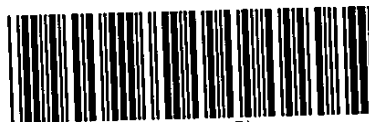


News UK & Ireland Direct Limited (Formerly NI Direct Limited)

Report and financial statements

30 June 2013

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News UK & Ireland Direct Limited (Formerly NI Direct Limited)

Financial statements

Year ended 30 June 2013

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News UK & Ireland Direct Limited (Formerly NI Direct Limited)

The directors' report

Year ended 30 June 2013

The directors present their report and the financial statements of the company for the year ended 30 June 2013

Principal activities and business review

The principal activity of the company is the provision of distribution services to retail outlets of newspapers, periodicals, other printed material and other goods on behalf of other News Corp Investments UK & Ireland group (formerly known as Newscorp Investments group) companies in the United Kingdom

On 25 June 2013 the company changed its name from NI Direct Limited to News UK & Ireland Direct Limited

The company generated turnover for the year of £10,491,000 (2012 - £14,992,000) The company's loss on ordinary activities before taxation for the year was £1,064,000 (2012 - £49,000) On 16 August 2012, News UK & Ireland Limited (formerly known as News International Trading Limited), a fellow subsidiary announced that the group was to extend 2 key wholesale distribution contracts until 7 July 2019 for the distribution of the group's publications to retailers As a result, the Direct to Retail service performed by News UK & Ireland Direct Limited on behalf of the group was significantly reduced from 1 October 2012, with a reduction in the number of retailers served from approximately 11,500 to less than 6,000 The performance of the company in the current fiscal year has been adversely impacted as turnover and profit is directly linked to the number of retailers that it serves

On 28 June 2013, News Corporation (renamed 21st Century Fox) completed the separation of its publishing and media and entertainment businesses into two distinct publicly traded companies, new News Corporation and 21st Century Fox

As a result of this separation, News UK & Ireland Direct Limited (formerly known as NI Direct Limited) and other key newspaper and publishing related group companies have become part of new News Corporation, which comprises of newspapers and information businesses in the US, UK and Australia, leading book publishing brands, integrated marketing service companies, digital education groups as well as other assets in Australia

Principal risks and uncertainties facing the business

The company derives revenues from distribution services to retail outlets of newspapers, periodicals, other printed material and other goods on behalf of the News Corp Investments UK & Ireland group (formerly known as the Newscorp Investment group) The principal risks to the company are the way in which the group decides is the most economically beneficial method to distribute these products and the fluctuation in fuel prices, influencing the ability to source distribution vehicles at rates that can be recovered to ensure that the company is profitable

Going concern

News Corporation has committed to provide financial support until 28 November 2014 As highlighted in note 10 to the financial statements, News Corp UK & Ireland Limited (formerly known as NI Group Limited) operates two collective overdraft facilities, in which News Corp UK & Ireland Limited (the company's immediate UK parent company) has provided multilateral guarantees of up to £20 million in respect of each of these bank overdrafts of subsidiary undertakings These facilities are ultimately guaranteed by News Corporation The News UK group has prepared a rolling three year forecast in which the cash flows of the group are assessed These show the group to be cash generative and a letter of support has also been received from News Corp UK & Ireland Limited The above factors lead the directors to conclude that they have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future

Results and dividends

The loss for the year amounted to £1,055,000 The directors have not recommended a dividend

News UK & Ireland Direct Limited (Formerly NI Direct Limited)

The directors' report *(continued)*

Year ended 30 June 2013

Directors

The directors who served the company during the year were as follows

C C S Longcroft	
M Darcey	(Appointed 27 March 2013)
M C Gill	(Resigned 27 March 2013)
S L Panuccio	(Resigned 26 September 2012)

Except as noted above, all directors served throughout the year and are still directors at the date of this report

The Articles of Association do not require directors to retire either by rotation or in the year of appointment

Directors' indemnity provision

News Corporation has indemnified all directors of the company against liability in respect of proceedings brought by third parties, except that, in accordance with the Companies Act 2006, no indemnity is provided against any liability incurred by the director in defending civil proceedings brought by the company, or an associated company, in which the final judgment is given against the director, any liability of the director to pay a fine imposed by criminal proceedings, any liability incurred by the director in defending criminal proceedings in which the director is convicted, any liability of the director to pay a penalty sum to a regulatory authority in respect of non-compliance with any requirement of a regulatory nature, howsoever arising, or any liability of the director in connection with an application for relief in which the court refuses to grant him relief. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the directors report

Policy on the payment of creditors

The company has no direct suppliers as a fellow subsidiary purchases on behalf of the group. All details relating to supplier payment policy have been disclosed in the accounts of News UK & Ireland Limited (formerly known as News International Trading Limited)

