

NEWS CORP LTD
Form 6-K
June 30, 2004
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FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Issuer

**Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934**

For the month of June 2004 (June 30, 2004)

THE NEWS CORPORATION LIMITED

(Name of Registrant)

2 Holt Street, Surry Hills, New South Wales, 2010, Australia

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F

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Form 20-F **Form 40-F**

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): Yes No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): Yes No

Indicate by check mark whether by furnishing the information contained in this Form the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934: Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): Not Applicable

This Report is incorporated by reference in the prospectus contained in Registration Statement Nos. 33-43799, 33-71446, 33-86358, 33-89584, 333-04962, 333-06324, 333-06896, 333-07466, 333-10338, 333-10624, 333-12878, 333-08246, 333-13556, 333-51434, 333-106837, 333-112405 and 333-112428 filed by the Registrant under the Securities Act of 1933.

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Annexed hereto are (i) The News Corporation Limited and Subsidiaries ("News Corporation") Unaudited Consolidated Condensed Financial Statements for the six months ended December 31, 2003 and 2002 presented in conformity with accounting principles generally accepted in the United States ("US-GAAP"); (ii) the accompanying Selected Financial Data and Management's Discussion and Analysis of Financial Condition and Results of Operations presented in conformity with US-GAAP; (iii) the Supplemental Condensed Combining Financial Statements of the guarantors of certain public indebtedness of News America Incorporated for the six months ended December 31, 2003 and 2002, and as of June 30, 2003, presented in accordance with both accounting principles generally accepted in Australia ("A-GAAP") and US-GAAP (such Supplemental Condensed Combining Financial Statements of News Corporation should be read in conjunction with the Consolidated Financial Statements of News Corporation set forth in News Corporation's Annual Report on Form 20-F for the fiscal year ended June 30, 2003); and (iv) the Unaudited Consolidated Condensed Financial Statements of Fox Entertainment Group, Inc. ("FEG") for the six months ended December 31, 2003 and 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE NEWS CORPORATION LIMITED

Date: June 30, 2004

By: /s/ DAVID F. DeVoe

David F. DeVoe

Senior Executive Vice President

and Chief Financial Officer

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B.	Selected Financial Data and Management's Discussion and Analysis of Financial Condition and Results of Operations of News Corporation in accordance with US-GAAP.	22
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D.	Unaudited Consolidated Condensed Financial Statements of FEG for the Six Months Ended December 31, 2003 and 2002.	50

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EXHIBIT A

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The News Corporation Limited and Subsidiaries

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United States Generally Accepted Accounting Principles

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The News Corporation Limited and Subsidiaries
 Unaudited Consolidated Condensed Statements of Operations
 (in millions of Australian Dollars except per share amounts)

	For the six months ended December 31,	
	2003	2002
Revenues	A\$ 14,880	A\$ 15,228
Expenses:		
Operating expenses	10,016	10,388
Selling, general, and administrative	2,347	2,287
Depreciation and amortization	406	339
Operating income	2,111	2,214
Other income (expense):		
Equity earnings (losses) of affiliates	24	(917)
Interest expense, net	(386)	(485)
Gain on sale of subsidiary shares		295
Other, net	66	(154)
Income before minority interest in subsidiaries and income tax expense	1,815	953
Minority interest in subsidiaries	(151)	(191)
Income tax expense	(661)	(471)
Net income	A\$ 1,003	A\$ 291
Basic and diluted earnings per share:		
Ordinary shares	A\$ 0.17	A\$ 0.05
Preferred limited voting ordinary shares	A\$ 0.20	A\$ 0.06

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

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The News Corporation Limited and Subsidiaries

Consolidated Condensed Balance Sheets

(in millions of Australian Dollars)

	At December 31, 2003	At June 30, 2003
	(unaudited)	(audited)
ASSETS		
Current assets		
Cash and cash equivalents	A\$ 3,377	A\$ 6,746
Cash on deposit	396	
Accounts receivable, net	6,189	5,701
Inventories, net	2,344	1,931
Other	660	510
Total current assets	12,966	14,888
Non-current assets		
Cash on deposit		698
Receivables	1,164	1,219
Investments	14,947	6,393
Inventories, net	928	1,124
Filmed entertainment costs, net	2,844	2,979
Property, plant, and equipment, net	5,546	6,166
Publishing rights, titles and television licenses, net	15,889	17,252
Goodwill, net	9,657	10,560
Other	1,225	1,355
Total non-current assets	52,200	47,746
TOTAL ASSETS	A\$ 65,166	A\$ 62,634
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Interest bearing liabilities	A\$ 414	A\$ 33
Payables and other	9,351	9,507
Total current liabilities	9,765	9,540
Non-current liabilities		
Interest bearing liabilities	13,643	14,491
Payables and other	9,424	10,100
Total non-current liabilities	23,067	24,591
Minority interest in subsidiaries	4,601	5,774
Shareholders' equity	27,733	22,729

TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	A\$ 65,166	A\$ 62,634
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The accompanying notes are an integral part of these consolidated condensed financial statements.

