Directors' Report

Statutory Directors' Report

For the year ended June 30, 2005

Your Directors have pleasure in presenting their report, together with the financial report of Rural Press Limited (the Company) and of the consolidated entity, being the Company and its controlled entities, for the year ended June 30, 2005 and the Auditors' Report thereon.

DIRECTORS

The Directors of the Company during the financial year and up to the date of this report are:

JB Fairfax AM, Chairman
B Gowrie-Smith
TV Fairfax AM
SF Higgs
PA Roach
N Burton Taylor AM (resigned June 30, 2005)
JC Watson AM (appointed August 9, 2005)
NJ Fairfax (appointed August 9, 2005)
BK McCarthy, Managing Director

John Brehmer Fairfax, AM (Chairman, Non Executive Director, Age 63)

Qualifications, skills and expertise: Director of companies. Knowledge of the Company, media industry, agricultural and regional affairs.

Experience: Board member since 1988 and Chairman since 1990. Chairman of Marinya Media Pty Limited since 1987. Councillor of Royal Agricultural Society of New South Wales since 1990. Councillor since 1979, and President since 1993 of Girls and Boys Brigade Inc. Trustee of Reuters Founders Share Company Limited since 2005.

Deputy Chairman of John Fairfax Limited 1985-87 and Director 1979-87. Director of David Syme & Co Ltd 1981-87. Chairman of Media Council of Australia 1980-82. Chairman of Newspaper Advertising Bureau 1985-87. Chairman of Australian section of the Commonwealth Press Union 1987-92. Director of St Luke's Hospital 1973-95. Chairman of Cambooya Investments Limited 1991-2001. Director of Australian Rural Leadership Foundation Limited 1993-98. Director of Crane Group Limited 1996-2003. Director of Westpac Banking Corporation Limited 1996-2003.

Special responsibilities: Chairman of Directors. Director of Subsidiary Companies.

Bruce Gowrie-Smith (Independent Non Executive Director, Age 65)

Qualifications, skills and expertise: Hon. D.Ap.Sc. (Charles Sturt) FAICD. Canberra Junior Farmer Award 1965. Farmer. Director of companies. Knowledge of the Company, agricultural and regional affairs.

Experience: Board member since 1985. Director Australian Rural Leadership Foundation Limited since 1992. Experience in large scale irrigation development and management and the production of grains, oilseeds and vegetables. Formation Chairman and currently Executive Member of Riverina Food Network since 1993.

Served on general council of United Farmers and Woolgrowers Association of NSW. Chairman Oilseed Research Committee NSW 1974-80. Deputy Chairman Australian Coarse Graingrowers Association 1970-76. Deputy Chairman NSW Oilseed Marketing Board 1978-81. Director of Rural Industries Research and Development Corporation 1990-96. Director of Riverina Development Board 1993-96.

Special responsibilities: Member of Audit Committee.

Timothy Vincent Fairfax, AM (Non Executive Director, Age 59)

Qualifications, skills and expertise: FAICD. Farmer and grazier. Director of companies. Knowledge of the Company, agricultural and regional affairs.

Experience: Board member since 1988. Director of Marinya Media Pty Limited since 1987. Deputy Chancellor of the University of the Sunshine Coast since 2002. Director of the National Portrait Gallery since 1999. Trustee Queensland Art Gallery since 1996. Director of Brickworks Limited since 1997. Chairman University of the Sunshine Coast Foundation since 1997. Council Member of Royal National Association Brisbane since March 2004. Deputy Chairman of Australian Rural Leadership Foundation Limited since 1999. Chairman of the Salvation Army Brisbane Advisory Board since 2003.

Director of Primac Holdings Limited 1991-1998. Councillor New England Girls School 1994-99. Director of Stanbroke Pastoral Company Pty Ltd 1993-2003.

Peter Andrew Roach (Non Executive Director, Age 43)

Qualifications, skills and expertise: BComm (UNSW), MBA (SCU), CA, FAICD. Director of companies. Finance and accounting.

Experience: Board member since 2001. Chief Executive Officer of Cambooya Pty Limited since 2000. Director of Marinya Media Pty Limited since 2001. Councillor of Knox Grammar School (Chairman of Finance and Audit Committee) since 2001. Director Bayard Group Pty Ltd since 2002.

Practising Chartered Accountant 1988-1999. Director of Grand United Health Fund 1994-2000.

