owned Subsidiaries	Eliminations	T Co Li Su
Operating activity								
Net profit (loss) attributable to members of the parent entity	(2,247)	(11,962)	(1,178)	2,194	(10,624)	2,340	9,515	
Adjustment for non-cash and non-operating activities:								
Associated entity earnings, net of dividends	6		45	6	184	147		
Net profit (loss) from subsidiary entities	(1,573)	11,965	(41)	(2,198)	1,664		(9,817)	
Depreciation and amortization	12		1		310	428	(2)	
Other items, net	(116)		1,685	124	11,940	(884)	430	
Cumulative effect of accounting change								
Change in financial position	6,418	(3)	(240)	(201)	(2,162)	(3,143)	55	
Cash provided by (used in) operating activity	2,500		272	(75)	1,312	(1,112)	181	
Investing and other activity								
Property, plant and equipment	(52)		(19)		(218)	(216)		
Investments	(989)		(356)	(29)	(565)	(1,440)		
Proceeds from sale of non-current assets	1,239		48	88	2	2,907		

Cash (used in) provided by investing activity	198		(327)	59	(781)	1,251	
Financing activity							
Issuance of debt							
Repayment of debt	(1,883)				(298)		
Funding from related entities		208					(208)
Issuance of shares			133				
Dividends paid		(207)		(16)	(48)	(7)	
Leasing and other finance costs					(2)	(5)	
Cash provided by (used in) financing activity	(1,883)	1	133	(16)	(348)	(12)	(208)
Net increase (decrease) in cash	815	1	78	(32)	183	127	(27)
Opening cash balance	3,460	6	700	109	1,060	254	26
Exchange movement on opening cash balance	(355)			(11)	(51)	(7)	1
Closing cash balance	3,920	7	778	66	1,192	374	

See notes to supplemental guarantor information

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 37 Supplemental Guarantor Information (continued)

SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the year ended June 30, 2001

(A$ in millions)

	A-GAAP						
	News America Incorporated	The News Corporation Limited (1)	Guarantor Wholly Owned Subsidiaries(1)	Guarantor Non-Wholly Owned Subsidiaries	Non-Guarantor Subsidiaries	Non-Guarantor Non-Wholly Owned Subsidiaries	Eliminations
Operating activity							
Net profit (loss) attributable to members of the parent entity	(1,624)	(746)	(1,415)	(10)	15,696	(1,488)	(11,159)
Adjustment for non-cash and non-operating activities:							
Associated entity earnings, net of dividends			(533)	(21)	178	66	552
Net profit (loss) from subsidiary entities	(2,399)	3,257	2,729	917	(412)		(4,092)
Depreciation and amortization	3		6		311	390	(4)
Other items, net	862		260	(861)	(5,780)	1,843	5,018
Change in accounting policy after tax						686	
Cummulative effect of accounting change							
Change in financial position	2,271	(2,511)	(3,373)	138	(7,690)	(375)	10,230
Cash (used in) provided by operating activity	(887)		(2,326)	163	2,303	1,122	545
Investing and other activity							
Property, plant and equipment	(14)		(29)		(699)	(371)	
Investments	(134)		218	(160)	(2,210)	(765)	(2)
Proceeds from sale of non-current assets	935		918		532		2

Cash (used in) provided by investing activity	787		1,107	(160)	(2,377)	(1,136)	
Financing activity							
Issuance of debt	1,496	133					(133)
Repayment of debt	(63)						
Issuance of shares	56						
Repurchase of preferred shares, net			(91)				
Dividends paid		(129)			(67)	(9)	
Leasing and other finance costs					(6)		1
Cash provided by (used in) financing activity	1,489	4	(91)		(73)	(9)	(132)
Net increase (decrease) in cash	1,389	4	(1,310)	3	(147)	(23)	413
Opening cash balance	1,750	2	1,535	90	1,106	238	(83)
Exchange movement on opening cash balance	321		475	16	101	39	(304)
Closing cash balance	3,460	6	700	109	1,060	254	26

See notes to supplemental guarantor information

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 37 Supplemental Guarantor Information (continued)

Notes to Supplemental Guarantor Information

(1) Guarantors consist of The News Corporation Limited and the following subsidiaries:

Wholly Owned Subsidiaries	Jurisdiction of Incorporation	Principal Business
FEG Holdings, Inc	Delaware, USA	Wholly owned subsidiary of News America, wh Corporation s equity and voting interest in FEG
News America Marketing FSI, Inc.	Delaware, USA	Publishes free-standing inserts
News Publishing Australia Limited	Delaware, USA	U.S. holding company. Owns approximately 85

Non-Wholly Owned Subsidiaries	Jurisdiction of Incorporation	Principal Business
Fox Entertainment Group, Inc.	Delaware, USA	Principally engaged in the development, product distribution of feature films and television progr broadcasting and cable network programming

(2) In November 1998, Fox Entertainment Group, Inc. (FEG) a subsidiary of News Corporation issued 124.8 million shares stock in an initial public offering. The shares issued represented an equity interest of approximately 14.68%. As a result of has been classified in the Guarantor Non-Wholly Owned Subsidiary column and FEG s subsidiaries have been included Non-Wholly Owned Subsidiaries column. In addition, News Corporation has agreed to indemnify FEG from and against incur pursuant to its guarantees.

(3) Investments in News Corporation subsidiaries, for purposes of the supplemental consolidating presentation, are accounted companies under the equity method of accounting whereby earnings of subsidiaries are reflected in the parent company s i earnings.

(4) The guarantees of NAI s senior public indebtedness constitute senior indebtedness of each of the guarantors thereto, inclu rank pari passu with all present and future senior indebtedness of such guarantors. Because the factual basis underlying the pursuant to the various facilities and other obligations constituting senior indebtedness of the Company and the guarantors indebtedness, including News Corporation differ, it is not possible to predict how a court in bankruptcy would accord prior

obligations of News Corporation and its subsidiaries.

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Parent Entity Financial Statements

FOR THE YEAR ENDED 30 JUNE, 2003

	Note
Statement of Financial Performance	
FOR THE YEAR ENDED 30 JUNE, 2003	
Dividend income from controlled entities	
Interest income from controlled entities	
Gain on sale of controlled entities	
Profit from ordinary activities before tax	1
Net profit from ordinary activities after tax	
Net profit attributable to members of the parent entity	
Total change in equity other than those resulting from transactions with owners as owners	
Statement of Financial Position	
AS AT 30 JUNE, 2003	
Assets	
Current Assets	
Cash	
Non-trade amounts owing by controlled entities	
Total Current Assets	
Non-Current Assets	
Investments in controlled entities at cost	
Total Non-Current Assets	
Total Assets	
Shareholders Equity	
Contributed equity	
Asset revaluation reserve	
Retained profits	3
Shareholders equity attributable to members of the parent entity	
Total Shareholders Equity	

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE, 2003

Operating activity	
Net profit attributable to members of the parent entity	
Change in receivables	
Cash provided by operating activity	
Financing activity	
Funding from related entities	
Issuance of shares	
Dividends paid	2
Cash provided by financing activity	
Net increase in cash	
Opening cash balance	
Closing cash balance	

These Statements should be read in conjunction with the following notes and preceding Notes 1, 12, 25, 27, 28, 30 and 31.

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Parent Entity Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE, 2003

NOTE 1
Income tax expense
Profit from ordinary activities before tax
Prima facie tax expense at 30%

Difference

Difference due to:
Dividends on which tax is rebateable
Tax benefit received on losses transferred for nil consideration
Capital Item

NOTE 2

Dividends

Dividends declared and proposed during the year:

Class of Shares	*Dividend per share*	
	Interim	*Final*
Ordinary	1.5 cents	1.5 cents
Preferred limited voting ordinary	3.75 cents	3.75 cents

Refer to Note 10 on page F-23 for further details.

NOTE 3
Retained profits
Retained profits at the beginning of the financial year
Net profit attributable to members of the parent entity
Dividends declared and proposed

Retained profits at the end of the financial year

NOTE 4

Non-cash transactions

During fiscal 2003, the parent entity acquired additional investments in controlled entities of $14.5 billion. Consideration was a r
owing by controlled entities and as such was non-cash in nature.

Additionally, non-cash dividends of $4.3 billion were received by the parent entity from its controlled entities.

NOTE 5

Other information

As at 30 June, 2003, there are no employees of the parent entity (2002 nil).

Directors remuneration is paid by operating entities and disclosed in Note 12. Auditors remuneration is borne by other Group

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REPORT OF INDEPENDENT AUDITORS

To the Shareholders and Board of Directors of Fox Entertainment Group, Inc.

We have audited the accompanying consolidated balance sheets of Fox Entertainment Group, Inc., a Delaware corporation, and S
Company), as of June 30, 2003 and 2002 and the related consolidated statements of operations, cash flows and shareholders
ended. The consolidated financial statements of the Company as of June 30, 2001 and for the year then ended were audited by oth
ceased operations and whose report dated August 16, 2001 expressed an unqualified opinion on those statements. These consolid
statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidate
based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require t
perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An aud
on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the a
used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believ
provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated fin
Entertainment Group, Inc. and Subsidiaries as of June 30, 2003 and 2002, and the consolidated results of their operations and the
years then ended, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 9 to the consolidated financial statements, effective July 1, 2002, the Company changed its method of accou
other intangible assets.

ERNST & YOUNG LLP

Los Angeles, California

August 13, 2003

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THIS REPORT IS A COPY OF A REPORT PREVIOUSLY ISSUED BY ARTHUR ANDERSEN LLP. THE REPORT REISSUED BY ARTHUR ANDERSEN LLP NOR HAS ARTHUR ANDERSEN LLP PROVIDED A CONSENT TO T ITS REPORT IN THIS FORM 10-K.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and Board of Directors of Fox Entertainment Group, Inc.

We have audited the accompanying consolidated balance sheets of Fox Entertainment Group, Inc., a Delaware corporation, and S Company), as of June 30, 2001 and 2000, and the related consolidated statements of operations, cash flows and shareholders years in the period ended June 30, 2001. These consolidated financial statements are the responsibility of the Company s manag responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require t perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An aud on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the a used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believ provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial positio Group, Inc. and Subsidiaries as of June 30, 2001 and 2000, and the results of its operations and its cash flows for each of the thre ended June 30, 2001, in conformity with accounting principles generally accepted in the United States.

As explained in Note 2 to the consolidated financial statements, effective July 1, 2000, the Company changed its method of accou entertainment costs.

ARTHUR ANDERSEN LLP

Los Angeles, California

August 16, 2001

except for Note 19 b, as to

which the date is August 23, 2001

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FOX ENTERTAINMENT GROUP, INC.

CONSOLIDATED BALANCE SHEETS

(in millions except share and per share amounts)

Assets:
Cash and cash equivalents
Accounts receivable, net
Filmed entertainment and television programming costs, net
Investments in equity affiliates
Property and equipment, net
Goodwill, net
Intangible assets, net
Other assets and investments

Total assets

Liabilities and Shareholders Equity
Liabilities:
Accounts payable and accrued liabilities
Participations, residuals and royalties payable
Television programming rights payable
Deferred revenue
Borrowings
Deferred income taxes
Other liabilities

Due to affiliates of News Corporation

Total liabilities

Minority interest in subsidiaries (Note 11)
Commitments and contingencies
Shareholders Equity:
Preferred stock, $.01 par value per share; 100,000,000 shares authorized; 0 shares issued and outstanding as of June 30, 2003 and 2002
Class A Common stock, $.01 par value per share; 1,000,000,000 authorized; 352,436,375 and 302,436,375 issued and outstanding as of June 30, 2003 and 2002, respectively
Class B Common stock, $.01 par value per share; 650,000,000 authorized; 547,500,000 issued and outstanding as of June 30, 2003 and 2002
Additional paid-in capital
Retained earnings and accumulated other comprehensive income

Total shareholders equity

Total liabilities and shareholders equity

The accompanying notes are an integral part of these consolidated financial statements.

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FOX ENTERTAINMENT GROUP, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions except per share amounts)

	For the y
	2003
Revenues	$ 11,002
Expenses:	
Operating	7,693
Selling, general and administrative	1,343
Depreciation and amortization	183
Other operating charge	
Operating income (loss)	1,783
Other (Expense) Income:	
Interest expense, net	(136)
Equity earnings (losses) of affiliates	(1)
Minority interest in subsidiaries	(29)
Other, net	
Income before provision for income taxes and cumulative effect of accounting change	1,617
Provision for income tax expense on a stand-alone basis	(586)
Income before cumulative effect of accounting change	1,031
Cumulative effect of accounting change, net of tax	
Net income (loss)	$ 1,031
Basic and diluted earnings per share before cumulative effect of accounting change	$ 1.17
Basic and diluted cumulative effect of accounting change, net of tax, per share	
Basic and diluted earnings (loss) per share	$ 1.17
Basic and diluted weighted average number of common equivalent shares outstanding	881

The accompanying notes are an integral part of these consolidated financial statements.

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FOX ENTERTAINMENT GROUP, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)

	For the y
	2003
Operating activities:	
Net income (loss)	$ 1,031
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	183
Amortization of cable distribution investments	125
Other operating charge	
Cumulative effect of accounting change, net of tax	
Equity (earnings) losses of affiliates and distributions	5
Other, net	
Minority interest in subsidiaries	11
Deferred taxes	218
Change in operating assets and liabilities, net of acquisitions:	
Accounts receivable and other assets	(79)
Filmed entertainment and television programming costs, net	(99)
Accounts payable and accrued liabilities	(101)
Participations, residuals and royalties payable and other liabilities	13
Net cash provided by (used in) operating activities	1,307
Investing activities:	
Acquisitions, net of cash acquired	(424)
Proceeds from sale of investments in equity affiliates	
Investments in equity affiliates	(117)
Other investments	(50)
Purchases of property and equipment, net of acquisitions	(170)
Disposals of property and equipment	9
Net cash (used in) provided by investing activities	(752)
Financing activities:	
Borrowings	95
Repayment of borrowings	(1,042)
(Decrease) increase in minority interest in subsidiaries	(7)
(Decrease) increase in Preferred Interests	(88)
Proceeds from issuance of common stock	1,212
(Repayments to) advances from affiliates of News Corporation, net	(709)
Net cash (used in) provided by financing activities	(539)
Net increase (decrease) in cash and cash equivalents	16
Cash and cash equivalents, beginning of year	56

Cash and cash equivalents, end of year	$ 72

Supplemental information on businesses acquired:
Fair value of assets acquired
Cash acquired
Less: liabilities assumed
cash paid

Fair value of stock consideration

The accompanying notes are an integral part of these consolidated financial statements.

