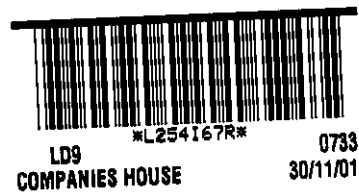


News Outdoor Limited

Accounts for the year ended 30 June 2001
together with Directors' and Auditors' reports



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Directors' report

For the year ended 30 June 2001

The Directors present their annual report on the affairs of News Outdoor Limited ("the Company"), together with the accounts and auditors' report, for the year ended 30 June 2001.

Principal activity

The principal activity of the Company is that of an investment company within The News Corporation Limited ("TNCL", the ultimate parent company) Group. The Company's only investment at 30 June 2001 is in News Out Of Home BV ("NOOH") which was incorporated on 8 February 2001. NOOH holds investments in companies selling billboard space throughout Central and Eastern Europe.

Business review

At 1 July 2000, the Company held a 100% holding in Exclusiv Media S.R.L. ("Exclusiv") valued at £11.9million. The principal activity of Exclusiv Media S.R.L. is the sale of billboard space to companies advertising in Romania.

On 6 July 2000, the Company acquired from its direct parent company, Lyntress Limited, 100% of the share capital of Town and City II S.A. ("Town and City"). The principal activity of Town and City is the sale of billboard space to companies advertising in Poland.

On 28 November 2000, the Company acquired a 61.4% holding in Media Support Services Limited ("MSS") (a British Virgin Islands company) for £20.0 million. The MSS group sells billboard space to companies advertising in Russia.

On 8 February 2001, the company acquired 100% of the share capital of NOOH, a newly incorporated company in The Netherlands. On 13 February 2001 the Company sold its investment in MSS, together with various liabilities, to NOOH.

On 14 February 2001, the Company transferred its remaining assets, including the investments in Exclusiv and Town and City, to NOOH in return for shares. Also on that date, Capital International Global Emerging Markets Private Equity Fund L.P., a third party subscribed some \$20.5million in NOOH, which diluted the Company's holding to 75%.

Results and dividends

The audited accounts for the year ended 30 June 2001 are set out on pages 4 to 10. The Company's loss for the financial year after taxation was £586,196 (2000 - £8,436). The directors do not recommend payment of a dividend (2000 - £nil).

Directors and their interests

The Directors of the Company who served during the period and up to the date of this report were as follows:

R.R. Ennis	
R. Hoare	(appointed 28 September 2000)
R.M. Linford	
E.A. Mirylees	(appointed 1 August 2000)
I.M. Pompadur	
P.W. Stehrenberger	

All Directors in office at 30 June 2001 are still serving as Directors at the date of this report.

None of the Directors has any interests in shares in group companies, or any other interests that require disclosure in accordance with Companies Act law.

Auditors

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

Statement of 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 of the profit or loss for that period. In preparing those accounts, the Directors are required to:

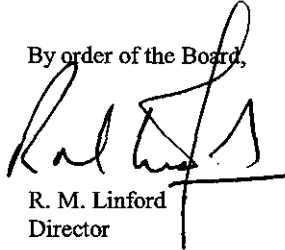
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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.

1 Virginia Street
London E98 1XY

11 October 2001

By order of the Board,



R. M. Linford
Director

Independent Auditors' report

To the Shareholders of News Outdoor Limited:

We have audited the financial statements of News Outdoor Limited for the year ended 30 June 2001 which comprises the accounting policies, the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes numbered 1 to 10. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements 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 financial statements give a true and fair view of the state of affairs of the Company as at 30 June 2001 and of the Company's loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

180 Strand
London
WC2R 1BL

11 October 2001

Principal accounting policies

For the year ended 30 June 2001

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding period.

Basis of accounting

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

Consolidated accounts

Under Section 228 of the Companies Act 1985 the Company is exempt from the requirement to prepare group accounts since it is a wholly owned subsidiary of Newscorp Investments which prepares consolidated accounts which are publicly available.

