

News Corp sees black ink with profit in fiscal year

August 5 2010, by Glenn Chapman



The News Corporation building in New York City. News Corporation on Wednesday reported a profit of 2.5 billion dollars for the fiscal year after finishing its latest quarter with 875 million dollars in net income.

News Corporation on Wednesday reported a profit of 2.5 billion dollars for the fiscal year with blockbuster film "Avatar" boosting its bottom line.

The earnings report put the global media company in the black after finishing [fiscal year](#) 2009 with a loss of 3.4 billion dollars, 203 million dollars of which was posted in the final quarter.

In contrast, [News Corp](#) took in 875 million dollars in net income in its recently ended fourth fiscal quarter.

"Despite the volatility of world economies, News Corporation continues to thrive on a truly global scale," said company chairman and chief executive [Rupert Murdoch](#).

"These results underscore just how well positioned we are -- fiscally, operationally and strategically -- for further growth across all of our markets."

Company executives credited demand for DVD versions of record-breaking 3-D film "Avatar" and sales of advertising at its television and cable channels with powering its return to profitability.

"We are stronger today than we were a year ago," News Corp chief operating officer Chase Carey said during an earnings conference call with analysts and press.

"The economy wasn't as dire as we feared and we benefited from an improving advertising market."

Carey said that News Corp is optimistic about earnings in the current fiscal year but that cost cutting, particularly at television operations, will continue.

"I can't help but believe that the world economy remains fragile," Murdoch said during the call.

"On the other hand, we have almost inexplicably good advertising and great confidence there. I am very confident about the next six months, but there is sufficient fragility not to be overconfident about the long term or mid-term."

Murdoch laughed off rumors that News Corp was poised to buy a sports team, saying the company was interested in owning game broadcast

rights for its channels and not players themselves.

He added that News Corp has no plans to abandon social-networking website MySpace, which has been a fading star since being eclipsed by hotshot Facebook.

A deal with Google to serve up advertising at MySpace expires at the end of this month and News Corp executives declined to comment on renewal negotiations other than to say they expected less favorable terms.

"MySpace has a new management team and we have great confidence," Murdoch said. "We are doing a major overhaul; it will look very different in a few months."

The Australian media mogul, who has openly bashed unchecked swapping of news stories online, once again touted Apple iPad tablet computers and likely imitators as promising salvation to struggling newspapers.

"I think that is a game-changer," Murdoch said of the iPad. "We will have younger people reading newspapers and different looking newspapers."

He added that a "pay wall" recently erected at the London Times has had "a very encouraging number of people subscribing at a nice price."

"We think we are on the right strategy there and it is going well," Murdoch said.

News Corp stock climbed more than three percent to 14.34 dollars a share in after-hours trading that followed the release of the earnings report.

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