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

News UK & Ireland Direct Limited (Formerly NI Direct Limited)

The directors' report *(continued)*

Year ended 30 June 2013

Directors' responsibilities – continued

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Donations

The company has made no charitable or political contributions in the year (2012 - £Nil)

Auditor

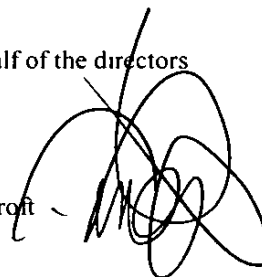
The directors have passed a resolution to dispense with the requirement to reappoint auditors annually. Ernst & Young LLP are deemed to be reappointed as auditors in the absence of a notice that the appointment is to be terminated.

Registered office
3 Thomas More Square
London
England
E98 1XY

Signed on behalf of the directors

C C S Longcroft

Director



Approved by the directors on 12 November 2013

Company Registration Number 05891477

Independent auditor's report to the members of News UK & Ireland Direct Limited (formerly NI Direct Limited)

Year ended 30 June 2013

We have audited the financial statements of News UK & Ireland Direct Limited for the year ended 30 June 2013 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 to 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of News UK & Ireland Direct Limited (formerly NI Direct Limited) (continued)

Year ended 30 June 2013

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



NEIL CULLUM (Senior Statutory Auditor)
For and on behalf of
ERNST & YOUNG LLP
Statutory Auditor
London

14 November 2013

News UK & Ireland Direct Limited (Formerly NI Direct Limited)

Profit and loss account

Year ended 30 June 2013

	Note	2013 £000	2012 £000
Turnover	2	10,491	14,992
Cost of sales		(10,064)	(14,232)
Gross profit		427	760
Administrative expenses		(1,491)	(809)
Operating loss	3	(1,064)	(49)
Attributable to			
Operating loss before exceptional items		(640)	(49)
Operating one-off charges	3	(424)	—
		(1,064)	(49)
Loss on ordinary activities before taxation		(1,064)	(49)
Tax on loss on ordinary activities	7	9	4
Loss for the financial year		<u>(1,055)</u>	<u>(45)</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 8 to 14 form part of these financial statements

News UK & Ireland Direct Limited (Formerly NI Direct Limited)

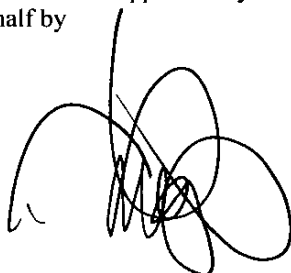
Balance sheet

30 June 2013

	Note	2013 £000	2012 £000
Current assets			
Debtors	8	10,439	13,897
Cash at bank		—	2
		<u>10,439</u>	<u>13,899</u>
Creditors Amounts falling due within one year	11	<u>(11,622)</u>	<u>(14,027)</u>
Net current liabilities		(1,183)	(128)
Total assets less current liabilities		<u>(1,183)</u>	<u>(128)</u>
Capital and reserves			
Share capital	13	—	—
Profit and loss account	14	<u>(1,183)</u>	<u>(128)</u>
Deficit	15	<u>(1,183)</u>	<u>(128)</u>

These financial statements were approved by the directors and authorised for issue on 12 November 2013, and are signed on their behalf by

C C S Longcroft
Director



The notes on pages 8 to 14 form part of these financial statements

News UK & Ireland Direct Limited (Formerly NI Direct Limited)

Notes to the financial statements

Year ended 30 June 2013

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention

News Corporation has committed to provide financial support until 28 November 2014. As highlighted in note 10 to the financial statements, News Corp UK & Ireland Limited (formerly known as NI Group Limited) operates two collective overdraft facilities, in which News Corp UK & Ireland Limited (the company's immediate UK parent company) has provided multilateral guarantees of up to £20 million in respect of each of these bank overdrafts of subsidiary undertakings. These facilities are ultimately guaranteed by News Corporation. The News UK group has prepared a rolling three year forecast in which the cash flows of the group are assessed. These show the group to be cash generative and a letter of support has also been received from News Corp UK & Ireland Limited. The above factors lead the directors to conclude that they have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future.

The financial statements of the company are made up to the Sunday closest to the 30 June each year. Consequently the financial statements for the current period cover 52 weeks ended 30 June 2013.

The principal accounting policies have been applied consistently throughout the year and the preceding year.

Cash flow statement

The company is exempt from the requirement of FRS 1 'Cash Flow Statements' to include a cash flow statement as part of its financial statements because it is a wholly owned subsidiary undertaking of a body corporate and a consolidated cash flow statement is included in the financial statements of News Corporation, the ultimate parent company.