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FOX ENTERTAINMENT GROUP, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

(in millions)

	PREFERRED STOCK	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	ACCUMUL OTHE COMPREHE INCOM (LOS
BALANCE AS OF JUNE 30, 2000	$	$ 8	$ 8,023	$ 214	$
Comprehensive income (loss):					
Net loss				(288)	
Foreign currency translation adjustments					
Total comprehensive income (loss)				(288)	
BALANCE AS OF JUNE 30, 2001		8	8,023	(74)	
Class A Common Stock offering		1	3,546		
Comprehensive income (loss):					
Net income				581	
Minimum pension liability					
Foreign currency translation adjustments					
Total comprehensive income (loss)				581	
BALANCE AS OF JUNE 30, 2002		9	11,569	507	
Class A Common Stock offering		1	1,211		
Comprehensive income (loss):					
Net income				1,031	
Minimum pension liability					
Foreign currency translation adjustments					
Total comprehensive income (loss)				1,031	
BALANCE AS OF JUNE 30, 2003	$	$ 10	$ 12,780	$ 1,538	$

The accompanying notes are an integral part of these consolidated financial statements.

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Fox Entertainment Group, Inc. and its subsidiaries (the Company) is a diversified entertainment company with operations in fo
These business segments are: Filmed Entertainment, which principally consists of the production and acquisition of live-action an
pictures for distribution and licensing in all formats in all entertainment media worldwide and the production of original televisio
Television Stations, which principally consist of the operation of broadcast television stations; Television Broadcast Network, wh
consists of the broadcasting of network programming; and Cable Network Programming, which principally consists of the produc
programming distributed through cable television systems and direct broadcast satellite (DBS) operators and professional spor

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company consolidated with the accounts of its majority-owned
subsidiaries. For financial reporting purposes, control generally means ownership of a majority interest in an entity but may, in ce
from other considerations, including the Company s capacity to control decision making in relation to the financial and operating
consolidated entity.

Fox Television Holdings, Inc. (FTH), a subsidiary of the Company, has 7,600 shares of voting preferred stock issued and outs
value of $760,000 and cumulative dividends at the rate of 12% per annum. Such shares are held by an executive of the Company
the voting power of FTH. FTH is included in these consolidated financial statements because the Company is deemed to control F
reporting purposes. Among the reasons why the Company has a controlling financial interest in FTH are (i) the Company has the
voting preferred stock, at any time, at the liquidation value of $760,000 plus accrued dividends, (ii) the dividends on, and amount
redemption of, the voting preferred stock are fixed, and not related to the performance of FTH, and, (iii) senior management of F
Board of Directors, consists solely of persons employed by the Company. As a result, the controlling financial interest in FTH res
through its common stock ownership of FTH.

All material intercompany accounts and transactions have been eliminated in the consolidated financial statements of the Compan

The Company maintains a 52-53 week fiscal year ending on the Sunday nearest to June 30. Fiscal years 2001 through 2003 comp

BALANCE SHEET PRESENTATION

As permitted by Statement of Position No. (SOP) 00-2, Accounting by Producers or Distributors of Films, the Company pr
balance sheet.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and marketable securities with original maturities of three months or less.

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

REVENUE RECOGNITION

Filmed Entertainment:

Revenues are recognized in accordance with SOP 00-2 paragraph .07. Specifically, revenues from the theatrical distribution of m recognized as they are exhibited and revenues from home video and DVD sales, net of reserve for estimated returns, together wit recognized on the date that video and DVD units are made widely available for sale by retailers and all Company-imposed restric video and DVD units have expired.

License agreements for the telecast of theatrical and television product in the broadcast network, syndicated television and cable routinely entered into in advance of their available date for telecast. Cash received and amounts billed in connection with such co which revenue is not yet recognizable is classified as deferred revenue. Because deferred revenue generally relates to contracts fo theatrical and television product which have already been produced, the recognition of revenue for such completed product is pri dependent upon the commencement of the availability period for telecast under the terms of the related licensing agreement.

Television Stations, Television Broadcast Network and Cable Network Programming:

Advertising revenue is recognized as the commercials are aired. Subscriber fees received from cable systems and DBS operators programming are recognized as revenue in the period services are provided. Revenues from professional team ownership are reco game-by-game basis.

In November 2001, the Financial Accounting Standards Board (FASB) issued Emerging Issues Task Force No. (EITF) 01- Consideration Given by a Vendor to a Customer or a Reseller of the Vendor s Products, which was effective for the Company This EITF, among other things, codified the issues and examples of EITF 00-25, Vendor Income Statement Characterization of Reseller of the Vendor s Products. EITF 00-25 states that customer incentives, which consist of the amortization of cable distri (capitalized fees paid to a cable or DBS operator to facilitate the launch of a cable network), should be presented as a reduction i consolidated statement of operations. As required, the Company has classified the amortization of cable distribution investments periods presented. Operating income (loss), Net income (loss) and Earnings (loss) per share are not affected by this classification affects the Company s and the Cable Network Programming segment s revenues. The effect of the classification on the Compa

	For the y
	2003

	(i
Gross Revenues	$ 11,127
Amortization of cable distribution investments	(125)
Revenues	$ 11,002

FILMED ENTERTAINMENT AND TELEVISION PROGRAMMING COSTS

Filmed Entertainment Costs:

In accordance with SOP 00-2, Filmed entertainment costs include capitalizable production costs, overhead and interest costs expe periods, net of any amounts received from outside investors. These costs, as well as participations and talent residuals, are recogn expenses on an individual film basis in the ratio that the current year s gross revenues bear to management s estimate of total ul from all sources. Marketing costs and development costs under term deals are charged as operating expenses as incurred. Story co produced are written-off at the earlier of the time the decision is taken not to develop the story or after three years.

Filmed entertainment costs are stated at the lower of unamortized cost or estimated fair value on an individual film or television s forecasts for both motion pictures and television products are continually reviewed by management and revised when warranted b conditions. When estimates of total revenues and other events or changes in circumstances indicate that a motion picture or televi fair value that is less than its unamortized cost, a loss is recognized currently for the amount by which the unamortized cost excee television production s fair value.

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company adopted SOP 00-2 on July 1, 2000, which established new accounting standards for producers and distributors of f
Statement of Financial Accounting Standard (SFAS) No. 53, Financial Reporting by Producers and Distributors of Motion P
established new accounting standards for, among other things, marketing and development costs. The Company recorded a one-ti
of $494 million, net of $302 million tax, as a cumulative effect of accounting change as of July 1, 2000. This charge primarily ref
marketing and certain development costs, which were previously capitalized under SFAS No. 53 and are no longer capitalizable u
Subsequent to the adoption of SOP 00-2, the Company s accounting policy is to expense marketing and certain development cos

Television and Cable Programming Costs:

In accordance with SFAS No. 63, Financial Reporting by Broadcasters, program rights for entertainment programs for the Tel
Television Broadcast Network and Cable Network Programming segments are amortized primarily on a straight-line basis, gener
of the program or term of license. Original cable programming is amortized on an accelerated basis. The Company has single and
for broadcast rights of programs and sporting events. At the inception of these contracts and at each subsequent reporting date, th
the recoverability of the costs associated therewith against the revenues directly associated with the program material and related
evaluation indicates that a programming contract will result in an ultimate loss, additional amortization is provided to currently re
costs of national sports contracts for the Television Broadcast Network and Cable Network Programming segments are charged t
ratio of each period s operating profits to estimated total operating profit of the contract. Estimates of total operating profit can c
accordingly, are reviewed periodically and amortization is adjusted as necessary.

The costs of regional sports contracts for the Cable Network Programming segment, which are for a specified number of events, a
event-by-event basis and those, which are for a specified season, are amortized over the season on a straight-line basis.

INVESTMENTS IN EQUITY AFFILIATES

Investments in and advances to affiliates or joint ventures in which the Company has a substantial ownership interest of approxim
exercises significant influence, or for which the Company owns more than 50% but does not control policy decisions, are accoun
method. Prior to the Company s July 1, 2002 adoption of SFAS 142, Goodwill and Other Intangible Assets, the Company s s
losses of affiliates included the amortization of the difference between the Company s investment and its share of the net assets o
adoption of SFAS 142, the portion of excess costs on equity method investments that represents goodwill is no longer amortized,
considered for impairment under Accounting Principles Board Opinion (APB) No. 18, The Equity Method of Accounting fo
Stock.

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is provided using the straight-line method over an estimated useful life of Leasehold improvements are amortized using the straight-line method over the shorter of their useful lives or the life of the lease. the repair and maintenance of property are expensed as incurred.

INTANGIBLE ASSETS

As a creator and distributor of branded content, the Company has a significant amount of intangible assets, including goodwill, fi libraries, Federal Communications Commission (FCC) licenses, sports franchises and trademarks. Goodwill is recorded as the cost of acquiring entities and amounts assigned to their tangible and identifiable intangible net assets. Effective July 1, 2002, the SFAS No. 142, SFAS No. 142 eliminates the requirement to amortize goodwill, indefinite-lived intangible assets and the excess Company s share of equity investees assets and supersedes APB No. 17, Intangible Assets, and replaces it with requirement indefinite-lived intangible assets annually for impairment. Intangible assets that are deemed to have a definite life will continue t their useful lives. SFAS No. 142 requires the Company to perform an initial impairment assessment of its goodwill and indefinite as of the date of adoption. This impairment assessment compares the fair value of these intangible assets to their carrying value. performed, the Company has determined that none of its goodwill and indefinite-lived intangible assets are impaired. In addition, intangibles acquired in business combinations consummated before July 1, 2001, SFAS No. 141, Business Combinations, requ reclassify to goodwill those intangibles (and their related deferred tax liabilities) that do not meet the criteria in SFAS No. 141 fo from goodwill and to reclassify to intangibles those amounts reported as goodwill that meet the SFAS No. 141 criteria for separat

IMPAIRMENT OF LONG-LIVED AND INTANGIBLE ASSETS

SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, requires that the Company periodically revi of its property and equipment and its finite-lived intangible assets to determine whether current events or circumstances indicate amounts may not be recoverable. If the carrying amount of the asset is greater than the expected undiscounted cash flows to be ge an impairment adjustment is to be recognized. Such adjustment is measured by the amount that the carrying value of such assets value. The Company generally measures fair value by considering sale prices for similar assets or by discounting estimated futur appropriate discount rate. Considerable management judgment is necessary to estimate the fair value of assets, accordingly, actu significantly from such estimates. Assets to be disposed of are carried at the lower of their financial statement carrying amount o sell.

FINANCIAL INSTRUMENTS

The fair value of financial instruments, including cash and cash equivalents, investments and long-term borrowings, is generally d
reference to market values resulting from trading on national securities exchanges. In cases where quoted market prices are not av
based on estimates using present value or other valuation techniques.

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

INCOME TAXES

The Company accounts for income taxes using SFAS No. 109, Accounting for Income Taxes . SFAS No. 109 requires an asset
financial accounting and reporting for income taxes and allows recognition and measurement of deferred tax assets based upon th
realization of tax benefits in future years. Under the asset and liability approach, deferred taxes are provided for the net tax effect
differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for incon
Deferred taxes have not been provided on the cumulative undistributed earnings of foreign subsidiaries since amounts are expecte
indefinitely.

STOCK-BASED COMPENSATION

SFAS No. 123, Accounting for Stock-Based Compensation, encourages, but does not require, companies to record compensat
employee compensation plans at fair value. The Company has chosen to account for stock-based compensation awards to employ
25, Accounting for Stock Issued to Employees, and its interpretation, FASB Interpretation No. (FIN) 44, Accounting for C
Stock Compensation, an interpretation of APB Opinion No. 25 .

In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation Transition and Disclosure. A
No. 148 requires the disclosure in interim reports of compensation expense calculated according to SFAS No. 123 for those awar
employee compensation that were outstanding and accounted for under the intrinsic value method of APB No. 25. The following
effect on Net income (loss) and Earnings (loss) per share as if the fair value based method under SFAS No. 123 had been applied
unvested awards in each period.

	For the
	2003
	(in m
Net income (loss), as reported	$ 1,031
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(47)
Pro forma net income (loss)	$ 984
Basic and diluted earnings (loss) per share:	
As reported	$ 1.17

Pro forma	$ 1.12

COMPREHENSIVE INCOME

The Company follows SFAS No. 130, Reporting Comprehensive Income, for the reporting and display of comprehensive inco
financial statements and thereby reports a measure of all changes.

DERIVATIVES

SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, requires every derivative instrument (including
instruments embedded in other contracts) to be recorded on the balance sheet at fair value as either an asset or a liability. The stat
that changes in the fair value of recorded derivatives be recognized currently in earnings unless specific hedge accounting criteria

The Company uses financial instruments designated as cash flow hedges to hedge its limited exposures to foreign currency excha
with the costs for producing films abroad. All cash flow hedges are recorded at fair value on the consolidated balance sheet. As o
2002, the contractual amount of foreign exchange forward contracts was $7.6 million and $18.5 million and the net fair value liab
asset was $0.2 million and $1.3 million, respectively. These contracts expire in July 2003. The effective changes in fair value of d
as cash flow hedges are recorded in accumulated other comprehensive income (loss) with foreign currency translation adjustment
reclassified from accumulated other comprehensive income (loss) when the underlying hedged item is recognized in earnings. Al
fair value of derivatives are recorded in earnings.

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

GUARANTEES

In fiscal 2003, the Company adopted FIN 45, Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indebtedness of Others. FIN 45 elaborates on the disclosure requirements of a guarantor in its interim and annual financial state obligations under certain guarantees that it has issued. It also requires a guarantor to recognize, at the inception of a guarantee, a value of the obligation undertaken in issuing certain guarantees. FIN 45 also incorporates, without change, the guidance in FIN 3 Indirect Guarantees of Indebtedness of Others, which it supersedes. The initial recognition and initial measurement provisions a guarantees issued or modified after December 31, 2002. The accounting followed by a guarantor on prior guarantees may not be the guidance of FIN 45. The initial adoption of this policy did not impact the Company s financial statements.

TRANSLATION OF FOREIGN CURRENCIES

Assets and liabilities of foreign subsidiaries and affiliates are translated into US dollars at appropriate year-end current rates and accounts are translated at rates that approximate those rates prevailing at the time of the transactions. The resulting translation adj accumulated as a component of accumulated other comprehensive income (loss). Foreign currency receivables and payables are t appropriate year-end current rates and the resulting translation gains or losses are taken into income currently.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United St management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting perio significant estimates in determining the amortization of filmed entertainment costs and programming contracts. Because of the us in the financial reporting process, especially for entertainment companies, actual results could differ from those estimates. These material.

RECENT ACCOUNTING PRONOUNCEMENTS

In January 2003, the FASB issued FIN 46, Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51 . FIN 4 consolidate a variable interest entity if it is determined that the enterprise is a primary beneficiary of that entity, as that term is de Assets, liabilities, and non controlling interests of newly consolidated variable interest entities will be initially measured at fair va measurement, the consolidated variable interest entity will be accounted for under the guidance provided by Accounting Researc Consolidated Financial Statements. FIN 46 is effective immediately for variable interest entities created or entered into after Ja

variable interest entities created or acquired before February 1, 2003, FIN 46 applies in the first fiscal year or interim period begi
2003. The Company will adopt FIN 46 as of July 1, 2003 and is currently assessing the impact of such adoption on its consolidat
statement of operations.