Cash flow statement

The Company is exempt from the requirement of Financial Reporting Standard 1 to include a cash flow statement as part of its financial statements because it is a wholly owned subsidiary undertaking of a body corporate (note 10). A consolidated cash flow statement is included in the accounts of The News Corporation Limited ("TNCL"), the ultimate parent company.

Investments

Fixed asset investments are stated at cost or valuation less provision for impairment. Income from investments is included in the profit and loss account only if received, or declared and receivable.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced, except that the deferred tax effects of timing differences arising from pensions and other post-retirement benefits are always recognised in full.

Related parties

As a subsidiary undertaking of TNCL, whose accounts are publicly available, the company has taken advantage of the exemption in Financial Reporting Standard 8 Related Party Disclosures not to disclose transactions with other members of the group headed by TNCL.

Foreign Currency

Transactions in foreign currencies are recorded at the rate of exchange as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date with any resulting exchange gains or losses being recorded in the profit and loss account.

Profit and loss account

For the year ended 30 June 2001

	Notes	12 month period ended 30 June 2001 £'000	11 month period ended 30 June 2000 £'000
Other operating expenses	1	(211)	(85)
Operating Loss		<u>(211)</u>	<u>(85)</u>
Loss on sale of investment	4	(323)	-
Loss on ordinary activities before finance charges		<u>(534)</u>	<u>(85)</u>
Finance Charges (net)	2	(52)	77
Loss on ordinary activities before and after taxation	3	<u>(586)</u>	<u>(8)</u>
Retained loss for the period		<u>(586)</u>	<u>(8)</u>

Details of movements on reserves are shown in note 8.

The accompanying principal accounting policies and notes are an integral part of these statements.

Statement of total recognized gains and losses

For the year ended 30 June 2001

	12 month period ended 30 June 2001 £'000	11 month period ended 30 June 2000 £'000
Retained loss for the year	(586)	(8)
Unrealised profit on disposal of investments	11,481	-
Total recognised gains/(losses) for the financial year	<u>10,895</u>	<u>(8)</u>

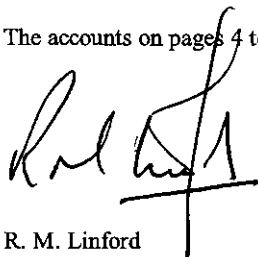
On 14 February 2001, the Company completed a share for share exchange, transferring Town & City II S.A. ("Town & City") and Exclusiv Media S.R.L. ("Exclusiv") to News Out of Home BV ("NOOH") in return for shares in the company. This transaction resulted in an unrealised profit of £11,481,000, of which £2,819,000 related to unrealised foreign exchange gains up to the date of disposal.

Balance sheet

30 June 2001

	Notes	2001 £'000	2000 £'000
Fixed Assets			
Investments	4	46,758	11,941
Current assets			
Debtors	5	-	77
Creditors : Amounts falling due within one year	6	(4,184)	(12,026)
Net current liabilities	9	<u>(4,184)</u>	<u>(11,949)</u>
Net assets		<u>42,574</u>	<u>(8)</u>
Equity capital and reserves			
Called-up share capital	7	31,687	-
Other reserves	8	11,481	-
Profit and loss reserve	8	(594)	(8)
Equity shareholders' funds	8	<u>42,574</u>	<u>(8)</u>

The accounts on pages 4 to 10 were approved by the board of Directors on 11 October 2001 and signed on its behalf by:



R. M. Linford
Director

11 October 2001

The accompanying notes are an integral part of this balance sheet.

