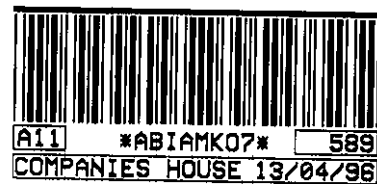


NEWS INTERNATIONAL SUPPLY
COMPANY LIMITED

ACCOUNTS - 30 JUNE 1995

TOGETHER WITH DIRECTORS'
AND AUDITORS' REPORTS

The company's registered number is 1893198.



NEWS INTERNATIONAL SUPPLY COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 1995

The Directors present their annual report on the affairs of News International Supply Company Limited ("the Company") together with the accounts and auditors' report for the year ended 30 June 1995.

DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and its profit or loss for that period. In preparing those accounts, the Directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- * prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy, at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW:

The principal activity of the Company is the procurement of materials and services for supply to other members of the News International plc group.

The Company generated turnover for the year of £512,674,000 (1994 -£425,607,000) resulting in a profit on ordinary activities before tax of £12,562,000 (1994 -£10,665,000). The Directors expect the general level of activity to continue for the foreseeable future.

RESULTS AND DIVIDENDS:

	<u>£'000</u>
Retained profit at 30 June 1994	53,381
Profit for the financial year	12,562
Retained profit at 30 June 1995	<u>65,943</u>

The Directors do not recommend the payment of a dividend (1994 - £Nil).

NEWS INTERNATIONAL SUPPLY COMPANY LIMITED

DIRECTORS AND THEIR INTERESTS:

The Directors who served during the year are as shown below:

J D Dux (resigned 17 March 1995)
A A Fischer (resigned 15 March 1995)
D R Flynn (appointed 15 March 1995)
P W Stehrenberger
J E Widdows

The interests of P W Stehrenberger in the shares of the ultimate parent company, The News Corporation Limited, and the immediate parent company, News International plc, are disclosed in the annual report of News International plc.

No other Director had any interest requiring disclosure under Schedule 7 of the Companies Act 1985.

As permitted by the Companies Act 1985 (as amended), the Company has maintained insurance cover for the Directors against liabilities in relation to the Company.

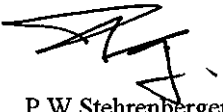
AUDITORS:

The Directors will place a resolution before the Annual General Meeting to reappoint Arthur Andersen as auditors for the ensuing year.

P O Box 495
Virginia Street
London
E1 9XY

23 February 1996

BY ORDER OF THE BOARD


P W Stehrenberger
Director

AUDITORS' REPORT

TO THE SHAREHOLDERS OF
NEWS INTERNATIONAL SUPPLY COMPANY LIMITED

We have audited the accounts on pages 4 to 9 which have been prepared under the historical cost convention, and the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on page 1, the Company's Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

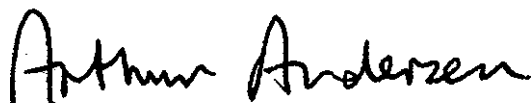
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the Company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 30 June 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

1 Surrey Street

London WC2R 2PS

23 February 1996

NEWS INTERNATIONAL SUPPLY COMPANY LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF ACCOUNTING:

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The Company's accounting policies have been applied consistently throughout the year and with the preceding year.

In accordance with the provisions of Financial Reporting Standard ("FRS") No. 1, a cash flow statement has not been prepared since the Company is a wholly owned subsidiary of a body corporate incorporated in the European Community (Note 9). A consolidated cash flow statement is included in the accounts of the immediate parent which meets the conditions of the FRS.

FOREIGN CURRENCY:

Normal trading activities denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end are reported at the rates of exchange prevailing at the year end, with any resulting gains or losses being recorded in the profit and loss account.

TURNOVER:

Turnover is the net amount receivable by the Company in the ordinary course of its business, excluding value added tax.

TAXATION:

Corporation tax is provided on taxable profits after group relief at current rates. It is the policy of News International plc group companies not to make payments to fellow subsidiary undertakings for group relief surrendered.

NEWS INTERNATIONAL SUPPLY COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 1995

	<u>Notes</u>	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
TURNOVER	1	512,674	425,607
Cost of sales		(500,120)	(415,226)
		<hr/>	<hr/>
OPERATING PROFIT		12,554	10,381
Investment income	2	8	284
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	12,562	10,665
Taxation	4	-	-
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR		12,562	10,665
RETAINED PROFIT, brought forward		53,381	42,716
		<hr/>	<hr/>
RETAINED PROFIT, carried forward		65,943	53,381
		<hr/> <hr/>	<hr/> <hr/>

There are no recognised gains or losses other than the profit attributable to shareholders of the Company of £12,562,000 in the year ended 30 June 1995 and of £10,665,000 in the year ended 30 June 1994.