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabil No. 150 amends SFAS No. 6, Elements of Financial Statements, to improve accounting for certain financial instruments that, issuers could account for as equity. The new statement requires that those instruments be classified as liabilities in statements of f SFAS No. 150 is effective for all financial instruments entered into or modified after May 31, 2003, and otherwise is effective at first interim period beginning after June 15, 2003. For financial instruments created before the issuance date of SFAS No. 150 an beginning of the interim period of adoption, transition shall be achieved by reporting the cumulative effect of change in an accou initially measuring the financial instruments at fair value or other measurement attribute required by this statement. The Compan 150 on July 1, 2003 and does not expect it to have a material impact on its consolidated balance sheet and statement of operations

RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the fiscal 2003 presentation.

3. ISSUANCE OF COMMON STOCK

In May 2002, the Company filed a Form S-3 with the Securities and Exchange Commission, which allows the Company to issue, Class A Common Stock and/or debt securities for aggregate proceeds of up to $2.5 billion. In November 2002, the Company sold its Class A Common Stock for net proceeds of approximately $1.2 billion. The Company used the net proceeds to reduce obligati News Corporation. Upon consummation of the offering, News Corporation s equity and voting interests in the Company decreas 97.8% to 80.6% and 97.0%, respectively.

4. CHRIS-CRAFT ACQUISITION

On July 31, 2001, News Corporation, through a wholly-owned subsidiary, acquired all of the outstanding common stock of Chris and its subsidiaries, BHC Communications, Inc. and United Television, Inc., (collectively, Chris-Craft). The consideration for approximately $2 billion in cash and approximately $3 billion in News Corporation American Depositary Receipts representing p ordinary shares (ADRs). Simultaneously with the closing of the acquisition, News Corporation transferred $3,432 million of n Chris-Craft s ten television stations (the Acquired Stations) to the Company in exchange for 122,244,272 shares of the Comp Stock and net indebtedness of $48 million (the Exchange), thereby increasing News Corporation s ownership in the Company The Company assigned the licenses issued by the FCC for the Acquired Stations to its indirect subsidiary, Fox Television Station the licensee and controls the operations of the Acquired Stations. News Corporation acquired Chris-Craft and transferred to the C Stations in order to strengthen the Company s existing television station business. This transaction has been treated as a purchas SFAS Nos. 141 and 142. For financial reporting purposes, in accordance with EITF 90-5, Exchanges of Ownership Interests be Common Control, the Company recognized the assets and liabilities of Chris-Craft based upon their acquired basis in the News issued equity to News Corporation at that value.

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company consolidated the results of operations of the Acquired Stations as of the date of Exchange, July 31, 2001, with the e
KTVX-TV in Salt Lake City, whose operations were not consolidated as of the Exchange due to regulatory requirements which p
from controlling the station and required its disposal (see description of Clear Channel swap below).

In October 2001, the Company exchanged KTVX-TV in Salt Lake City and KMOL-TV in San Antonio with Clear Channel Com
WFTC-TV in Minneapolis (the Clear Channel swap). In addition, in November 2001, the Company exchanged KBHK-TV in
Viacom Inc. (Viacom) for WDCA-TV in Washington, DC and KTXH-TV in Houston (the Viacom swap). In June 2002, th
KPTV-TV in Portland for Meredith Corporation s WOFL-TV in Orlando and WOGX-TV in Ocala (the Meredith swap , and t
and Clear Channel swaps, the Station Swaps). All of the stations exchanged in the Station Swaps were Acquired Stations. The
Station Swaps have been independently appraised at the same fair values as those Acquired Stations that were exchanged. Accor
was recognized by the Company as a result of the Station Swaps.

The purchase price was allocated to the fair value of assets acquired and liabilities assumed. The allocation to acquired intangible
goodwill and FCC licenses, which are deemed to have indefinite lives, and therefore are not subject to amortization in accordance
SFAS No. 142. The goodwill and intangibles were assigned to the Television Stations segment, the majority of which are not ded
purposes. In accordance with SFAS No. 109, the Company has recorded deferred taxes for the basis difference related to FCC lic
acquired assets and liabilities.

5. ACQUISITIONS AND DISPOSITIONS

In January 2000, the Company completed a series of integrated transactions with Healtheon/WebMD Corporation (WebMD) t
things, media services and its interest in The Health Network (THN) for a cost based Preferred stock interest in WebMD. No g
by the Company in connection with this original integrated transaction. On December 29, 2000, the Company, News Corporation
into an agreement to restructure the initial integrated transaction, which resulted in the Company agreeing to exchange its entire P
investment with a carrying value of $505 million, for an approximate $126 million reduction in the Company s obligation to pro
services, an approximate $37 million elimination of future funding commitments to THN, and the acquisition of WebMD s inter
acquisition of THN was recorded at its fair market value of approximately $200 million, as determined by an independent apprais
continue to provide future domestic media services over the remaining eight years and will remain obligated for cash payments to
million over the remaining term. The carrying value of the deferred revenue for future media services is approximately $107 mill
2003, with a market value of approximately $135 million, which is included in the Company s commitments. Such deferred reve
over the remaining term as such media services are delivered under an agreed annual commitment schedule based upon market ra
future period. The restructuring transaction resulted in the Company recording a non-cash charge of approximately $143 million,
within Other, net in the consolidated statement of operations for the year ended June 30, 2001.

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In June 2001, the Company completed the previously announced sale of its entire interest in THN for cash of approximately $155 $100 million was paid at closing and $55 million is due one year from Closing (which was satisfied during fiscal year 2002), and in the equity of the acquirer with a minimum guarantee value of $100 million in December 2003. In accordance with SFAS No. 9 All Majority-Owned Subsidiaries, and EITF 87-11, Allocation of Purchase Price to Assets to be Sold, for the period from the (December 29, 2000) until the Closing Date of the sale, control of THN was deemed to be temporary and therefore, its results of been consolidated in the Company s statement of operations for the six months ended June 30, 2001. The Company recorded a l $15 million from the sale, which is reflected in Other, net in the consolidated statement of operations for the year ended June 30,

In February 2001, Fox Sports Networks, LLC (Fox Sports Networks), a subsidiary of the Company, acquired certain assets an the business of Midwest Sports Channel, a regional sports network serving the Minneapolis, Minnesota and Milwaukee, Wiscons pursuant to an Assignment and Assumption Agreement among Fox Sports Networks, Viacom and Comcast Corporation (Comc Agreement between Viacom and Comcast for approximately $40 million. The excess of the net purchase price over the net assets approximately $33 million is reflected within Goodwill, net on the consolidated balance sheets.

In February 2001, Fox Sports Networks sold its approximate 34% limited partnership interest in Home Team Sports, in a non-cas amended cable carriage arrangements (the Carriage Arrangements) related to the distribution of the Company s programming The value ascribed to the Carriage Arrangements was $45 million and was based upon the value of similar cash transactions that completed. The Company has recognized a gain of approximately $40 million related to this transaction, which is reflected withi consolidated statement of operations for the year ended June 30, 2001.

In March 2001, the Company acquired the outstanding equity of New Millennium Investors, LLC (New Millennium) for an ag $45 million. (See Note 11).

In June 2001, the Company sold its approximate 31% interest in The Golf Channel for total consideration of approximately $375 million was received in cash during fiscal 2001. The Company has recorded a gain of approximately $311 million related to this reflected in Other, net in the consolidated statement of operations for the year ended June 30, 2001.

In July 2001, as a result of the exercise of rights by existing shareholders of Speedvision Network, LLC, the Company acquired a Speedvision Network, LLC, now SPEED Channel, Inc. (SPEED Channel), for approximately $401 million, increasing the Co SPEED Channel to approximately 85.46%. As a result, the Company consolidated the results of SPEED Channel beginning in Ju 2001, the Company acquired the remaining 14.54% minority interest in Speed Channel for approximately $111 million bringing ownership to 100%. These transactions have been treated as a purchase in accordance with SFAS Nos. 141 and 142.

In July 2001, as a result of the exercise of rights by existing shareholders of Outdoor Life Network, LLC (Outdoor Life), the C of Outdoor Life for approximately $309 million. This acquisition resulted in the Company owning approximately 83.18% of Out 2001, a shareholder of Outdoor Life acquired the Company s ownership interest in Outdoor Life for approximately $512 million period from July 2001 until the closing of the sale of Outdoor Life in October 2001, the ownership interest in Outdoor Life was h of Outdoor Life was deemed temporary. Therefore, in accordance with SFAS No. 94 and EITF 87-11 the results of Outdoor Life in the Company s statement of operations for this period. Upon the closing of the sale of the Company s ownership interest in O Company recognized a gain of $147 million, which was reflected in Other, net in the accompanying consolidated statements of o ended June 30, 2002.

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In October 2001, the Company, Haim Saban and the other stockholders of Fox Family Worldwide, Inc. (FFW), sold FFW to T
Company (Disney) for total consideration of approximately $5.2 billion (including the assumption of certain debt) of which ap
was in consideration of the Company s interest in FFW, which was rebranded ABC Family. As a result of this transaction, the C
pre-tax gain of approximately $1.4 billion, which was reflected in Other, net in the accompanying consolidated statement of oper
ended June 30, 2002. The proceeds from this transaction were used to reduce obligations Due to affiliates of News Corporation. I
Company sublicensed certain post-season Major League Baseball (MLB) games through the 2006 MLB season to Disney for a
approximately $675 million, payable over the entire period of the sublicense.

In December 2001, News Corporation acquired from Liberty Media Corporation (Liberty) its 50% interest in Fox Sports Inter
3,673,183 ADRs valued at $115 million. Under the terms of the transaction, the Company purchased News Corporation s acquir
International, which increased the Company s ownership interest from 50% to 100%, in exchange for the issuance of 3,632,269
Class A Common Stock. As a result of this transaction, News Corporation s equity ownership interest in the Company increased
85.32%. For financial reporting purposes, in accordance with EITF 90-5, the Company recognized the assets and liabilities of Fox
based upon their acquired basis in the News Corporation acquisition and issued 3,632,269 shares of the Company s Class A Com
Corporation at that value. This transaction has been treated as a purchase in accordance with SFAS Nos. 141 and 142.

In January 2002, the Company acquired an approximate 23.3% voting interest in the Sunshine Network (Sunshine) for approx
This resulted in the acquisition of a controlling financial interest in Sunshine and increased the Company s ownership percentage
approximately 83.3%. In February 2002, the Company acquired an additional approximate 0.4% interest in Sunshine, increasing
ownership interest to approximately 83.7%. In October 2002, the Company acquired News Corporation s 9.8% equity interest in
consideration of approximately $3 million. For financial reporting purposes, in accordance with EITF 90-5, the Company recogni
of Sunshine based upon its acquired basis from News Corporation. This acquisition increased the Company s ownership interest
with the remaining minority interest held by third parties. Since the Company obtained a controlling financial interest upon acqui
Sunshine has been consolidated into the Cable Network Programming segment of the Company. This transaction has been treated
accordance with SFAS Nos. 141 and 142.

In August 2002, the Company acquired WPWR-TV in the Chicago designated market area (DMA) from Newsweb Corporatio
transaction has been treated as a purchase in accordance with SFAS Nos. 141 and 142.

In April 2003, News Corporation, General Motors Corporation (GM) and Hughes Electronics Corporation (Hughes) reache
News Corporation would acquire 34% of Hughes. News Corporation will acquire GM s approximate 19.9% interest in Hughes f
$768 million of the consideration may be paid in News Corporation ADRs. News Corporation will acquire through a merger an a
Hughes for approximately $2.7 billion that is payable, at News Corporation s option, in cash, News Corporation ADRs, or a com
Simultaneously with the closing of this transaction, News Corporation will transfer its 34% ownership interest in Hughes to the C
for promissory notes representing $4.5 billion and approximately 74.2 million shares of the Company s Class A Common Stock,
News Corporation s ownership interest in the Company from 80.6% to approximately 82.0%. News Corporation s voting percen
97.0%. The closing of this transaction is subject to a number of conditions, including approval by GM s shareholders and regula

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. FILMED ENTERTAINMENT AND TELEVISION PROGRAMMING COSTS, NET

Filmed entertainment and television programming costs, net consisted of the following as of June 30:

Filmed entertainment costs:
Films:
Released
Completed, not released
In production
In development or preproduction
Television productions:
Released
In production
In development or preproduction
Total filmed entertainment costs, less accumulated amortization
Television programming costs, less accumulated amortization
Total filmed entertainment and television programming costs, net

As of June 30, 2003 the Company estimated that approximately 65% of unamortized filmed entertainment costs from completed be amortized during fiscal year 2004 and approximately 96% of released unamortized filmed entertainment costs will be amortiz years. As of June 30, 2003, the Company estimated that approximately 49% of $857 million in accrued participation liabilities w fiscal year 2004.

7. INVESTMENTS

The Company s investments in equity affiliates consist principally of 40% of Regional Programming Partners (RPP), a partne various regional sports networks (RSNs) and sporting teams and arenas; 40% of Ventures Arena, an entity which holds interes of National Sports Partners (NSP), a 24 hour national sports programming service; 66.7% of the domestic National Geographi international National Geographic Channel (together, the National Geographic Channels), which air documentary programmin natural history, adventure, science and culture.

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of June 30, 2003, the investment in these affiliates was as follows: RPP $918 million; Ventures Arena $129 million; NSP $
National Geographic Channels $238 million. As of June 30, 2002, the investment in these affiliates was as follows: RPP $896 r
Arena $122 million; NSP $29 million; and the National Geographic Channels $214 million.

The Company s investment in several of its affiliates exceeded its equity in the underlying net assets at their acquisition by a tota
June 30, 2003 and 2002. In accordance with SFAS No. 142, these excess amounts are no longer being amortized. Prior to fiscal 2
amounts had been amortized over 40 years (see Note 9).

The Company s share of the income (loss) of each of its equity affiliates is as follows:

	Ownership Percentage	For the year en 2003	200
		(in millions)	
Fox Family Worldwide(a)	49.5%	$	$ (:
Fox Sports International(b)	50.0%		
National Geographic Channel Domestic	66.7%	(19)	(4
National Geographic Channel International	50.0%	(2)	
National Sports Partners	50.0%	(20)	(2
Regional Programming Partners	40.0%	23	
Ventures Arena	40.0%	7	
Other	Various	10	
Total equity earnings (losses) of affiliates		$ (1)	$ (14

(a) The Company sold its interests in FFW in October 2001. (See Note 5)
(b) Subsequent to the acquisition of the remaining 50% interest in December 2001, the results of Fox Sports International have
the Cable Network Programming segment. (See Note 5)

SUMMARIZED FINANCIAL DATA

Summarized financial information for significant equity affiliates and joint ventures, as defined in Rule 1-02(w) of Regulation S-
the equity method is as follows:

	For the year end	
	2003	2002
	(in millio	
Revenues	$ 1,605	$ 1,378
Operating income (loss)	20	(82
Net income (loss)	21	(77

	20
Total assets	$ 2
Total liabilities	1

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

OTHER INVESTMENTS

Cable distribution investments of $429 million and $519 million are included in Other assets and investments on the consolidated
June 30, 2003 and 2002, respectively, and are amortized on a straight line basis over their remaining terms through 2012.

8. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of June 30:

	As o
	2003
	(in
Machinery and equipment	$ 1,341
Buildings and leaseholds	935
Land	194
	2,470
Less accumulated depreciation and amortization	(1,006
Total property and equipment, net	$ 1,464

Depreciation and amortization expenses related to property and equipment were $176 million, $171 million and $164 million for
30, 2003, 2002 and 2001, respectively.

9. GOODWILL AND INTANGIBLE ASSETS

Effective July 1, 2002, the Company adopted SFAS No. 142. SFAS No. 142 eliminates the requirement to amortize goodwill, inc
assets and the excess cost over the Company s share of equity investees assets at their acquisition and supersedes APB No. 17 a
requirements to assess goodwill and indefinite-lived intangible assets annually for impairment. Intangible assets that are deemed
will continue to be amortized over their useful lives. SFAS No. 142 requires the Company to perform an initial impairment assess

and indefinite-lived intangible assets as of the date of adoption. This impairment assessment compares the fair value of these inta
carrying value. As a result of the tests performed, the Company determined that none of its goodwill and indefinite-lived intangib
impaired. In addition, for goodwill and other intangibles acquired in business combinations consummated before July 1, 2001, SF
the Company to reclassify to goodwill those intangibles (and their related deferred tax liabilities) that do not meet the criteria in S
recognition apart from goodwill and to reclassify to intangibles those amounts reported as goodwill that meet the SFAS No. 141 c
recognition. The Company made several reclassifications between goodwill and other intangibles as of the date of the adoption.

The Company s intangible assets and related accumulated amortization are as follows:

		As of June 30	
	Weighted average useful lives	Gross	Accumulat Amortizati
			(in million
Intangible assets not subject to amortization			
FCC licenses	Indefinite-lived	$ 8,437	$ (1,10
Franchise rights and other	Indefinite-lived	750	(
		9,187	(1,1
Intangible assets subject to amortization	4.3 years	60	(
Total Intangibles		$ 9,247	$ (1,1

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	As of June 30,	
	Gross	Accumulated Amortization
		(in millions)
Intangible assets not subject to amortization		
FCC licenses	$ 9,557	$ (1,10
Franchise rights and other	228	(2
	9,785	(1,12
Intangible assets subject to amortization	61	(6
Total Intangibles	$ 9,846	$ (1,18

Aggregate amortization expense of intangible assets for the years ended June 30, 2003, 2002 and 2001 was $7 million, $198 mill respectively. As of June 30, 2003, substantially all remaining intangible assets were determined to have indefinite lives.

The changes in the carrying value of goodwill, by segment, are as follows:

	Filmed Entertainment	Television Stations	Television Broadcast Network	Cable Network Programming
			(in millions)	
Balance as of June 30, 2002	$ 356	$ 2,246	$	$ 2,491
Reclassifications	89	(78)		(56)
Purchase price adjustments(1)		(575)		340
Balance as of June 30, 2003	$ 445	$ 1,593	$	$ 2,775

(1) Adjustments primarily relate to the purchase price allocations for the acquisitions of Chris Craft, SPEED Channel and WPV

The following table provides a reconciliation of reported Income before cumulative effect of accounting change for the year ende Adjusted income before cumulative effect of accounting change that would have been reported had SFAS No. 142 been adopted

	For the year ended J	
	Income before cumulative effect of accounting change	Ba ear be acc
	(in millions, except per s	
As reported historical basis	$ 607	$
Add: Goodwill amortization	75	
Add: Intangible amortization	138	
Add: Intangible amortization related to equity investees	29	
Income tax impact of the above adjustments	(59)	
Adjusted income before cumulative effect of accounting change	$ 790	$

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. BORROWINGS

In June 2002, the Company and its subsidiary, Fox Sports Networks, irrevocably called for redemption all of the outstanding $40
Discount Notes due 2007 and all of the outstanding $500 million 8 $^{7}/_{8}$% Senior Notes due 2007 (collectively, the Notes). The I
redeemed in the amount of $942 million in August 2002. The Company recorded a pre-tax loss of $42 million on the early redem
Other, net on the consolidated statement of operations for the year ended June 30, 2002 in accordance with SFAS No. 145.

The Company had a single-film production financing arrangement for approximately $95 million, which was secured by the film
interest at approximately 1.9% for fiscal 2003. In April 2003, the Company repaid this arrangement.

External interest paid, including amounts capitalized, was $33 million, $82 million and $135 million for the year ended June 30, 2
respectively. The Company capitalizes interest on filmed entertainment and television programming in process. The total interest
million, $22 million and $29 million for the years ended June 30, 2003, 2002 and 2001, respectively.

11. MINORITY INTEREST IN SUBSIDIARIES

In March 2001, the Company entered into a new series of film rights agreements whereby a controlled consolidated subsidiary of
Cornwall Venture LLC (NM2), that holds certain library film rights, funds the production or acquisition costs of all eligible fil
produced or acquired by Twentieth Century Fox Film Corporation (TCF), a subsidiary of the Company, between 2001 and 200
agreements, as amended, are collectively referred to as the New Millennium II Agreement). NM2 is a separate legal entity from
and has separate assets and liabilities. NM2 issued a preferred limited liability membership interest (Preferred Interest) to a thi
financing, which is presented on the consolidated balance sheets as Minority interest in subsidiaries. The Preferred Interest has no
rights but is entitled to an allocation of the gross receipts to be derived by NM2 from the distribution of each eligible film. Such a
available based on the gross receipts from the distribution of the eligible films consists of (i) a return on the Preferred Interest (the
based on certain reference rates (generally based on commercial paper rates or LIBOR) prevailing on the respective dates of deter
redemption of the Preferred Interest, based on a contractually determined amortization schedule. The Preferred Interest has a pref
a liquidation of NM2 equal to the unredeemed portion of the investment plus any accrued and unpaid Preferred Payments.

The net change in Preferred Interests outstanding was a reduction of $88 million and an increase of $8 million for the years ended
2002, respectively. These amounts were comprised of issuances by the Company of additional Preferred Interests under the New
Agreement in the amount of $520 million and redemptions by the Company of Preferred Interests of $608 million during the year
During the year ended June 30, 2002, the Company issued additional Preferred Interests under the New Millennium II Agreemen
million and redemptions by the Company of Preferred Interests of $649 million.

As of June 30, 2003 and 2002, there was approximately $762 million and $850 million, respectively, of Preferred Interests outsta
included in the consolidated balance sheets as Minority interest in subsidiaries. The Preferred Payments are recorded as an expen
in subsidiaries on the consolidated statements of operations.

A Ratings Trigger Event for the New Millennium II Agreement would occur if News Corporation s debt rating:

(i) (a) falls below BB+ and below Ba1, *or* (b) falls below BB, *or* (c) falls below Ba2, *or* (d) it is not rated by both rating agencies
neither News Corporation nor the Company shall, within ten business days after the occurrence of such event, have provided cre
the resulting New Millennium II Agreement is rated at least BB+ and Ba1, *or*

(ii) (a) falls below BBB- and Baa3, *or* (b) it is not rated by both rating agencies *and, in each case,* more than $25 million in capit
redeemable at that time from film gross receipts remain unredeemed for at least one quarter.

If a Ratings Trigger Event were to occur, then (a) no new films will be transferred, (b) rights against certain film assets may be e
Preferred Interest may become redeemable.

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

During fiscal 2003, no Ratings Trigger Event had occurred. If a Ratings Trigger Event were to occur, then $425 million (or appro outstanding balance as of June 30, 2003) may be payable immediately. The balance of the redemption would be payable to the ex receipts from films that had been transferred to NM2.

12. RELATED PARTY TRANSACTIONS

As a subsidiary of News Corporation, the Company has entered into a Master Intercompany Agreement, which provides various financial, tax, legal and other services. The consideration for each of the services and other arrangements set forth in the Master I Agreement has been mutually agreed upon based upon direct costs incurred by News Corporation on behalf of the Company or a News Corporation allocated costs to the Company of $26 million, $17 million, and $13 million for the years ended June 30, 2003 respectively. Allocated costs include rent and other related charges, insurance coverage and other services. These costs are alloca based upon actual usage of square feet, the percentage insurance coverage applicable to the Company and the specific amount of provided. Although the cost of these services cannot be quantified on a stand-alone basis, the Company believes that the allocatio Company expects that it will continue to use various cash management, financial, tax, legal and other services provided by News subsidiaries.

The Master Intercompany Agreement has been entered into in the context of a parent-subsidiary relationship; therefore, these ser of arm s-length negotiations between independent parties. There can be no assurance, therefore, that each of such agreements, or provided for therein, or any amendments thereof will be effected on terms at least as favorable to the Company as could have bee unaffiliated third parties.

The Company and its subsidiaries sell broadcast rights to certain of its filmed entertainment products to other affiliates of News C Management believes that the pricing of these transactions results from arm s-length negotiations between the parties and are ref value for these rights.

The Company advertises in *TV Guide*, a publication of Gemstar TV Guide International, Inc. (Gemstar-TV Guide), an equity Corporation. For the years ended June 30, 2003, 2002 and 2001, the Company had advertising expenses of $7 million, $5 million respectively, related to Gemstar-TV Guide advertising. In addition, the Company provided Gemstar-TV Guide with programming million and $12 million for the years ended June 30, 2002 and 2001, respectively.

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company supplies programming to subsidiaries and equity affiliates of News Corporation. The Company provided SKY Ital
News Corporation, with programming in the amount of $4 million for the period in which SKY Italia was a consolidated subsidia
Corporation during fiscal 2003 (SKY Italia was a consolidated entity for only two months of the fiscal 2003; however, programm
SKY Italia during the entire fiscal year. Programming provided for fiscal 2003 totaled $15 million.) The Company provided STA
News Corporation, with programming in the amount of $8 million for the year ended June 30, 2003 and $7 million for each of th
2002 and 2001. The Company received statistical data from STATS, Inc. a subsidiary of News Corporation, in the amount of $2
Equity affiliates of News Corporation that received programming from the Company are British Sky Broadcasting Group, plc (
broadcaster, and FOXTEL, a cable and satellite television service in Australia. BSkyB received programming of $66 million, $67
million for the years ended June 30, 2003, 2002 and 2001. The amount of programming supplied to FOXTEL was $3 million, $2
for the years ended June 30, 2003, 2002 and 2001, respectively.

In addition, through the normal course of business, the Company is involved in transactions to supply programming and provide
affiliates that have not been significant in any of the periods presented. These affiliates include Premium Movie Partnership, Reg
National Sports Partners and National Advertising Partners.

As of June 30, 2003 and 2002, the Company had related party accounts receivable in the amounts of $35 million and $79 million
in Accounts receivable, net on the consolidated balance sheets.

Other than funds generated from operations, the Company is funded primarily by loans from other subsidiaries and affiliates of N
Interest expense of $130 million, $182 million and $239 million for the years ended June 30, 2003, 2002 and 2001, respectively,
expense, net in the consolidated statements of operations and reflects the net interest expense associated with the aggregate borro
subsidiaries or affiliates of News Corporation. From November 11, 1998, interest on outstanding intercompany balances has been
commercial market rates not to exceed News Corporation s average cost of borrowings as set forth in the Master Intercompany
periods presented, the intercompany interest rate was 8%.

13. GUARANTEES

The Company, News Corporation and certain of News Corporation s other subsidiaries are guarantors of various debt obligation
and certain of its subsidiaries. The principal amount of indebtedness outstanding under such debt instruments as of June 30, 2003
approximately $10 billion and $8.7 billion, respectively. The debt instruments limit the ability of guarantors, including the Comp
properties to liens, and certain of the debt instruments impose limitations on the ability of News Corporation and certain of its su
the Company, to incur indebtedness in certain circumstances. Such debt instruments mature at various times between 2004 and 2
average maturity of over 20 years.

In the case of any event of default under such debt obligations, the Company will be directly liable to the creditors or debtholders
has agreed to indemnify the Company from and against any obligations it may incur by reason of its guarantees of such debt obli

2003, News Corporation was in compliance with all of its debt covenants and had satisfied all financial ratios and tests and expec
compliance and satisfy all such ratios and tests.

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Guarantee of equity affiliate

The Company guarantees sports rights agreements of an equity affiliate. This guarantee extends through fiscal 2019. The Compar the sports rights agreements and has a maximum liability of $1,007 million. The Company would be liable under this guarantee i of its equity affiliate. As of June 30, 2003, no default by the Company s equity affiliate has occurred.

14. COMMITMENTS AND CONTINGENCIES

The Company has commitments under certain firm contractual arrangements (firm commitments) to make future payments fo These firm commitments secure the future rights to various assets and services to be used in the normal course of operations. The summarizes the Company s material firm commitments and borrowings as of June 30, 2003 and the timing that such obligations effect on the Company s liquidity and cash flow in future periods.

	As of June 30,		
	Payments Due by		
Contractual Obligations and Commitments	Total	1 year	2-3 years
	(in millions		
Due to affiliates of News Corporation(a)	$ 704	$	$
New Millennium II Preferred Interest(b)	762	505	257
Major League Baseball(c)	1,661	353	843
National Football League(d)	2,305	725	1,580
National Association of Stock Car Auto Racing(e)	1,420	195	539
Operating leases(f)	632	106	160
Other programming commitments and obligations(g)	5,115	1,506	1,412
Total Contractual Obligations and Commitments	$ 12,599	$ 3,390	$ 4,791

The Company also has certain contractual arrangements that would require the Company to make payments or provide funding if occur (contingent guarantees). The Company does not expect that these contingent guarantees will result in any amounts being the foreseeable future. The timing of the amounts presented in the table reflect when the maximum contingent guarantees will ex indicate that the Company expects to incur an obligation to make payments during that timeframe.

	As of June 30, 2		
		Amount of Guar Per I	
Contingent Guarantees	**Total Amounts Committed**	**1 year**	**2-3 years**
			(in millions)
Guarantees(h)	$ 9,991	$	$ 533
Guarantees of equity affiliates(i)	$ 1,007	$ 74	$ 99

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOOTNOTES:

(a) The Company is funded primarily by cash from operations and by loans from other subsidiaries and affiliates of News Corp Company had approximately $704 million of indebtedness to affiliates of News Corporation as of June 30, 2003, which ext 2008.