Notes to the accounts

For the year ended 30 June 2001

	12 month period ended 30 June 2001 £'000	11 month period ended 30 June 2000 £'000
1 Other operating expenses		
Administrative expenses	(211)	(85)
	12 month period ended 30 June 2001 £'000	11 month period ended 30 June 2000 £'000
2 Finance Charges (net)		
Investment Income		
Interest receivable and similar income	251	77
Foreign Exchange Gain on intercompany loans with operating subsidiaries	199	-
	450	77
Interest payable and similar charges		
Interest paid to parent company	(290)	-
Interest paid on deferred purchase consideration	(212)	-
	(502)	-
Finance charges (net)		
Interest payable and similar charges	(502)	-
Less: Investment income	450	77
	(52)	77

3 Loss on ordinary activities before and after taxation

Auditors remuneration, including amounts payable for non-audit services is borne by another group undertaking. The Directors received no remuneration for their services to the Company, (2000 - £nil). The Company has no employees.

4 Fixed asset investments

	£'000
Cost	
At 1 July 2000	11,941
Additions	54,818
Disposals	(20,001)
At 30 June 2001	46,758
Amounts written off	
At 1 July 2000 and at 30 June 2001	-
Net book value	46,758

Notes to the accounts (continued)

For the year ended 30 June 2001

4 Fixed asset investments (continued)

On 6 July 2000 the Company acquired a 100% shareholding in Town and City for £14.7 million from its direct parent company, Lyntress Limited, and on 28 November 2000, the company acquired a 61.4% interest in MSS for £20.0 million. It also increased its investments in Exclusiv and Town and City by an aggregate amount of £4.4 million.

On 8 February 2001, the Company incorporated a wholly-owned subsidiary, NOOH, for a value of 18,000Euros (£11,034). On 13 February 2001, the Company sold to NOOH its investment in MSS, for a consideration which included the assumption of all the liabilities of the Company incurring a loss on disposal of £0.3 million. On 14 February 2001, the Company contributed all its remaining assets to NOOH in return for shares in that company, incurring an unrealised profit on transfer of £11.5 million. Subsequently the Company subscribed for further shares in NOOH through mandatory cash calls totalling £4.2 million.

At the year end, the Company owned 2,103 A shares (100 % of the voting rights) of NOOH, a company incorporated in the Netherlands.

	As at 30 June 2001 £'000	As at 30 June 2000 £'000
5 Debtors		
Accrued income	-	77

	As at 30 June 2001 £'000	As at 30 June 2000 £'000
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6 Creditors : Amounts falling due within one year

Due to immediate parent company	(4,184)	(12,026)
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7 Called-up equity share capital

Authorised

31,687,487 Ordinary shares of £1 each (2000 – 100)	31,687	-
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Issued and fully paid

31, 687,487 £1 Ordinary shares (2000 – 2)	31,687	-
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During the year the Company allotted 31,687,485 shares to Lyntress Ltd at par value.

8 Reconciliation of movement in equity shareholders' funds

	Called-up share capital £'000	Other Reserves £'000	Profit and loss account £'000	Total £'000
Balance at 30 June 2000	-	-	(8)	(8)
Issue of shares	31,687	-	-	31,687
Loss for the financial year	-	-	(586)	(586)
Unrealised profit on disposal of investments	-	11,481	-	-
Balance at 30 June 2001	31,687	11,481	(594)	42,574

Other reserves comprise an unrealised gain on disposal of an investment in return for shares, and as such are non-distributable.

Notes to the accounts (continued)

For the year ended 30 June 2001

9 Net current liabilities

The net current liabilities of the Company as at 30 June 2001 are £4,184,000 (2000 - £11,949,000). News International plc has confirmed its intention to provide continued financial support to the Company to enable it to meet its current liabilities as they fall due, for a period of at least 12 months from the date of signing these accounts.

10 Ultimate parent company

The Company's immediate parent company is Lyntress Limited, a company which is incorporated in England and Wales and wholly owned by News International plc.

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, 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 NewsCorp Investments, a company incorporated in England and Wales. The consolidated accounts of these groups are available to the public and may be obtained from 1 Virginia Street, London E98 1FN.