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The News Corporation Limited and Subsidiaries

Unaudited Consolidated Condensed Statements of Cash Flows

(in millions of Australian Dollars)

	For the six months ended December 31,	
	2003	2002
Operating activities:		
Net income	A\$ 1,003	A\$ 291
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	406	339
Amortization of cable distribution investments	92	113
Equity (earnings) losses of affiliates, net of distributions	(9)	815
Minority interest in subsidiaries	151	244
Other, net	(66)	(87)
Changes in related balance sheet accounts, net of acquisition	(780)	(1,200)
Net cash provided by operating activities	797	515
Investing activities:		
Property, plant, and equipment	(184)	(327)
Acquisitions, net of cash acquired	(199)	(767)
Investments in equity affiliates	(4,297)	(633)
Other investments	(66)	(80)
Repayment of loan by an affiliate		170
Proceeds from sale of non-current assets	523	95
Net cash used in investing activities	(4,223)	(1,542)
Financing activities:		
Issuance of debt and exchangeable securities	485	
Repayment of debt and exchangeable securities	(647)	(1,953)
Cash on deposit	212	
Issuance of shares	759	2,167
Dividends paid	(131)	(133)
Leasing and other finance costs		(2)
Net cash provided by financing activities	678	79
Net decrease in cash and cash equivalents	(2,748)	(948)
Cash and cash equivalents, beginning of period	6,746	6,337
Exchange movement on opening cash balance	(621)	74
Cash and cash equivalents, end of period	A\$ 3,377	A\$ 5,463

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

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The News Corporation Limited and Subsidiaries

Notes to the Unaudited Consolidated Condensed Financial Statements

Note 1 Basis of Presentation

The accompanying unaudited consolidated condensed financial statements have been prepared in conformity with accounting principles generally accepted in the United States (US-GAAP), which differs in certain significant respects from accounting principles generally accepted in Australia (A-GAAP). (See Note 11) For further information, refer to Notes 34 and 35 of the consolidated financial statements and footnotes thereto included in The News Corporation Limited's (the Group or News Corporation) annual report on Form 20-F for the year ended June 30, 2003. The consolidated financial statements included in News Corporation's annual report on Form 20-F for the year ended June 30, 2003 have been prepared in accordance with A-GAAP. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the six months ended December 31, 2003 are not necessarily indicative of the results that may be expected for the year ending June 30, 2004.

Certain prior year amounts have been reclassified to conform to fiscal 2004 presentation.

Effective for the third quarter of fiscal 2003, the Group adopted Statement of Financial Accounting Standards (SFAS) No. 148, Accounting for Stock-Based Compensation-Transition and Disclosure, an amendment of FASB Statement No. 123, which requires quarterly disclosure about the method of accounting for stock-based employee compensation and the effect on reported results. The Group follows the disclosure-only provisions of SFAS No. 123, Accounting for Stock-Based Compensation, and in accordance with its provisions, applies the intrinsic value method set forth in Accounting Principles Board Opinion (APB) No. 25 Accounting for Stock Issued to Employees.

The following table reflects the effect on net income and earnings per share as if the Group had applied the fair value recognition provisions for stock-based employee compensation. These pro forma effects may not be representative of future amounts since the estimated fair value of stock options on the date of grant is amortized to expense over the vesting period and additional options may be granted in future years.

	For the six months ended December 31,	
	2003	2002
	(in millions except per share data)	
Net income, as reported	A\$ 1,003	A\$ 291
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(66)	(76)
Pro forma net income	A\$ 937	A\$ 215
Basic and diluted earnings per share:		
As reported		
Ordinary	A\$ 0.17	A\$ 0.05

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Preferred limited voting ordinary shares	A\$ 0.20	A\$ 0.06
Pro forma		
Ordinary	A\$ 0.15	A\$ 0.03
Preferred limited voting ordinary shares	A\$ 0.18	A\$ 0.04

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In accordance with SFAS No. 130, Reporting Comprehensive Income, total comprehensive income (loss) for the Group consists of the following:

	For the six months ended December 31,	
	2003	2002
	(in millions)	
Net income, as reported	A\$ 1,003	A\$ 291
Other comprehensive income:		
Foreign currency translation adjustments	(1,369)	329
Unrealized holding gains (losses) on securities, net of tax	4	(63)
Minimum pension liability adjustment	15	
Total comprehensive (loss) income	A\$ (347)	A\$ 557

Accumulated other comprehensive loss at December 31, 2003 was A\$2.5 billion. This consisted of cumulative foreign currency translation adjustments of A\$2.3 billion, unrealized holding gains on investments available for sale, net of tax, of A\$93 million, and a minimum pension liability adjustment, net of tax of A\$362 million. Accumulated other comprehensive loss at June 30, 2003 was A\$1.2 billion. This consisted of cumulative foreign currency translation adjustments of A\$909 million, unrealized holding gains on investments available for sale, net of tax, of A\$89 million, and a minimum pension liability adjustment of A\$377 million.

Note 2- Filmed Entertainment and Television Programming Costs, net

Filmed entertainment and television programming costs, net consisted of the following as of:

	December 31, 2003	June 30, 2003
	(in millions)	
Filmed entertainment costs:		
Films:		
Released	A\$ 990	A\$ 1,104
Completed, not released	28	47
In production	830	909
In development or preproduction	116	78
	A\$ 1,964	A\$ 2,138

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Television productions:		
Released	A\$ 581	A\$ 725
In production	299	116
	<u>880</u>	<u>841</u>
Total filmed entertainment costs, less accumulated amortization	A\$ 2,844	A\$ 2,979
Television programming costs, less accumulated amortization	2,804	2,605
Other inventories	468	450
Total inventories, net	<u>6,116</u>	<u>6,034</u>