(b) See discussion of New Millennium II in Note 11 Minority interest in subsidiaries . As noted therein, this interest has no f rights but is entitled to an allocation of gross receipts from the distribution of eligible films.

(c) The Company s contract with MLB grants the Company rights to telecast certain regular season and all post-season MLB contract began with the 2001 MLB season and ends with the 2006 MLB season. The remaining future scheduled payments rights to such MLB games aggregated approximately $1.7 billion as of June 30, 2003. For the duration of the term of its co MLB, the Company has sublicensed telecast rights to certain MLB post-season games to Disney, and is paid a sublicense fe $495 million over the remaining term. The amounts reflected on this schedule have not been reduced by the sublicense.

(d) Under the Company s contract with the National Football League (NFL) through 2006, remaining future minimum pay broadcast certain football games aggregated approximately $2.3 billion as of June 30, 2003, and are payable over the remai contract. This contract provided the NFL with the option to renegotiate the programming rights to broadcast certain footbal the 2002 football season. This option was not exercised and expired in February 2003.

(e) The Company s contracts with the National Association of Stock Car Auto Racing (NASCAR), which contain certain t Company rights to broadcast certain NASCAR races through fiscal 2009 and exclusive NASCAR content rights as well as be exploited with a new NASCAR cable channel or the existing SPEED Channel through fiscal 2013. The remaining future aggregated approximately $1.4 billion as of June 30, 2003, and are payable over the remaining terms assuming no early ter

(f) The Company leases transponders, office facilities, equipment, and microwave transmitters used to carry its broadcast sign which are classified as operating leases, expire at various dates through 2036.

(g) The Company s minimum commitments and guarantees under certain other programming, local sports broadcast rights, pl agreements aggregated approximately $5.1 billion as of June 30, 2003.

(h) See discussion of Guarantees in Note 13 Guarantees.

(i) See discussion of Guarantees of equity affiliate in Note 13 Guarantees .

CONTINGENCIES

REGIONAL PROGRAMMING PARTNERS

In December 1997, Rainbow Media Sports Holdings, Inc. (Rainbow) (a subsidiary of Cablevision Systems Corporation (Cab Net, Inc. (Fox Sports Net) (a subsidiary of the Company) formed RPP to hold various programming interests in connection wi RSNs (the Rainbow Transaction). Rainbow contributed various interests in RSNs, the Madison Square Garden Entertainment Music Hall, the New York Rangers National Hockey League franchise, and the New York Knickerbockers National Basketball A to RPP in exchange for a 60% partnership interest in RPP, and Fox Sports Net contributed $850 million in cash for a 40% partner

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Pursuant to the RPP partnership agreement, upon certain actions being taken by Fox Sports Net, Rainbow has the right to purchas Net s interests in RPP. The buyout price will be the greater of (i) (a) $2.125 billion, increased by capital contributions and decrea distributions, times Fox Sports Net s interest in RPP plus (b) an 8% rate of return on the amount in (a) and (ii) the fair market va interest in RPP. Consideration will be, at Rainbow s option, in the form of cash or a three-year note with an interest rate of prime

In addition, for 30 days following December 18, 2005 (the Put Date) and during certain periods subsequent to the Put Date, so commenced an initial public offering (IPO) of its securities, Fox Sports Net has the right to cause Rainbow to, at Rainbow s c all of its interests in RPP or (ii) consummate an IPO of RPP s securities. The purchase price will be the fair market value of Fox RPP and the consideration will be, at Rainbow s option, in the form of marketable securities of certain affiliated companies of R note with an interest rate of prime plus 1/2%. The determination of the fair market value of the investment in RPP will be made in terms of the partnership agreement and will be affected by the valuation of the consideration received from Rainbow.

In connection with the Rainbow Transaction, Rainbow and Fox Sports Net formed National Sports Partners (NSP) in which ea Sports Net were issued a 50% partnership interest to operate Fox Sports Net (FSN), a national sports programming service tha RSNs with 24 hour per day national sports programming. In addition, Rainbow and Fox Sports Net formed National Advertising which each of Rainbow and Fox Sports Net were issued a 50% partnership interest, to act as the national advertising sales represe Sports Net-owned RSNs and the RPP-owned and managed RSNs. Independent of the arrangements discussed above relating to R following the Put Date and during certain periods subsequent to the Put Date, or any subsequent Put Date so long as NSP and NA commenced an IPO of its securities, Rainbow has the right to cause Fox Sports Net to, at Fox Sports Net s option, either (i) purc interests in NSP and NAP, or (ii) consummate an IPO of NSP s and NAP s securities. The purchase price will be the fair marke interest in NSP and NAP and the consideration will be, at Fox Sports Net s option, in the form of marketable securities of certain Fox Sports Net or a three-year note with an interest rate of prime plus 1/2%. The determination of the fair market value of the inv NSP will be made in accordance with the terms of the partnership agreement and will be affected by the valuation of consideratio

In January 2003, Fox Sports Net exercised its right to put its 50% direct ownership interests in SportsChannel Chicago Associate Pacific Associates (collectively the SportsChannels) to RPP in connection with the Rainbow Transaction. In March 2003, RPP agreed on a $150 million purchase price for the interest in the SportsChannels, payable in the form of three-year promissory note RPP which own only the interests in the SportsChannels, bearing interest at prime plus 1% and secured by the interests being pur transaction is expected to close in the first half of fiscal 2004. Following the closing of this sale, the SportsChannels will be held indirectly 40% by Fox Sports Net and 60% by Rainbow, and each will remain a Fox Sports Net affiliate.

LITIGATION

In the ordinary course of business, the Company has become involved in disputes or litigation. While the results of such disputes with certainty, in management s opinion, based in part on the advice of counsel, the ultimate resolution of these disputes will no effect on the Company s financial position or its results of operations.

In April 2003, a putative derivative and shareholder class action (Norman Levin v. K. Rupert Murdoch et al., 03 CV 2929) was fi
States District Court for the Southern District of New York against the Company s board members and the Company (as nomina
among other things that in approving the Hughes transaction (See Note 5), they breached their fiduciary duties to FEG s public s
seeks monetary and unspecified equitable relief. The Company and the Company s board members intend vigorously to defend t
2003, the defendants moved to dismiss the complaint. On September 19, 2003, the Court entered the agreed upon order of dismis

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In April 2003, six putative shareholder class actions were filed in state courts in Delaware (four actions) and California (two actio
certain of its board members, alleging that in approving the Hughes transaction, the defendants breached their fiduciary duties to
Class H shares. Hughes and its board members are defendants in certain of these actions and also are alleged to have breached fid
same shareholders. News Corporation is a defendant in two of the Delaware actions and is alleged to have aided and abetted the d
purported breaches of fiduciary duties. The actions seek monetary and injunctive relief, including enjoining consummation of the
Corporation believes it is entitled to indemnification by GM under the agreements related to the transaction. News Corporation ha
any of these actions. The Delaware actions were consolidated on May 6, 2003, and a consolidated complaint was filed on August
Corporation was not named as a defendant in the consolidated complaint.

15. OTHER OPERATING CHARGE

The Company has several multi-year sports rights agreements, including a contract with the NFL through fiscal year 2006, contra
through fiscal year 2013 and a contract with MLB through fiscal year 2007. These contracts provide the Company with the broad
national sporting events during their respective terms. The NASCAR contract contains certain early termination clauses that are e
NASCAR.

The Company continually evaluates the recoverability of the rights costs against the revenues directly associated with the progran
direct expenses over the expected contract lives. At December 31, 2001, the Company recorded an Other operating charge of $90
related to a change in accounting estimate on the Company s national sports rights agreements caused by the downturn in the adv
caused the Company to write off programming costs inventory and to provide for estimated losses on these contracts over their es
evaluation considered the severe downturn in sports-related advertising, the lack of any sustained advertising rebound subsequent
and the industry-wide reduction of projected long-term advertising growth rates, all of which resulted in the Company s estimate
attributable revenues associated with these contracts being lower than previously anticipated. Because the vast majority of costs i
contracts are fixed, such as the rights costs and production costs, the results of these lower revenue estimates indicated that the C
generate a loss over the estimated remaining term of the sports contracts.

In accordance with APB No. 20, Accounting Changes, the Company has determined that the impact of the charge on Basic an
per share, net of tax benefit of $346 million, for the year ended June 30, 2002 was $0.67 loss per share.

The costs of these sports contracts are charged to expense based on the ratio of each period s operating profits to estimated total
contract. Considering the provision of $909 million for estimated losses and absent a difference between the actual future revenue
compared to the estimated future revenues and costs, no operating profit or loss will be recognized by the Company over the esti
of the sports contracts.

The profitability of these long-term national sports contracts as discussed above is based on the Company s best estimates at Jun
attributable revenues and costs; such estimates may change in the future, and such changes may be significant. Should revenues d

applied at June 30, 2003, an additional loss will be recorded. Should revenues improve as compared to estimated revenues, then n
loss will be restored, but the Company will have a positive operating profit, which will be recognized over the estimated remainin

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. INCOME TAXES

Although, during the periods presented, the Company and certain of its subsidiaries were included in the consolidated tax returns
Corporation entity and other subsidiaries of the Company filed a separate tax return, the Company has provided for income taxes
stand-alone taxpayer, in accordance with SFAS No. 109.

Income before Provision for income tax expense was attributable to the following jurisdictions:

	For the year	
	2003	
	(in m	
United States (including exports)	$ 1,544	$
Foreign	73	
	$ 1,617	$

Components of Provision for income tax expense were as follows:

	For the year e	
	2003	200
	(in mi	
Current:		
Federal pursuant to the Tax Sharing Agreement	$ 282	$ 3
State and local	12	
Foreign	74	
	$ 368	$ 4
Deferred:		
Federal	$ 218	$ (

	$ 218	$ (.
Total Provision for income tax expense on a stand-alone basis	$ 586	$ 4(

A reconciliation of the U. S. Federal statutory tax rate to the Company s effective tax rate on income before provision for incom
summarized as follows:

	For the year enc	
	2003	**2002**
U.S. Federal income tax rate	35%	35
State and local taxes (net of federal tax benefit)	1	2
Effect of foreign operations	2	(1
Non-deductible amortization and expenses		3
Other	(2)	1
Effective tax rate	36%	40

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following is a summary of the components of the deferred tax accounts:

Deferred tax assets (liabilities):	
Amortization and basis difference on intangible assets	$
Revenue recognition	
Accrued liabilities	
Sports rights contracts	
Other	
Net operating loss carryforwards	
Net deferred tax liability before income tax payable	
Income tax payable	
Net deferred tax liability	$

As of June 30, 2003, the Company had approximately $411 million of operating loss carryforwards available to reduce future tax subsidiaries that file separate tax returns. If the operating losses are not utilized, they expire in varying amounts starting in 2004 t realization of these loss carryforwards is dependent on generating sufficient taxable income prior to the expiration of the loss carr any limitations on their use. Although realization is not assured, management believes it is more likely than not that the deferred these loss carryforwards will be realized; accordingly, no valuation allowance has been provided.

As noted above, certain subsidiaries of the Company are included in the consolidated group of News Publishing Australia Limite principal U.S. subsidiary of News Corporation, for U.S. federal income tax purposes (the Consolidated Group) as well as in ce combined or unitary groups which include NPAL and/or certain of its subsidiaries (the Combined Group) for state and local in Company and NPAL have entered into a tax sharing agreement (the Tax Sharing Agreement). Pursuant to the Tax Sharing Ag and NPAL generally will make payments between them such that, with respect to tax returns for any taxable period in which the subsidiaries are included in the Consolidated Group or any Combined Group, the amount of such consolidated or combined taxes Company will be determined, subject to certain adjustments, as if the Company and each of its subsidiaries included in the Conso Combined Group filed their own consolidated, combined or unitary tax return. Net operating losses and other future tax benefits a reduce the tax liabilities of the Consolidated Group or Combined Group and any taxes actually paid by the Company s subsidiar groups will be taken into account for this purpose. The Company will be responsible for any taxes with respect to tax returns that Company and its subsidiaries.

Under the Tax Sharing Agreement, the Company paid $282 million in fiscal 2003 and $370 million in fiscal 2002.

17. SHARE OPTION PLAN

The Company does not have a share option plan.

Certain of the Company s employees have been granted News Corporation stock options under News Corporation s Share Optic price of options granted under the Plan is the weighted average market price of the shares sold on the Australian Stock Exchange days immediately prior to the date of the option being granted. Stock options are exercisable at a ratio of four options per ADR.

Options issued under the Plan have a term of ten years, but are exercisable only after they have been vested in the option holder. vest and become exercisable as to one quarter on each anniversary of the grant until all options have vested.

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As permitted under SFAS No. 123, the Company has chosen to account for stock-based awards to employees using the intrinsic v
accordance with APB Opinion No. 25.

A summary of the Plan activity is as follows for the year ended June 30, (in thousands of shares):

	2003		2002		
	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	OPT
		(in US$)		(in US$)	
Outstanding at the beginning of the year	90,177	$ 6.40	59,585	$ 6.56	4
Granted	43,206	4.41	40,976	6.03	2
Exercised	(2,681)	4.19	(5,483)	4.67	(
Cancelled	(10,031)	6.22	(4,901)	7.17	(
Outstanding at the end of the year	120,671	$ 5.76	90,177	$ 6.40	5
Exercisable at the end of the year	48,987		29,322		2
Weighted average fair value of options granted		$ 2.18		$ 2.92	

	2003		2002		
	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	OPTI
		(in A$)		(in A$)	
Outstanding at the beginning of the year	90,177	$ 11.40	59,585	$ 11.08	46
Granted	43,206	8.03	40,976	11.63	20
Exercised	(2,681)	7.01	(5,483)	8.25	(4
Cancelled	(10,031)	11.47	(4,901)	12.93	(2
Outstanding at the end of the year	120,671	$ 10.28	90,177	$ 11.40	59
Exercisable at the end of the year	48,987		29,322		21
Weighted average fair value of options granted		A$ 3.97		A$ 5.40	

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table summarizes information about the Plan as of June 30, 2003.

Tranches	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Exercisabl Options
(in US$)		(in US$)		
$3.16 to $4.50	56,436	$ 4.16	7.56	14,84
$4.83 to $7.07	48,828	$ 6.32	7.15	26,43
$8.11 to $9.79	15,407	$ 9.78	7.09	7,71
	120,671			48,98

In connection with the Company s acquisition of Chris-Craft (see Note 4), outstanding stock options held by employees of Chris exercisable, according to their terms, for News Corporation ADRs effective at the acquisition date. The share equivalent of the N ADRs issued to employees of Chris-Craft has been included in the chart above. These options did not reduce the shares available other option plan. The fair value of the options issued to the acquired companies employees, up to the fair value of the options s included as part of the purchase price. The excess in fair value of the issued options over the surrendered options is accounted for SFAS No. 123, whereby the excess fair value is recorded as unamortized deferred compensation expense and future amortization vesting schedule of the stock options. As of July 31, 2001, the Company began recording deferred compensation related to the ur employees of Chris-Craft, in accordance with FIN 44.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model, with the follov

	2003	
Australian risk free interest rate	5.75%	
Dividend yield	1.5%	
Expected volatility	43.47%	
Expected life of options	7 years	7

18. PENSION PLANS AND OTHER POSTRETIREMENT BENEFITS

PENSION PLANS

The Company has non-contributory pension plans covering specific groups of employees. The benefits for these plans are based p employee s years of service and pay near retirement. Participant employees are vested in the plans after five years of service. Th all pension plans is to fund amounts in accordance with the Employee Retirement Income Security Act of 1974. Plan assets consi common stocks, marketable bonds and government securities.