Related party transactions

As a wholly owned subsidiary undertaking of News Corporation whose financial statements are publicly available, the company has taken advantage of the exemption in FRS 8 'Related Party Disclosures' not to disclose transactions with other wholly owned members of the group headed by News Corporation.

Following the News Corporation separation on 28 June 2013, associated undertakings that now form part of the 21st Century Fox group are no longer being treated as a related party and thus all transactions are reported with them on a third party basis.

Turnover

Turnover is the net amount receivable by the company in the ordinary course of its business, excluding value added tax, trade discounts and other sales related taxes.

Turnover is recognised on fulfilment of delivery services.

Operating lease agreements

Rentals payable under operating leases are charged on a straight-line basis over the lease term.

Pension costs

The employees of the company participated in a defined contribution pension scheme, which requires contributions to be made to separately administered funds. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

News UK & Ireland Direct Limited (Formerly NI Direct Limited)

Notes to the financial statements

Year ended 30 June 2013

1. Accounting policies (*continued*)

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 substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

2. Turnover

The company's turnover and loss are derived, for the current and prior year, entirely from distribution services to retail outlets of newspapers, periodicals, other printed material and other goods on behalf of other News Corp Investments UK & Ireland group (formerly known as Newscorp Investments group) companies in the United Kingdom

3. Operating loss

Operating loss is stated after charging

	2013 £000	2012 £000
Operating lease costs		
- Plant and equipment	98	115
- Other	138	199
Operating one-off charges	424	—

The annual commitments for the operating lease rentals are held by other companies in the News Corp Investments UK & Ireland group (formerly known as the Newscorp Investments group)

Following the announcement on 16 August 2012, that the News Corp Investments UK & Ireland group (formerly known as the Newscorp Investments group) was to reduce the Direct to Retail service performed by News UK & Ireland Direct Limited (formerly known as NI Direct Limited), with a reduction in the number of retailers served from approximately 11,500 to less than 6,000, the company has incurred £424,000 of costs in relation to the reduction in its operations. These costs include closure of the South coast, Eastern and Northern small satellite branches, dilapidation costs and legal fees. These have been reported as one-off items due to their size, incidence and one-off nature.

News UK & Ireland Direct Limited (Formerly NI Direct Limited)

Notes to the financial statements

Year ended 30 June 2013

4. Auditors' remuneration

	2013 £000	2012 £000
Audit of the financial statements	<u>7</u>	<u>7</u>

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

Fees paid to the company's auditors, Ernst & Young LLP, for services other than statutory audit of the company are disclosed in the financial statements of News Corp UK & Ireland Limited (formerly known as NI Group Limited)

5 Particulars of employees

The average number of staff employed by the company during the financial year amounted to

	2013 No	2012 No
Administrative	<u>26</u>	<u>37</u>

The aggregate payroll costs of the above were

	2013 £000	2012 £000
Wages and salaries	1,215	1,285
Social security costs	100	129
Other pension costs	58	78
	<u>1,373</u>	<u>1,492</u>

6. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2013 £000	2012 £000
Remuneration receivable	<u>2,533</u>	<u>1,398</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2013 No	2012 No
Defined benefit schemes	<u>2</u>	<u>2</u>

The Directors of the company are also directors of the holding company or fellow UK subsidiaries. The directors received total remuneration for the year as shown above, all of which was paid by a fellow group company. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the subsidiary companies.

During the year £1,138,000 was payable to former directors as compensation for loss of office (2012 - £176,000). Compensation for loss of office has increased due to such payments being made to a greater number of directors in the current year.

News UK & Ireland Direct Limited (Formerly NI Direct Limited)

Notes to the financial statements

Year ended 30 June 2013

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	2013 £000	2012 £000
Deferred tax		
Origination and reversal of timing differences	<u>(9)</u>	<u>(4)</u>

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 23.75% (2012 - 25.50%)

The differences are reconciled below

	2013 £000	2012 £000
Loss on ordinary activities before taxation	<u>(1,064)</u>	<u>(49)</u>
Loss on ordinary activities by rate of tax	(253)	(12)
Depreciation in excess of capital allowances	3	3
Group relief surrendered for nil payment	248	5
Expenses not deductible for tax purposes	<u>2</u>	<u>4</u>
Total current tax (note 7(a))	<u>-</u>	<u>-</u>

(c) Factors that may affect future tax charges

The standard rate of UK Corporation Tax reduced from 24% to 23% on 1 April 2013. The Finance Act 2012 received Royal Assent on 17 July 2012, with the 23% rate being substantively enacted from 3 July 2012. Deferred tax balances have been restated accordingly in these financial statements.