Special responsibilities: Chairman of Audit Committee.

Stephen Francis Higgs (Independent Non Executive Director, Age 58)

Qualifications, skills and expertise: BEc (Syd). Director of companies. Finance and merchant banking. Knowledge of mergers and acquisitions.

Experience: Corporate financier, including 20 years with investment bank UBS Limited and its predecessors. Board member since June 2000. Director of Primary Healthcare Limited since 1999. Chairman of Juvenile Diabetes Research Foundation Australia since 2000. Director of IPAC Securities Limited since 2001. Director So Natural Foods Limited since 2003. Director of Peet & Co Limited since 2004. Interests in rural beef and olive oil enterprises.

Chairman of Orlando Wines Limited 1987-90. Director of Leigh Marden and Jasco Limited 1990-92.

Nicholas Burton Taylor AM (Independent Non Executive Director, Age 55)

Qualifications, skills and expertise: BEc (Syd), ASIA, FCA, FAICD. Farmer. Director of companies. Finance and accounting. Executive management. Knowledge of agricultural and regional affairs.

Experience: Board member 2003-June 30, 2005. Chairman Air Services Australia from 2004. Chairman of The Australian Agricultural Company Limited since 2001. Director of Graincorp Limited since 1994. Director of Rabobank Advisory Board since June 2004. Director of Hamilton James Bruce Group Limited since June 2004. Chairman of Country Education of Australia Limited since 2003.

Director of Heggies Bulk Haul Limited 2000-2004. Director of Bankstown Airport Limited 1998-2003. Director of Camden Airport Limited 1998-2003. Director of Hoxton Park Airport Limited 1998-2003. Director of Sydney Airports Corporation Limited 1998-2002. Chairman of Bypass Stockfeeds Pty Limited 1989-2002, Chairman of Australian Topmaking Services Limited 1997-2001, Director of Federal Airports Corporation 1997-1998, Director of Hazelton Airlines Limited 1995-1997, Chairman of Agribusiness Development Capital 1994-1997, Director of TA Field Estates 1992-1996, Director of Meat Research Corporation 1990-1995, Founder and Managing Director of Hays Accounting Personnel 1976-1989.

Special responsibilities: Member of Audit Committee.

John Charles Watson AM (Independent Non Executive Director, Age 55)

Qualifications, skills and expertise: BEc (Syd), ASIA, FCA, MAICD. Farmer. Director of companies. Executive management. Knowledge of government and member organisation systems.

Experience: Board member since August 2005. Chairman Incitec Pivot Limited since 1998. Chairman Primesafe since 1993. Chairman Cooperative Research Centre for Innovative Dairy Products since 2001. Director Tassal Group Limited since 2003. Member Rabobank Food and Agriculture Advisory Board for Australia and New Zealand since 1999. Councillor Royal Agricultural Society of Victoria since 1996.

Chairman National Rural Advisory Council 1999-2001. Deputy President National Farmers' Federation 1994-1998. Vice President Victorian Farmers' Federation 1993-1996. President United Dairyfarmers of Victoria and Deputy President Australian Dairy Farmers' Federation 1988-1993. Member Management Committee, Australian Dairy Industry Council 1988-1993. Chairman Victorian Wool Industry Task Force 1996. Member Commonwealth Government Rural Finance Summit, Activating Committee 1996-1997. Member Food Industry Advisory Council 1993-1999. Member Victorian Food Safety Council 1998-2003. Director Eastern Energy 1994-1995.

Special responsibilities: Member of Audit Committee.

Nicholas John Fairfax (Non Executive Director, Age 33)

Qualifications, skills and expertise: BEc(Sydney), CA. Accounting. Entertainment.

Experience: Board member since August 2005. Director Marinya Media Pty Ltd since 2005. Director Cambooya Pty Ltd since 2002. Director Vincent Fairfax Family Foundation since 2004. Alternate Director Bayard Group Pty Ltd since 2002.

Directors' Report

Brian Keith McCarthy (Managing Director, Age 53)

Qualifications, skills and expertise: BComm. Advanced Management Programme (Harvard 1994). Executive management. Knowledge of media industry, the Company, agricultural and regional affairs.

Experience: Managing Director and Chief Executive Officer, Rural Press Limited, since 1994. Director of all Subsidiary Companies.