Accumulated plan benefits and plan net assets for the Company s defined benefit plans are as follows as of June 30:

	Pr **B** **I**
Accumulated benefit obligation	
Effect of projected future salary increases	
Total projected benefit obligations	
Plan assets at fair value	
Plan assets less than projected benefit obligations	

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The components of net periodic pension costs were as follows:

	For th
	2003
Service cost-benefits earned during the period	$ 25
Interest cost on projected benefit obligation	27
Expected return on plan assets	(20)
Net periodic pension cost	$ 32

The following assumptions were used in accounting for the defined benefit plans:

	For the ye	
	2003	2
Discount rate	6%	
Expected return on plan assets	8%	
Rate of increase in future compensation	4% 6%	4%

The following table sets forth the change in defined benefit obligation for the Company s benefit plans:

Benefit obligation, beginning of the year
Service cost
Interest cost
Benefits paid
Actuarial loss
Plan Amendment

Acquisitions

Benefit obligation, end of the year

The following table sets forth the change in the fair value of plan assets for the Company s defined benefit plans:

Fair value of plan assets, beginning of the year
Actual return on plan assets
Employer contributions
Benefits paid
Acquisitions

Fair value of plan assets, end of the year

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The funded status of the defined benefit plans was as follows:

Funded status
Unrecognized net loss
Unrecognized prior service cost

Net amount recognized, end of the year

Amounts recognized in the consolidated balance sheets:

Prepaid pension assets
Accrued pension liabilities
Other Comprehensive Income

Net accrued pension liability, end of year

The unfunded projected benefit obligation as of July 31, 2001 for the Chris-Craft Qualified Pension Plan, the Chris-Craft Non-Qu
and the UTV Pension Plan (together the Acquired Plans) was, in aggregate, approximately $25 million and was included in the
Chris-Craft. This unfunded pension obligation of $25 million represents the excess of the projected benefit obligation over the fai
acquired at the date of acquisition. Net periodic pension cost includes expenses of the acquired plans from the date of acquisition

OTHER POST RETIREMENT BENEFITS

The Company sponsors retiree health and life insurance benefit plans. These benefit plans offer medical and/or life insurance to c
employees and eligible dependents that retire after fulfilling age and service requirements. These plans cover approximately 2,00

The components of net periodic postretirement benefit costs were as follows:

	20
Service cost-benefits earned during the period	$
Interest cost on projected benefit obligation	
Amortization of unrecognized loss	
Net periodic postretirement benefit cost	$

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table sets forth the change in accumulated postretirement benefit obligation (APBO) for the Company s postret

APBO, beginning of year
Service cost
Interest cost
Benefits paid
Actuarial loss
Plan Amendments
Acquisition
APBO, end of the year

The funded status of the Company s postretirement benefit plans was as follows:

APBO
Plan assets
Funded status
Unrecognized net loss
Unrecognized prior service cost
Accrued postretirement liability, end of the year

The following weighted average assumptions were used in accounting for the Company s postretirement plans:

	For the year		
	2003		
Discount rate		6%	
Healthcare cost trend	12.5%	16.5%	1

The effect of a one percentage point increase and one percentage point decrease in the assumed health care cost trend rate would effects on the results for fiscal 2003:

	Se
One percentage point increase	
One percentage point decrease	

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. SEGMENT INFORMATION

The Company manages and reports its activities in four business segments:

Filmed Entertainment, which principally consists of the production and acquisition of live-action and animated motio
distribution and licensing in all formats in all entertainment media primarily in the United States, Canada and Europe
original television programming in the United States and Canada;

Television Stations, which principally consists of the operation of broadcast television stations in the United States;

Television Broadcast Network, which principally consists of the broadcasting of network programming in the United

Cable Network Programming, which principally consists of the production and licensing of programming distributed
television systems and direct broadcast satellite operators in the United States and professional sports team ownershi

The Company s reportable operating segments have been determined in accordance with the Company s internal management s
organized based on operating activities. The Company evaluates performance based upon several factors, of which the primary fi
segment operating income and Operating Income Before Depreciation and Amortization.

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	For th
	2003
Revenues:	
Filmed Entertainment	$ 4,498
Television Stations	2,115
Television Broadcast Network	2,244
Cable Network Programming	2,145
Total revenues	$ 11,002

Operating Income Before Depreciation and Amortization, defined as operating income (loss) plus depreciation and amortization a cable distribution investments, eliminates the variable effect across all business segments of non-cash depreciation and amortizati amortization expense includes the depreciation of property and equipment, as well as amortization of finite-lived intangible assets 2001, depreciation and amortization expense also included the amortization of goodwill and indefinite-lived intangible assets. An distribution investments represents a reduction against revenues over the term of a carriage arrangement and as such it is excluded Income Before Depreciation and Amortization. Operating Income Before Depreciation and Amortization is a non-GAAP measur considered in addition to, not as a substitute for, operating income (loss), net income (loss), cash flow and other measures of finan reported in accordance with GAAP. Operating Income Before Depreciation and Amortization does not reflect cash available to fu the items excluded from Operating Income Before Depreciation and Amortization, such as depreciation and amortization, are sig assessing the Company s financial performance.

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Management believes that Operating Income Before Depreciation and Amortization is an appropriate measure for evaluating the
of the Company s business segments. Operating Income Before Depreciation and Amortization provides management, investors
measure to analyze operating performance of each business segment and enterprise value against historical and competitors data
results, including Operating Income Before Depreciation and Amortization, may not be indicative of future results (as operating p
contingent on many factors including customer tastes and preferences).

	For the ye
	2003
	(ir
Operating Income Before Depreciation and Amortization:	
Filmed Entertainment	$ 717
Television Stations	983
Television Broadcast Network	(81)
Cable Network Programming	472
Other operating charge	
Total Operating Income Before Depreciation and Amortization	2,091
Amortization of cable distribution investments	(125)
Depreciation and Amortization	(183)
Total operating income (loss)	1,783
Interest expense, net	(136)
Equity losses of affiliates	(1)
Minority interest in subsidiaries	(29)
Other, net	
Income before provision for income taxes and cumulative effect of accounting change	1,617
Provision for income tax expense on a stand-alone basis	(586)
Income before cumulative effect of accounting change	1,031
Cumulative effect of accounting change, net of tax	
Net income (loss)	$ 1,031

	For the year ended June 30, 2003

	Operating income (loss)	Depreciation and amortization	Amortization of cable distribution investments
		(in millions)	
Filmed Entertainment	$ 662	$ 55	$
Television Stations	921	62	
Television Broadcast Network	(100)	19	
Cable Network Programming	300	47	125
Total	$ 1,783	$ 183	$ 125

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	For the year ended June 30, 2002		
	Operating income (loss)	Depreciation and amortization	Amortization of cable distribution investments
		(in millions)	
Filmed Entertainment	$ 485	$ 59	$
Television Stations	598	200	
Television Broadcast Network	(283)	20	
Cable Network Programming	6	121	116
Other operating charge	(909)		
Total	$ (103)	$ 400	$ 116

	For the year ended June 30, 2001		
	Operating income (loss)	Depreciation and amortization	Amortization of cable distribution investments
		(in millions)	
Filmed Entertainment	$ 277	$ 65	$
Television Stations	499	184	
Television Broadcast Network	(65)	20	
Cable Network Programming	(59)	118	90
Total	$ 652	$ 387	$ 90

Intersegment revenues generated primarily by the Filmed Entertainment segment of approximately $645 million, $772 million an years ended June 30, 2003, 2002 and 2001, respectively, have been eliminated on consolidation within the Filmed Entertainment operating (losses) profits generated primarily by the Filmed Entertainment segment of approximately ($4 million), $40 million ar years ended June 30, 2003, 2002 and 2001, respectively, has been eliminated on consolidation within the Filmed Entertainment s

Other operating charge, Interest expense, net, Equity earnings (losses) of affiliates, Minority interest in subsidiaries, Other, net ar tax expense on a stand-alone basis are not allocated to segments, as they are not under the control of segment management.

	2
Capital expenditures:	
Filmed Entertainment	$
Television Stations	
Television Broadcast Network	
Cable Network Programming	
Total capital expenditures	$

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Total assets:
Filmed Entertainment
Television Stations
Television Broadcast Network
Cable Network Programming
Investments in equity affiliates

Total assets

Goodwill and Intangible assets, net:
Filmed Entertainment
Television Stations
Television Broadcast Network
Cable Network Programming

Total goodwill and intangible assets, net

There is no material reliance on any single customer. Revenues from any individual foreign country were not material in the peri

	For th
	2003
Revenues:	
United States and Canada	$ 9,053
Europe	1,263
Other	686
Total revenues	$ 11,002

Long-Lived Assets:
United States and Canada
Europe
Other

Total long-lived assets

20. DETAIL OF OTHER FINANCIAL STATEMENT ACCOUNTS

	For the y
	2003
ALLOWANCE FOR RETURNS AND DOUBTFUL ACCOUNTS	
Balance at the beginning of the year	$ 275
Charged to costs and expenses	619
Actual returns/ write-offs/ recoveries/ other	(493)
Balance at the end of the year	$ 401

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FOX ENTERTAINMENT GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ADVERTISING EXPENSES

The Company incurred advertising expenses of $1,219 million, $1,061 million, and $947 million for the years ended June 30, 20
respectively.

OPERATING LEASE EXPENSE

Total operating lease expense was approximately $87 million, $98 million, and $70 million for the years ended June 30, 2003, 20
respectively.

21. QUARTERLY FINANCIAL DATA (UNAUDITED)

	For the three months		
	September 30,	December 31,	M
	(in millions, except per sha		
Fiscal 2003			
Revenues	$ 2,344	$ 3,150	$
Operating income	389	500	
Net income	214	283	
Basic and diluted earnings per share	$ 0.25	$ 0.32	$
Fiscal 2002(1)			
Revenues	$ 2,065	$ 2,741	$
Operating income (loss)	142	(695)	
Cumulative effect of accounting change, net of tax	(26)		
Net income (loss)	(22)	455	
Basic and diluted cumulative effect of accounting change, net of tax, per share	$ (0.04)		
Basic and diluted earnings (loss) per share	$ (0.03)	$ 0.54	$

(1) Additional significant items that impacted earnings during the second quarter of fiscal year 2002 were the writedown of the
sports contracts of $909 million and the gains on the sales of FFW and Outdoor Life aggregating to $1,585 million.

22. SUBSEQUENT EVENTS (UNAUDITED)

On September 15, 2003, the plaintiff in the putative derivative and shareholder class action (Norman Levin v. K. Rupert Murdoch agreed to dismiss the action with prejudice as to himself and without prejudice to putative class members other than himself. On S the Court entered the agreed upon order of dismissal.

On September 19, 2003, the Company purchased substantially all of the outstanding equity of Tintagel Investors L.L.C. (Tintag the Preferred Interest in NM2, for $25.5 million plus accrued and unpaid Preferred Payments in the amount of approximately $10 the acquisition of this equity interest, the Company will consolidate the assets and liabilities of Tintagel for accounting purposes. outstanding NM2 Preferred Interest of $762 million, included in Minority interest in subsidiaries prior to the acquisition, will be e consolidation; and Tintagel s June 30, 2003 outstanding indebtedness of $736 million will now be included in Borrowings on the sheet of the Company. After the acquisition, Tintagel will continue to be a separate legal entity from the Company with separate a

As of June 30, 2003, the Group guaranteed sports rights agreements for SportsChannel Chicago Associates (SportsChannel Chic approximately US$1,007 million. On September 30, 2003, SportsChannel Chicago received notice that each of the Chicago Cubs and White Sox have exercised their right to terminate their rights agreement with SportsChannel Chicago effective September 30 termination of the rights agreements, the remaining guarantee would be approximately $43 million through fiscal 2005.

On October 10, 2003, the Company announced that it had reached an agreement in principle to sell the Los Angeles Dodgers, tog Stadium and the team s training facilities in Vero Beach, Florida and the Dominican Republic, to an investment group headed by This agreement is subjected to MLB approval and customary conditions.

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REPORT OF INDEPENDENT AUDITORS

To the Shareholders of

Stream S.p.A.

We have audited the accompanying balance sheet of Stream S.p.A., an Italian Company, as of December 31, 2001, and the relate operations, shareholders equity (deficit) and cash flows for the year then ended. These financial statements are the responsibility management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statement the year ended December 31, 2000, were audited by other auditors who have ceased operations and whose report dated July 12, 2 unqualified opinion on those statements prior to restatement adjustments described in Note 2.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standar and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes as principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stream S 31, 2001, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles gen United States of America.

As discussed above, the financial statements of Stream S.p.A. as of December 31, 2000 and for the year then ended were audited have ceased operations. We also audited the adjustments described in Note 2 that were applied to restate the December 31, 2000 statement of cash flows. In our opinion, such adjustments are appropriate and have been properly applied.

As discussed in Note 3, Stream S.p.A. changed its method of accounting for television sports rights as of January 1, 2001.

As discussed in Note 1 to the financial statements, Stream S.p.A. s recurring losses from operations, cumulative negative operati working capital deficiency at December 31, 2001, raise substantial doubt about its ability to continue as a going concern without support. The accompanying financial statements do not include any adjustments that might result from the outcome of the uncert 1.

/s/ Reconta Ernst & Young S.p.A.

Rome, Italy

September 13, 2002 except for Note 15 and Note 14,

as to which the date is December 23, 2002, and

May 8, 2003, respectively

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REPORT OF INDEPENDENT AUDITORS

To the Shareholders of

Stream S.p.A.:

We have audited the accompanying balance sheets of Stream S.p.A., an Italian Company, as of December 31, 1999 and 2000, and of operations, shareholders equity (deficit) and cash flows for the years then ended. These financial statements are the responsib management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require t perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An auc on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the a used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believ provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stream S 31, 1999 and 2000, and the results of its operations and its cash flows for the years then ended, in conformity with accounting pri accepted in the United States.

/s/ Arthur Andersen SpA

Rome, Italy

July 12, 2001

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STREAM S.p.A.