The accompanying principal accounting policies and notes are an integral part of this profit and loss account.

NEWS INTERNATIONAL SUPPLY COMPANY LIMITED

BALANCE SHEET - 30 JUNE 1995

	<u>Notes</u>	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
CURRENT ASSETS			
Debtors	5	491,427	191,511
Cash at bank and in hand		54,671	30
		<hr/>	<hr/>
		546,098	191,541
CREDITORS: Amounts falling due within one year	6	(480,155)	(138,160)
		<hr/>	<hr/>
NET ASSETS		65,943	53,381
		<hr/> <hr/>	<hr/> <hr/>
CAPITAL AND RESERVES			
Called-up equity share capital	7	-	-
Profit and loss account		65,943	53,381
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS	7	65,943	53,381
		<hr/> <hr/>	<hr/> <hr/>

SIGNED ON BEHALF OF THE BOARD ON 23 FEBRUARY 1996



P W Stehrenberger
Director

The accompanying principal accounting policies and notes are an integral part of this balance sheet.

NEWS INTERNATIONAL SUPPLY COMPANY LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1995

1. SEGMENTAL INFORMATION:

The Company's turnover and profit are derived entirely from the procurement and supply of materials and services to members of the News International plc group in the United Kingdom.

2. INVESTMENT INCOME:

	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
Income from immediate parent company	-	284
Income from fellow subsidiary undertakings	8	-
	<u> </u>	<u> </u>

The Company received interest charged at a market rate, on the current accounts with News International plc group companies.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:

Other members of the News International plc group provide the Company with administrative and support services, for which no charge is made. The majority of the Company's reported activity relates to group transactions. In the opinion of the Directors, these transactions are conducted on an arms length basis.

Auditors' remuneration, including amounts in respect of non-audit services, is borne by another group undertaking.

The Directors received no remuneration for their services to the Company (1994 - £Nil).

The Company has no employees.

4. TAXATION:

Due to the availability of tax losses from other group undertakings there is no UK Corporation tax charge.

5. DEBTORS:

	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
Amounts falling due within one year:		
Due from fellow subsidiary undertakings	455,584	181,249
Due from immediate parent company	34,696	9,853
Due from associated undertakings of the immediate parent company	-	10
VAT	1,020	-
Other debtors	127	398
Prepayments and accrued income	-	1
	<u>491,427</u>	<u>191,511</u>

NOTES TO THE ACCOUNTS - continued

6. CREDITORS - Amounts falling due within one year:

	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
Bank overdraft	45,621	77,845
Trade creditors	19,421	53,474
Due to fellow subsidiary undertakings	415,001	2,013
Due to associated undertaking of immediate parent company	69	-
VAT	-	2,551
Accruals and deferred income	1	2,153
Other creditors	42	124
	<u>480,155</u>	<u>138,160</u>

The bank overdraft is part of a collective group facility and is covered by multilateral guarantees given by News International plc and its subsidiary undertakings.

7. CAPITAL AND RESERVES:

a) Called-up share capital

	<u>1995</u>	<u>1994</u>
Authorised:		
100 ordinary shares of £1.00 each	£100	£100
	<u>=====</u>	<u>=====</u>
Issued, called-up and fully-paid:		
2 ordinary shares of £1.00 each	£2	£2
	<u>=====</u>	<u>=====</u>

b) Reconciliation of movements in shareholders' funds

	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
Profit for the financial year	12,562	10,665
Opening shareholders' funds	53,381	42,716
	<u>65,943</u>	<u>53,381</u>
	<u>=====</u>	<u>=====</u>

8. GUARANTEES AND OTHER FINANCIAL COMMITMENTS:

- a) Under a collective group banking facility the Company has given multilateral guarantees in respect of bank overdrafts of other group companies.

No interest is paid or received under this banking facility by the company. All external interest is recorded in the books of other group companies.

- b) There are no outstanding capital commitments at 30 June 1995 (1994 - £Nil).

NOTES TO THE ACCOUNTS - continued

9. ULTIMATE PARENT COMPANY:

The ultimate parent company is The News Corporation Limited, a company incorporated in South Australia.

The largest group in which the results of the Company are consolidated is that headed by The News Corporation Limited, incorporated in South Australia, whose principal place of business is at Holt Street, Sydney, New South Wales, Australia. The smallest group in which they are consolidated is that headed by News International plc, a company incorporated in England. The consolidated accounts of these groups are available to the public and are obtainable from PO Box 495, Virginia Street, London, E1 9XY.