Joined Regional Publishers Pty Limited in 1976. General Manager of Upper Hunter Publishers Pty Limited, 1983. General Manager of the regional daily publication, The Maitland Mercury, 1984-1987. General Manager-Special Projects, Rural Press Limited 1987-1994. Director Pacific Area Newspaper Publishers' Association 1993-2001.

DIRECTORS' MEETINGS

The number of meetings attended by the Company's Directors for the year ended June 30, 2005 were as follows:

	Board of Directors	Audit Committee
JB Fairfax AM	11 (11)	
B Gowrie-Smith	11 (11)	3 (3)
TV Fairfax AM	11 (11)	
SF Higgs	11 (11)	1 (1)
PA Roach	11 (11)	3 (3)
N Burton Taylor AM (resigned June 30, 2005)	11 (11)	2 (2)
JC Watson AM (appointed August 9, 2005)		
NJ Fairfax (appointed August 9, 2005)		
BK McCarthy	11 (11)	

Figures in brackets represent the maximum number of meetings the Director could attend.

From time to time the Board appoints Directors to committees to attend to specific issues. Notable instances are the Committee attending to employee share plan matters.

DIRECTORS' INTERESTS

The relevant interest of each Director in the share capital of the Company as notified by the Directors to the Australian Stock Exchange in accordance with Section 205 G(1) of the Corporations Act 2001 at the date of this report is:

	Ordinary Shares	Preferred Shares
JB Fairfax AM (1)	64,021,480	28,676,991
B Gowrie-Smith	10,563	8,331
TV Fairfax AM (1)	64,021,480	28,676,991
SF Higgs	7,347	-
PA Roach	710	-
N Burton Taylor AM (resigned June 30, 2005)	-	20,000
JC Watson AM (appointed August 9, 2005)	2,000	-
NJ Fairfax (appointed August 9, 2005) (2)	1,298	663
BK McCarthy	56,727	252,001

(1) The relevant interests disclosed for JB Fairfax AM and TV Fairfax refer to shareholdings that are common to both Directors.
(2) NJ Fairfax is an associate of JB Fairfax AM.

COMPANY SECRETARY

BHG Stofberg. *Qualifications and experience:* BEc, ASA.

Company Secretary since 1989.

GENERAL MANAGER FINANCE

BC Cassell. *Qualifications and experience:* BBus, FCA.

General Manager Finance since 1992.

OFFICERS WHO WERE PREVIOUSLY PARTNERS OF THE AUDIT FIRM

BC Cassell, General Manager Finance, was a partner of the current audit firm, KPMG, up to December 31, 1991 at a time when KPMG undertook an audit of the Company.

Directors' Report

CORPORATE GOVERNANCE STATEMENT

The Company's corporate governance statement is outlined on pages 21 to 23 of the annual report.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity in the course of the financial year were newspaper, magazine and electronic publishing, printing, radio broadcasting and events organising. There was no significant change in the nature of those activities during the financial year.

REVIEW OF OPERATIONS

The review of the consolidated entity's operations is outlined on pages 7 to 15 of the annual report.

CONSOLIDATED RESULT

The consolidated profit for the year ended June 30, 2005 attributable to the members of the Company was:

	2005 $'000	2004 $'000
Profit from ordinary activities after income tax expense	114,263	89,169
Net profit attributable to outside equity interests	(1,410)	(2,061)
Net profit attributable to members of the parent entity	112,853	87,108

SIGNIFICANT CHANGES TO STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the year under review not otherwise disclosed in this report, in the consolidated financial report, or the report to shareholders.

DIVIDENDS

Dividends paid or recommended by the Company since the end of the previous financial year.

	$000's
In respect of the year ended June 30, 2004:	
– A final dividend of 20.00 cents per share, fully franked to 30% on 118,647,877 ordinary shares;	23,729
and a final dividend of 22.00 cents per share, fully franked to 30% on 79,778,100 Preferred shares, both paid on November 12, 2004;	17,551
– A second interim dividend of 10.00 cents per share, fully franked to 30% on 118,647,877 ordinary shares;	11,865
and a second interim dividend of 11.00 cents per share, fully franked to 30% on 79,778,100 Preferred shares, both paid on November 12, 2004;	8,776
In respect of the year ended June 30, 2005:	
– A first interim dividend of 13.00 cents per share, fully franked to 30% on 118,647,877 ordinary shares;	15,424
and a first interim dividend of 14.30 cents per share, fully franked to 30% on 79,903,101 Preferred shares, both paid on March 4, 2005;	11,426
– A second interim dividend of 6.00 cents per share, fully franked to 30% on 118,647,877 ordinary shares;	7,119
and a second interim dividend of 6.60 cents per share, fully franked to 30% on 80,149,763 Preferred shares, both paid on June 3, 2005;	5,290
	101,180