BALANCE SHEETS

As of December 31, 2001 and 2002

(in Thousands of U.S. Dollars)

	2001
ASSETS	
Current Assets:	
Cash and cash equivalents	$ 25,12
Trade accounts receivable, net (Note 4)	68,03
Receivables from shareholders and affiliates (Note 13)	15,00
Inventories	1,52
Television rights costs, current	56,05
Receivables for Value Added Tax	62,60
Other	12,00
Total current assets	240,35
Property and equipment, net:	
Machinery and set-top boxes	343,97
Furniture, fixtures and equipment	34,51
	378,48
Accumulated depreciation and amortization	(193,36
	185,12
Intangible assets, net	14,83
Long-term television rights costs	52
Other non-current assets	
Total assets	$ 440,83

The accompanying notes are an integral part of these financial statements

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STREAM S.p.A.

BALANCE SHEETS

As of December 31, 2001 and 2002

(in Thousands of U.S. Dollars, except share and per share data)

	2001
LIABILITIES AND SHAREHOLDERS EQUITY (DEFICIT)	
Current liabilities:	
Trade accounts payable	$ 134,224
Payables for television rights	56,056
Payables due to shareholders and affiliates (Note 13)	334,746
Deferred revenue	36,597
Accrued expenses	9,414
Total current liabilities	571,037
Long-term liabilities for television rights costs	528
Liability for employees severance indemnities	2,606
Total Liabilities	574,171
Commitments and contingencies (Note 12)	
Shareholders equity (deficit): (Note 5)	
Common shares: 184,000,000 common shares authorized, issued and outstanding, par value Euro 2.29 ($2.02 and $2.40, respectively), as of December 31, 2000 and 2001	455,333
Additional paid-in-capital	872,662
Accumulated deficit	(1,458,776
Accumulated other comprehensive loss	(2,535
Total shareholders equity (deficit)	(133,316
Total liabilities and shareholders equity (deficit)	$ 440,855

The accompanying notes are an integral part of these financial statements

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STREAM S.p.A.

STATEMENTS OF OPERATIONS

For the Years Ended December 31, 2000, 2001 and 2002

(in Thousands of U.S. Dollars)

	2000	200
Revenues (Note 7)	$ 127,593	$ 224
Cost of services (Note 8)	387,653	498
Selling, general and administrative (Note 9)	157,870	189
Operating loss	(417,930)	(463
Other income (expenses)		
Interest income	21	
Interest expense shareholders and affiliates	(5,901)	(13
Other, net	4,680	21
	(1,200)	8
Loss before income taxes	(419,130)	(455
Income taxes (Note 6)		
Net loss	$ (419,130)	$ (455

The accompanying notes are an integral part of these financial statements

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STREAM S.p.A.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2000, 2001 and 2002

(in Thousands of U.S. Dollars)

	2000	200
	(Restated)	
Cash flows from operating activities		
Net loss	$ (419,130)	$ (455
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	47,348	83
Changes in operating assets and liabilities:		
Inventories	(3,488)	2
Television rights costs, current	(88,918)	136
Trade accounts receivable	(25,736)	(26
Receivables from shareholders and affiliates	34,846	(8
Receivables for VAT and other current assets	(45,078)	8
Other non-current assets		
Long-term television rights costs	190,389	5
Trade accounts payable	36,274	26
Payables for television rights costs	88,918	(136
Payables due to shareholders and affiliates	(28,481)	115
Deferred revenue	18,986	6
Accrued expenses	(1,633)	
Long-term liabilities for television rights costs	(190,389)	(5
Liability for employees severance indemnities	300	
Cash used in operating activities	(385,792)	(246
Cash flows from investing activities:		
Acquisition of property and equipment	(113,523)	(70
Investment in intangible assets	(7,758)	(10
Proceeds from disposal of property and equipment	753	
Cash used in investing activities	(120,528)	(79
Cash flows from financing activities:		
Shareholders contributions	446,895	297
Decrease (increase) in financing payables due to shareholders and affiliates	47,585	21
Cash provided by financing activities	494,480	318
Effect of exchange rate changes on cash and cash equivalents	(2,555)	11
Net increase (decrease) in cash and cash equivalents	(14,395)	4
Cash and cash equivalents at the beginning of the year	35,124	20

Cash and cash equivalents at the end of the year	$ 20,729	$ 25
Supplemental information to Statements of Cash Flows:		
Cash paid for interest shareholders and affiliates	$ 5,901	$ 13
Non cash contribution from shareholders	$	$
Cash paid for taxes	$	$

The accompanying notes are an integral part of these financial statements

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STREAM S.p.A.

STATEMENTS OF SHAREHOLDERS EQUITY (DEFICIT)

For the Years Ended December 31, 2000, 2001 and 2002

(in Thousands of U.S. Dollars)

	Common Shares	Additional Paid-in Capital	Accumulated Deficit	Accumul other comprehe income (
Balance as of January 1, 2000	**241,305**	**321,513**	**(584,499)**	**5**
Reduction in par value of common shares (Note 5)	(253,981)	253,981		
Issuances of common shares (Note 5)	468,091			
Comprehensive loss:				
Net loss for the year			(419,130)	
Foreign currency translation adjustment				(19
Total comprehensive loss			(419,130)	(19
Balance as of December 31, 2000	**455,415**	**575,494**	**(1,003,629)**	**(13**
Capital contribution (Note 5)		297,086		
Effect of converting to Euro (Note 5)	(82)	82		
Comprehensive income (loss):				
Net loss for the year			(455,147)	
Foreign currency translation adjustment				11
Total comprehensive (loss) income			(455,147)	11
Balance as of December 31, 2001 (Unaudited)	**$ 455,333**	**$ 872,662**	**$ (1,458,776)**	**$ (2**
Capital contribution (Note 5)		338,708		
Reduction of Shares (Note 5)	(100,959)	100,959		
Forgiveness of debt		125,494		
Comprehensive income (loss):				
Net loss for the year			(477,685)	
Foreign currency translation adjustment				(29
Total comprehensive (loss) income			(477,685)	(29
Balance as of December 31, 2002	**$ 354,374**	**$ 1,437,823**	**$ (1,936,461)**	**$ (32**

The accompanying notes are an integral part of these financial statements

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STREAM S.p.A.

NOTES TO THE FINANCIAL STATEMENTS

Years Ended December 31, 2000, 2001 and 2002

(Amounts in Thousands of U.S. Dollars, Except as Otherwise Indicated)

1. Description of business and basis of presentation

Description of business

Stream S.p.A. (Stream or the Company) was formed in December 1993. The Company operates in the satellite and cable te supplying both pay television and pay-per-view television, broadcasting of significant film and sporting events delivered via set-t conditional access modules. Customers subscribe to pay television for a pre-determined time period, generally an annual contract acquires programming from various suppliers, including movie studios, sporting teams and other content providers. The Compan various contractual arrangements with certain Italian soccer teams that play in the Serie A, or Italian professional soccer leagu to these teams for the rights to broadcast their live games and highlights are specified in the individual contracts.

Management considers the Company as operating in one segment, television broadcasting, and one geographic region, Italy. The predominately of Italian households, geographically dispersed throughout the country.

Basis of presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United S GAAP) and are reported in the United States dollar (U.S. dollars), the Company s reporting currency for U.S. GAAP purpos owned each by Telecom Italia S.p.A (Telecom Italia), an Italian company, and News Publishing Australia Ltd (NPAL), an

The accompanying financial statements have been prepared on a going concern basis, which contemplates continuity of operatio and liquidation of liabilities in the ordinary course of business. Consequently, the financial statements do not reflect any adjustme the Company is not able to continue as a going concern. The Company has negative working capital and an accumulated deficit o $1,936,463, respectively, at December 31, 2002, and has cumulatively used $998,066 of cash in operations during the three years December 31, 2002. A shareholder of the Company, NPAL, has proposed a plan that they believe will help the Company continu The shareholders have successfully acquired the operations of the sole competitor of the Company in Italy, Telepiù SpA, effectiv subsequently merged the operations of the respective entities into a single operating unit in the Italian market. There can be no as when the respective entities are merged into a single operating unit in the Italian market, the operating difficulties will be eased.

2. Correction of an Error

In preparing its 2001 financial statements, the Company determined that it had prematurely recognized certain non-sporting even
the related liabilities at both December 31, 2000 and 1999. For these previously reported periods, Stream had capitalized future a
long-term programming contracts with third party content providers and recorded an equal long-term liability (i.e. they grossed-
Consequently, the Company has restated its balance sheet as of December 31, 2000, and its statements of cash flows for the year
2000, to reflect the correction of this error, which consisted of recording an adjustment to decrease the current portion of the Te
current and Long-term television rights costs assets by $46,859 and $328,336, respectively, with corresponding decreases in
$46,859 and $328,336 in Long-term liabilities for television rights costs.

This correction of an error had no effect on stockholders equity (deficit), results of operations or cash used in operations as prev
year presented. The following tables identifies the respective line items that have been restated in the accompanying financial sta

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STREAM S.p.A.

NOTES TO THE FINANCIAL STATEMENTS

Years Ended December 31, 2000, 2001 and 2002

(Amounts in Thousands of U.S. Dollars, Except as Otherwise Indicated)

Balance sheet:

	As previously reported at December 31, 2000	Effect of the correction of an Error
Television rights cost, current	$ 248,991	$ (46,859)
Long-term Television rights	334,902	(328,336)
Total Assets	967,634	(375,195)
Trade Accounts Payable	363,284	(46,859)
Long-term liabilities for television rights	334,902	(328,336)
Total Liabilities	$ 967,634	$ (375,195)

Statement of Cash Flows:

	As previously reported at of December 31, 2000	Effect of the correction of an Error
Television rights cost, current	$ (135,319)	$ 46,401
Long-term Television rights	(134,739)	140,492
Trade Accounts Payable	171,595	(46,401)
Long-term liabilities for television rights	134,739	(140,492)
Cash used in operating activities	$ (385,648)	$

3. Summary of significant accounting policies

Cash and cash equivalents

The Company defines cash and cash equivalents as cash on hand, demand deposit accounts with banks and cash invested tempora
liquid instruments, with original maturities of three months or less.

Trade accounts receivables, net

Trade accounts receivables are stated, net of an allowance for doubtful accounts, at their estimated realizable value.

Inventories

Inventories are stated at the lower of cost or net realizable value (market). Cost is determined on an average cost basis. Invento
ancillary materials necessary to furnish the subscribers with the equipment necessary in order to view the broadcasted channels fo
subscribed.

Television rights costs

Television rights costs consist of the contracted fees charged by content providers for the broadcast of selected channels, films an
subscribers through the Company s satellite and cable TV distribution business. Programming rights and their related liabilities a
the date they are available for transmission.

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The Company has single and multi-year contracts for broadcast rights of programs and sporting events, spanning from a minimum of ten years. In accordance with Statement of Financial Accounting Standards (SFAS) 63, Financial Reporting by Broadcaste entertainment programs and sporting events are expensed over their contractual duration starting from the date such content first broadcast, the total cost of the contract is reasonably known and the Company has accepted the programming from the content pr such rights are generally made based on minimum guaranteed amounts or using rate calculations specified in the individual contr of these contracts and periodically thereafter, the Company evaluates the recoverability of the costs associated therewith against t associated with the program material and related expenses. Where an evaluation indicates that a programming contract will result additional amortization is provided to currently recognize that loss. No such provisions have been recorded in the accompanying

The future amounts due under both the sporting and movie rights contracts for which the recognition criteria of SFAS 63 have no reflected in the Note 12 under commitments and contingencies.

As of January 1, 2001, the Company has changed its accounting method for the recognition of television sporting rights on a pros January 1, 2001, capitalization of the television sporting rights and the recognition of the corresponding liability are recorded wh has actually occurred, that is, it is available for distribution to customers. The Company believes that this presentation more accu uncertainties associated with sports television broadcasting, in particular given the financial difficulties experienced by certain sp Italian soccer league in particular. Under the Company s current agreements, if teams do not play games, then there is no commi Company to pay the team. The current economic uncertainty surrounding these teams makes forecasting the ultimate number of g played by contracted teams unreliable. Under the current method the Company capitalized sports rights of $18 at December 31, 2 previous method, the Company would have capitalized sports rights of $544,653 equity (deficit) at December 31, 2001. This cha used in operations, net loss or total shareholders equity (deficit) for all years presented.

Contractual obligations for program rights that will be transmitted later than one year from the balance sheet date, are included in for television rights costs debts at face value. The corresponding amounts of program rights that will be transmitted within one y date are included in Television rights costs, current .

The Company has signed several contracts with individual Serie A soccer teams in Italy, and a distribution agreement with a supp the Championship League soccer games. Payments under the contracts to the individual soccer teams are based on fixed fee sche allowances for renegotiation or additional payments. Payments can be changed if the team changes their league, which generally competitive results of the year. The contracts are for an average period of five years and will require renegotiation with the indivi expiration.

Program payments made in advance of the Company having availability to transmit the related programs are treated as prepayme Television rights costs, current in the accompanying financial statements.

The television rights costs are expensed as follows:

Soccer games	100% on first showing
Movie Channels	Straight-line basis over the period of transmission
Rights (library movies)	Effective number of showings (current movies)

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Property and equipment, net

Property and equipment are stated at cost. Such assets are depreciated on a straight-line basis with useful lives ranging from four associated with the repair and maintenance of property are expensed as incurred. Repair and maintenance that significantly adds t are capitalized and depreciated over the remaining estimated life of the asset. Set-top boxes are depreciated over five years, which estimated useful life of the set-top box. Depreciation is charged from the date on which the asset is placed into service and includ The Company estimates, based on historical results, the number of set top boxes outstanding that have been lost, stolen or damag amount that is charged to cost of services periodically. The capitalized cost of the set top boxes is reduced for the corresponding a contract with the Company s customers requires that the set-top box be returned upon termination of the contract. Upon return o generally re-issued to a new customer upon refurbishment, if necessary. Refurbishment costs are expensed as incurred as part of c

Intangible assets, net

Intangible assets consist principally of acquired intellectual property rights, licenses and trademarks. They are stated at cost and a straight-line basis over the lesser of their legal or contractual lives or their estimated useful lives, generally ranging from three to

Impairments

In August 2001, the FASB issued SFAS 144 *Accounting for the Impairment of Long-Lived Assets* which addresses financial ac for the impairment or disposal of long-lived assets. The Statement applies to certain long-lived assets, including those reported as operations, and develops one accounting model for long-lived assets to be disposed of by sale. SFAS 144 supersedes SFAS 121 *Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of* , and *APB 30, Reporting the Results of Operatio Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions* segment. The Company adopted the provisions of SFAS 144 effective January 1, 2002. Prior to 2002, the Group applied SFAS 12 Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of , to all long-lived assets.

Under both SFAS 121 and 144, the Company assesses potential impairments whenever events or changes in circumstances indica amount of an asset may not be recoverable or if the price of the asset has had considerable market depreciation. The recoverabilit value is initially determined by comparing the undiscounted cash flows of the asset to its carrying value. If, after the initial assess deemed to exist, then the Company estimates the fair value of the asset based on discounted cash flows, independent appraisals o if available. Any excess of carrying value over estimated fair value is written off and recorded as an expense in current period ear review, the Company believes that no significant impairment of its long-lived assets or related intangible assets has occurred.

