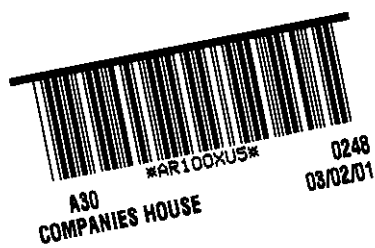


706607

DOLPHIN BOOK CLUB LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2000



DOLPHIN BOOK CLUB LIMITED

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2000**

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DOLPHIN BOOK CLUB LIMITED

DIRECTORS AND OFFICERS

DIRECTORS:

V Barnsley (appointed 10 July 2000)
E Bell (resigned 8 February 2000)
L Higgins (resigned 14 April 2000)
E Kielbasiewicz (appointed 8 February 2000)

SECRETARY:

A Laing (appointed 1 October 1999)
D E Slowman (resigned 1 October 1999)

REGISTERED OFFICE:

77/85 Fulham Palace Road
Hammersmith
LONDON
W6 8JB

AUDITORS:

Arthur Andersen

COMPANY NUMBER:

706607

DOLPHIN BOOK CLUB LIMITED

[COMPANY NO. 706607]

REPORT OF THE DIRECTORS

The directors present their annual report together with the audited accounts of the company for the year ended 30 September 2000.

Profit and loss account

The company made neither a profit nor a loss during the year under review.

The directors do not recommend the payment of a final dividend (1999: Nil).

Principal activities and business review

During the year under review the company continued to carry on the business of an investment company.

Directors and their interests

The names of the directors who held office during the year appear on page 1.

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 of the company for that year. 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.

By order of the Board


A Laing
SECRETARY

77/85 Fulham Palace Road
Hammersmith
LONDON
W6 8JB

20 November 2000

REPORT OF THE AUDITORS

TO THE MEMBERS OF DOLPHIN BOOK CLUB LIMITED

We have audited the accounts on pages 4 to 8 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities as auditors are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

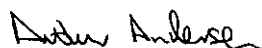
Basis of opinion

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 company's circumstances, 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 at 30 September 2000 and of the result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors
191 West George Street
Glasgow
G2 2LB

20 November 2000

DOLPHIN BOOK CLUB LIMITED

ACCOUNTING POLICIES

Accounting convention

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

Cash flow statement

The company is exempt from the requirements of Financial Reporting Standard 1 (Revised) to include a cash flow statement as part of its financial statements because it is a wholly owned subsidiary undertaking of Newscorp Investments which will provide a consolidated cash flow statement. The accounts of this company are publicly available.

Related party transactions

As a subsidiary undertaking of The News Corporation Limited, the company has taken advantage of the exemption in Financial Reporting Standard 8 not to disclose transactions with other members of the group headed by The News Corporation Limited.

DOLPHIN BOOK CLUB LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2000

	NOTE	2000 £	1999 £
Interest receivable	1	1,000,000	1,000,000
Interest payable	2	(1,000,000)	(1,000,000)
Profit on ordinary activities before and after after taxation and for the financial year	3, 7	-	-

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses nor profit attributable to the shareholders of the company for the financial years ending 30 September 2000 and 30 September 1999.

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

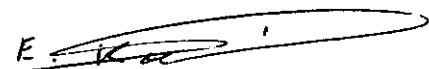
DOLPHIN BOOK CLUB LIMITED

BALANCE SHEET AT 30 SEPTEMBER 2000

	NOTE	2000 £	1999 £
Current assets			
Debtors	4	13,809,507	13,809,507
Prepayments and accrued income		887,671	887,671
		<u>14,697,178</u>	<u>14,697,178</u>
Creditors			
Amounts falling due within one year	5	(252,055)	(252,055)
Total assets less current liabilities		<u>14,445,123</u>	<u>14,445,123</u>
Creditors			
Amounts falling due after more than one year	6	(10,000,000)	(10,000,000)
		<u>4,445,123</u>	<u>4,445,123</u>
Equity capital and reserves			
Called-up share capital	7	100	100
Profit and loss account	7	4,445,023	4,445,023
		<u>4,445,123</u>	<u>4,445,123</u>

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

These accounts were approved by the Board of Directors on 20 November 2000 and signed on their behalf by:



E KIELBASIEWICZ

DIRECTOR

DOLPHIN BOOK CLUB LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2000

1. Interest receivable

	2000	1999
	£	£
Interest on loan	<u>1,000,000</u>	<u>1,000,000</u>

2. Interest payable

	2000	1999
	£	£
Interest on loan stock	<u>1,000,000</u>	<u>1,000,000</u>

3. Tax on profit on ordinary activities

No corporation tax arises in respect of 2000 or 1999.

4. Debtors

	2000	1999
	£	£
Loan to parent undertaking	10,000,000	10,000,000
Amount due from parent undertaking	3,809,507	3,809,507
	<u>13,809,507</u>	<u>13,809,507</u>

5. Creditors: amounts falling due within one year

	2000	1999
	£	£
Accrued liabilities	<u>252,055</u>	<u>252,055</u>

6. Creditors: amounts falling due after more than one year

	2000	1999
	£	£
10% loan stock	<u>10,000,000</u>	<u>10,000,000</u>

The stockholders have issued an undertaking that no redemption will be called within the next twelve months. Interest on the loan stock is payable by half yearly instalments in arrears.

DOLPHIN BOOK CLUB LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2000 (continued)

7. Called-up equity share capital

	Number	2000 Value £	Number	1999 Value £
Authorised, allotted, issued and fully paid:				
Ordinary shares of £1 each	100	100	100	100
	===	===	===	===

Share capital, movement on reserves and reconciliation of movements in shareholders' funds

	Share capital £	Profit and loss account £	Total shareholders' Funds £
Balance at 1 October 1999	100	4,445,023	4,445,123
and at 30 September 2000	===	=====	=====

Shareholders' funds are entirely attributable to equity interests.

8. 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 Dolphin Book Club Limited 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 consolidated accounts of The News Corporation Limited are available to the public and may be obtained from PO Box 495, Virginia Street, London, E1 9XY.

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 Newscorp Investments are available to the public and may be obtained from News International Plc, PO Box 495, Virginia Street, London, E1 9XY.