The standard rate of corporation tax is set to reduce to 21% from 1 April 2014 and by a further 1% to a rate of 20% from 1 April 2015. These further reductions had not been substantively enacted at the balance sheet date and consequently their effects are not included in these financial statements.

8 Debtors

	2013 £000	2012 £000
Amounts owed by group undertakings	10,293	13,704
Prepayments and accrued income	126	182
Deferred taxation (note 9)	<u>20</u>	<u>11</u>
	<u>10,439</u>	<u>13,897</u>

News UK & Ireland Direct Limited (Formerly NI Direct Limited)

Notes to the financial statements

Year ended 30 June 2013

9. Deferred taxation

The deferred tax included in the Balance sheet is as follows

	2013 £000	2012 £000
Included in debtors (note 8)	<u>20</u>	<u>11</u>

The movement in the deferred taxation account during the year was

	2013 £000	2012 £000
Balance brought forward	11	7
Profit and loss account movement arising during the year	2	4
Adjustment in respect of prior years	<u>7</u>	<u>-</u>
Balance carried forward	<u>20</u>	<u>11</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2013 £000	2012 £000
Excess of depreciation over taxation allowances	<u>20</u>	<u>11</u>
	<u>20</u>	<u>11</u>

A deferred tax asset has been recognised as the directors are of the opinion that the level of future taxable profits and deferred tax liabilities within the News Corp Investments UK & Ireland group (formerly known as the Newscorp Investments group) will be sufficient to utilise the deferred tax asset being recognised

10. Cash at bank and in hand

News Corp UK & Ireland Limited (formerly known as NI Group Limited), the company's immediate parent company operates two collective overdraft facilities with its bankers, which allows individual companies in the group to overdraw subject to an agreed limit of £20 million, for each facility, not being exceeded in aggregate. The overdraft facilities are also guaranteed by News Corporation

11. Creditors: Amounts falling due within one year

	2013 £000	2012 £000
Overdrafts	9,303	13,493
Amounts owed to group undertakings	1,477	3
Accruals and deferred income	<u>842</u>	<u>531</u>
	<u>11,622</u>	<u>14,027</u>

12. Leasing and other financial commitments

Commitments under operating lease agreements are held by News Corp UK & Ireland Limited (formerly known as NI Group Limited), the company's immediate parent company and News UK & Ireland Limited (formerly known as News International Trading Limited), a fellow subsidiary within the News Corp Investments UK & Ireland group (formerly known as the Newscorp Investments group)

News UK & Ireland Direct Limited (Formerly NI Direct Limited)

Notes to the financial statements

Year ended 30 June 2013

13 Share capital

Authorised share capital:

	2013	2012
	£000	£000
1,000 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

Allotted, called up and fully paid:

	2013		2012	
	No	£000	No	£000
1 Ordinary shares of £1 each	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>

14. Profit and loss account

	2013	2012
	£000	£000
Balance brought forward	(128)	(83)
Loss for the financial year	<u>(1,055)</u>	<u>(45)</u>
Balance carried forward	<u>(1,183)</u>	<u>(128)</u>

15. Reconciliation of movements in shareholders' deficit

	2013	2012
	£000	£000
Loss for the financial year	(1,055)	(45)
Opening shareholders' deficit	<u>(128)</u>	<u>(83)</u>
Closing shareholders' deficit	<u>(1,183)</u>	<u>(128)</u>

16. Funding

The financial statements are prepared on the going concern basis

The net liabilities of the company are £1,183,000 (2012 - £128,000) News Corp UK & Ireland Limited (formerly known as NI Group Limited), the company's immediate parent company has confirmed its intention of providing continuing financial support to enable the company to meet its liabilities as they fall due for the foreseeable future

News UK & Ireland Direct Limited (Formerly NI Direct Limited)

Notes to the financial statements

Year ended 30 June 2013

17. Ultimate parent company

The company's immediate parent company is News Corp UK & Ireland Limited (formerly known as NI Group Limited), a company incorporated in England

Prior to 28 June 2013, the ultimate parent company was 21st Century Fox (formerly known as News Corporation), a company incorporated in Delaware. As at the 30 June 2013, the ultimate parent company is News Corporation, a company incorporated in Delaware

The largest groups in which the results of the company are consolidated are those headed by News Corporation and 21st Century Fox (formerly known as News Corporation), whose principal place of business is at 1211 Avenue of the Americas, New York, NY 10036. The smallest group in which they are consolidated is that headed by News Corp UK & Ireland Limited (formerly known as NI Group Limited), a company incorporated in England. The consolidated financial statements of these groups are available to the public and may be obtained from 3 Thomas More Square, London, E98 1XY. 3 Thomas More Square, London E98 1XY