Liability for employees severance indemnities

In accordance with Italian severance pay statutes and labor contracts, an employee benefit is accrued for service to date and is im
upon separation, regardless of cause. The termination benefit is calculated in accordance with local civil and labor laws based on
of service, employment category and remuneration. The termination liability is adjusted annually by a cost-of-living index provid
government. The liabilities recorded in the accompanying balance sheets are the amounts that employees would be eligible for as
any advances. The charge to earnings for the mandatory severance benefit was $1,021, $1,288 and $1,445 in 2000, 2001 and 200

Income taxes

The Company accounts for income taxes under the provisions of SFAS 109, Accounting for Income Taxes . SFAS 109 require
approach for financial accounting and reporting for income taxes and allows recognition and measurement of deferred tax assets
likelihood of realization of tax benefits in future years. Under the asset and liability approach, deferred taxes are provided for the
temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts use
purposes. Net deferred tax assets are then reduced by a valuation allowance if management believes it is more likely than not tha
recovered.

Foreign currency translation

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The accounts of the Company are translated in accordance with SFAS 52, Foreign Currency Translation . The Company s mar
present these financial statements in U.S. dollars. The financial statements of the Company are translated from its functional curr
reporting currency, the U.S. dollar, utilizing the current rate method. Accordingly, assets and liabilities are translated at exchange
end of the year, and revenues and expenses are translated at the average exchange rate of the period in which they are realized du
cumulative translation gains or losses from the translation into the Company s reporting currency are included as a separate com
equity (deficit) as Accumulated other comprehensive income (loss) in the accompanying balance sheets. Prior to 2001, the Co
currency was the Italian Lire, which was officially replaced in 2001 with the Euro as the legal currency of the Italian government
between the Italian Lire and the Euro was permanently frozen at Lire 1,936.27 to Euro 1 for all periods presented.

Exchange gains and losses arising from transactions denominated in foreign currencies are included in other, net in the accom
operations. Foreign currency transaction losses (gains) were $471, ($53) and $6,981 for the years ended December 31, 2000, 200
respectively.

Revenue recognition

The Company derives its revenue principally from the sale of satellite and cable television subscription (pay TV) services to in
of two months or one year in duration.

Under these arrangements, revenues are derived principally from:

- subscriptions for annual pay TV contracts;
- rentals of set-top boxes; and
- pay-per-view television consumption

Revenue from subscriptions of pay TV contracts and related rentals of set-top boxes are billed in advance (annually or every two
recognized on a straight-line basis over the related subscription period. The unrecognized portions of advance billings to custome
deferred revenues.

Revenue from pay-per-view events is recognized when the related event is made available for viewing.

Comprehensive income (loss)

The Company follows SFAS 130, Reporting Comprehensive Income, for the reporting and display of comprehensive income a
financial statements and thereby reports a measure of all changes in equity of an enterprise that results from transactions and othe
other than transactions with the shareholders. Items of Accumulated other comprehensive income (loss) are reported in the acc
shareholders equity (deficit).

Use of estimates

The preparation of the financial statements in accordance with U.S. GAAP requires management to make estimates and assumpti
reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and
of revenues and expenses during the reporting period. Because of the use of estimates inherent in the financial reporting process,
differ from those estimates.

Market risk exposure

The Company is potentially subject to foreign currency exchange rate risk relating to payments to suppliers in the United States, a
international markets. The Company s financial statements could be affected by factors such as changes in foreign currency exch
Company did not engage in any hedging activities during 2000, 2001 or 2002.

Advertising costs

All advertising costs are expensed as incurred.

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Reclassifications

In addition to the amounts discussed in Note 2, certain amounts in the 2000 and 2001 financial statements have been reclassified presentation.

New Accounting Standards

In June 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations. SFAS No. 143 requires liability obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The Company ac of SFAS No. 143 effective January 1, 2003. The adoption of SFAS No. 143 is not expected to have a material impact on the Com position.

In August 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS N SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of. Among o 144 provides updated guidance concerning the recognition and measurement of an impairment loss for certain types of long-lived adopted SFAS No. 144 during the first quarter of this fiscal year. The adoption of SFAS No. 144 is not expected to have a materi Company s financial position.

In April 2002, SFAS No. 145, Rescission of FASB Statements No. 4, 44 and 64, amendment of FASB Statement No. 13, and T (SFAS 145) was issued. SFAS No. 145 rescinds SFAS No. 4 and No. 64, which required gains and losses from extinguishmen as extraordinary items. SFAS No. 145 also rescinds SFAS No. 44 since the provisions of the Motor Carrier Act of 1980 are comp also amends SFAS No. 13 eliminating inconsistencies in certain sale-leaseback transactions. The provisions of SFAS No. 145 are years beginning after May 15, 2002. Any gain or loss on extinguishment of debt that was classified as an extraordinary item in pr shall be reclassified. The Company does not expect that the adoption of SFAS No. 145 will have a material effect on the Compan results of operations.

In June 2002, the Financial Accounting Standards Board issued SFAS No. 146, Accounting for Costs Associated with Exit or D No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging I (referred to as EITF) Issue No. 94-3 Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit a Certain Costs Incurred in a Restructuring) . SFAS No. 146 requires that a liability for a cost associated with an exit or disposal a when the liability is incurred, not at the date of an entity s commitment to an exit plan, as required under EITF Issue No. 94-3. T No. 146 are effective for exit or disposal activities initiated after December 31, 2002. The adoption of SFAS No. 146 may affect t recognizing future restructuring costs as well as the amounts recognized under such costs, and is not expected to have a material i

Consolidated Financial Statements.

In December 2002, the Financial Accounting Standards Board issued SFAS No. 148, Accounting for Stock-Based Compensatio Disclosure. SFAS No. 148 amends SFAS No. 123, Accounting for Stock-Based Compensation to provide alternative method voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 14 disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about accounting for stock-based employee compensation and the effect of the method used on reported results. The provisions of SFA for financial statements for fiscal years ending after December 15, 2002. The adoption of this standard is not expected to have a r Consolidated Financial Statements.

4. Trade accounts receivable, net

Trade accounts receivable consist of the following:

	A
	20
Receivables from subscribers	$ 96
Allowance for bad debts	(28
	$ 68

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5. Shareholders equity (deficit)

Common shares

In February 2000, there was an increase in common shares due to the issuance of 54,000,000 shares with a par value of Italian Li
$4.55 equivalent).

In August 2000, the par value of the common shares was reduced from Lire 10,000 (5.16 or $4.55 equivalent) to Lire 4,435 (2
The effect of the reduction of the par value of the common stock was to reclassify $253,981 to additional-paid-in capital, reducin
account to the total of the shares outstanding and the revised par value.

In September 2000, there was an increase in equity due to the issuance of 90,000,000 additional common shares with a nominal v
4,435 (2.29 or $2.02 equivalent), fully subscribed and paid.

As of December 31, 2000, common stock consisted of 184,000,000 common shares with a nominal value of Italian Lire 4,435 ea
equivalent).

In 2001, the share capital of the Company was re-denominated into Euros by adjusting the par value of the shares into Euro and r
to 2.29 ($2.02 equivalent). Consequently the capital account was adjusted to reflected to changed par value of the shares, with t
par value transferred to additional paid-in-capital.

In 2002, the number of shares was reduced as a result of capital restructuring for losses carried forward and therefore, the share c
was reduced by approximately 113,880 ($100,959) and increased additional paid-in-capital by the same amount.

Additional paid-in-capital

As of July 16, 2001, a further capital contribution of $297,086 was made, subscribed to on a pro rata basis by both shareholders. I
were issued by the Company for the contribution from the shareholders.

In 2002, additional paid-in-capital was increased by approximately 365,582 ($338,708) as a result of capital restructuring for lo
additional shares were issued by the Company for the contribution from the shareholders.

In February 2002, Telespazio S.p.A., an entity controlled by Telecom Italia, transferred certain trade accounts receivable due fron
totaling approximately 31,600 ($27,493) to Telecom Italia. The debt to Telespazio S.p.A. was assumed by the shareholders on a
subsequently forgiven by both shareholders as a capital contribution. No new shares were issued.

A further 50,000 ($52,406) was forgiven by both shareholders; Telecom Italia and News Corp in the second half of the financia
were issued.

6. Income taxes

The Company has incurred operating losses since its inception and therefore has not incurred income tax expense. Because of its
losses, the Company has recorded a valuation allowance against all of its deferred tax assets. Net operating loss carryforwards av
are $1,390,639 as of December 31, 2002. All net operating losses are within the Italian tax jurisdiction and expire within five yea

Year Expiring
2003
2004
2005
2006
2007

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The components of net deferred tax assets are as follows:

	As o
	2001
Deferred tax assets:	
Net operating loss carry forwards	$ 1,182,30
Television rights	60,69
Other accrued expenses	20,89
Deferred tax assets	1,263,90
Less: valuation allowance	(1,263,90
Total net deferred tax asset	$

7. Revenues

	For the years	
	2000	
Subscription revenue	$ 91,704	$ 1
Set top box rental revenue	21,109	
Pay per view subscription revenue	6,483	
Other	8,297	
	$ 127,593	$ 2

8. Cost of services

	For the years	
	2000	
Sports rights costs	$ 175,580	$ 2
Pay TV and pay per view rights costs	108,178	1
Satellite rental	23,637	
Salaries and wages	12,211	
Raw materials	18,135	
Depreciation and amortization	42,613	
Other indirect operating costs	7,299	
	$ 387,653	$ 4

9. Selling, general and administrative expenses

	For the years	
	2000	
Advertising	$ 41,950	$
Salaries & wages	12,211	
Customer service	9,437	
Bad debt allowance	8,296	
Selling commissions	30,412	
Administrative costs	14,143	
Rental, maintenance and other	12,415	
Depreciation and amortization	4,735	
Other operating expenses	24,271	
Total	$ 157,870	$ 1

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10. Depreciation and amortization

	For the year	
	2000	
Tangible assets	$ 43,716	$
Intangible assets	3,632	
Total	$ 47,348	$

11. Shareholders interest expense

The Company incurred shareholders interest expense in the amount of $5,901 and $13,747 and $7,486 for the years ended Dece and 2002, respectively. These amounts consist mainly of interest expense to the shareholders for financing. For terms and condi

12. Commitments and contingencies

Purchase commitments

The Company has entered into non-cancelable programming rights contracts for television rights costs, which extend through 20 minimum payments of these contracts as of December 31, 2002, are as follows:

Year ending December 31,
2003
2004

2005
2006
2007
Thereafter

Total future purchase commitments

Litigation

In the ordinary course of business, the Company has become involved in disputes or litigation. While the result of such disputes c
with certainty, in management s opinion, based on the advice of counsel, the ultimate resolution of these disputes will not have a
on the Company s financial position or its results of operations.

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13. Related party transactions

The following tables sets forth the balances of accounts receivable and accounts payable, revenues and expenses regarding the Co
with its shareholders and their affiliates:

	As of Dece	
	2001	
	Receivables	Payables
Shareholders		
Telecom Italia	**$ 2,867**	**$ 131,938**
NPAL		**107,260**
Shareholder Affiliates		
Italtel S.p.A.		**33,743**
Telespazio S.p.A.	**10,999**	**31,652**
Emsa Società immobiliare per azioni		
Atesia S.p.A.		**8,597**
NDS Ltd.		**4,649**
Finsiel S.p.A.		**219**
Fox Kids Europe		**393**
TIM		**6,918**
Music Choice		
Fox Sport		
News Corp Europe Ltd		
Atesia S.p.A.		
Telesoft		**4,429**
National Geographic (NGC)	**1,138**	**4,948**
Total	**$ 15,004**	**$ 334,746**

Years ended December 31,

	2000		2001	
	Revenue	Expenses	Revenue	Expenses
Shareholders				
Telecom Italia	**$ 6,459**	**$ 18,036**	**$ 1,040**	**$ 16,107**
NPAL		**2,969**		**6,866**
Affiliates of shareholders				
National Geographic	**1**	**6,238**		**9,592**
Italtel S.p.A.		**108,722**		**59,641**
Telespazio S.p.A.	**145**	**25,281**		**26,035**
Emsa Società immobiliare per azioni	**15**	**1,940**		
Atesia S.p.A.		**14,663**		**9,450**
NDS Ltd		**4,686**		
Music Choice				
Fox Sport				
Fox Kids Europe	**85**	**2,888**		
SEAT	**619**	**619**		
TIM		**4,680**		
Telesoft		**785**		
News Corp Europe Ltd				
Total	**$ 7,324**	**$ 191,507**	**$ 1,040**	**$ 127,691**

All affiliates are subsidiaries or investments of the shareholders or their parent company:

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Transactions with Telecom Italia and NPAL mainly relate to Euro denominated loans granted by both shareholders for an amoun ($223,288), with interest cost based on the Euribor rate plus 2.875%.

Transactions with Italtel S.p.A. mainly relate to the acquisition of set top boxes.

Transactions with Telespazio S.p.A. relate to satellite rental.

Transactions with Atesia S.p.A. relate to the call center service that Stream has outsourced to them.

Transactions with NDS Ltd mainly relate to the acquisition of equipment for simulcrypt technology.

Transactions with News Corp Europe Ltd relate to payments to some members of the Board of Directors for specific assignments

Transactions with NGC and Fox Kids Europe relate to the payments of rights for the transmission of the related channels.

Transactions with TIM relate to the acquisition of TIM mobile rechargeable cards for promotional activity.

Transactions with SEAT relate to the acquisition of Internet services for promotional activity.

Transactions with Telesoft relate to the acquisition of information technology services.

Transactions with NGC, Fox Sport and Music Choice relate to the payments of rights and contents for the transmission of the rela

14. Other events

Shareholder and affiliate transactions

In February 2002, Telespazio S.p.A., an entity controlled by Telecom Italia, transferred certain trade accounts receivable due fror
totaling $27,849 to Telecom Italia. The debt to Telespazio S.p.A. was assumed by the shareholders on a pro-rata basis, and subse
both shareholders as a capital contribution. No new shares were issued.

Agreement with Vivendi

On October 1, 2002, News Corporation the parent company of a shareholder of NPAL, announced an agreement with Vivendi U
Canal+/Telepiù, for the acquisition of Telepiù. The agreement, which is subject to certain closing conditions and requirements, in
review of the proposed transaction by Anti-Trust authorities. On April 2, 2003, the European Anti-Trust authorities approved Ne
acquisition of Telepìu. On April 30, 2003, the acquisition was completed and the company was renamed Sky Italia. Sky Italia s c
follows: NPAL owns 75% and Sky Global Holdings owns 5.1% (both companies are subsidiaries of News Corporation), while th
held by Telecom Italia.