– As declared, based on the shares on issue at the date of this report:
a third interim dividend of 10 cents per share, fully franked to 30%
on 118,880,581 ordinary shares;
and a third interim dividend of 11 cents per share, fully franked to 30%
on 80,187,996 Preferred shares,
both payable on September 16, 2005 on shares registered at 5.00pm
on September 8, 2005

– As proposed, based on the shares on issue at the date of this report:
a final dividend of 22.50 cents per share, fully franked to 30%
on 118,880,581 ordinary shares;
and a final dividend of 24.75 cents per share, fully franked to 30%
on 80,187,996 Preferred shares,
both payable on November 30, 2005 on shares registered at 5.00pm
on November 18, 2005

Directors' Report

SUBSEQUENT EVENTS

Other than as disclosed, the Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the consolidated entity's operations, the results of those operations or the consolidated entity's state of affairs in financial years after the financial year except as mentioned in Note 39 and Note 40 of the financial statements.

FUTURE DEVELOPMENTS AND RESULTS

The consolidated entity intends to continue to develop its operations in the future within the principal activities as disclosed in this report. Further information as to likely developments in the operations of the consolidated entity and the expected results of those operations in subsequent financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated entity.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the consolidated entity has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the consolidated entity.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company's Constitution provides for an indemnity of Directors, Secretaries and Executive Officers (as defined in the Corporations Act 2001) where liability is incurred in the performance of their duties in those roles unless the liability is owed to the Company (or member of the Rural Press Group) or is owed to some other person and arises out of conduct involving a lack of good faith. The Constitution further provides for an indemnity in respect of any costs and expenses incurred in defending proceedings except where judgment is given against them or the Court denies them relief under the Corporations Act 2001.

INSURANCE OF DIRECTORS AND OFFICERS

Since the end of the previous financial year the Company has paid insurance premiums in respect of Directors and Officers' liability and legal expenses' insurance contracts for current and former Directors and Officers, including executive officers of the Company and Directors, executive officers and secretaries of its controlled entities. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The Directors have not included details of the amount of the premium paid in respect of the Directors' and Officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

OPTIONS

The Rural Press Executive Option Plan (EOP) was approved by shareholders on October 9, 1998 and again on October 19, 2001. During the prior financial year the Company, pursuant to the EOP rules, granted 1,290,000 options over unissued Preferred shares to executives. All options were granted during the prior financial year and none during the financial year and none since the end of the financial year. During the prior year 50,000 options were granted to each of the five most highly remunerated officers: AG Browne, BC Cassell, RA Lockley, L Whish-Wilson and AE Williams, with an exercise price of $7.62. Of the Directors, 100,000 options with an exercise price of $7.62 were granted to BK McCarthy. The options under these grants are exercisable between June 11, 2007 and June 11, 2010.

The outstanding options represent 4.47% (2004: 4.75%) of the issued Preferred shares and 1.80% (2004: 1.91%) of the total issued shares.

Further information in relation to options is provided in Notes 19 and 33 to the financial statements.

REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES

Remuneration Policies

The Chairman, with Board consultation, is responsible for determining remuneration packages for Board members and the Managing Director. The Managing Director is responsible for making recommendations to the Board on remuneration packages applicable to senior executives of the Company. The broad remuneration policy is to ensure the remuneration packages properly reflect the person's duties and responsibilities and that remuneration levels are competitively set to attract, retain and motivate appropriately qualified and experienced directors and senior executives.

The remuneration structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the directors and senior executives
- the directors and senior executives ability to control the relevant segment/s' performance
- the consolidated entity's performance including:
    - the consolidated entity's earnings
    - the growth in share price and returns on shareholder wealth
- the amount of incentives within each directors' and senior executives' remuneration.

Executive remuneration packages include a mix of fixed and variable remuneration and short and long-term performance-based incentives.

Fixed remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds.

Remuneration levels are reviewed annually by the Board through a process that considers individual, segment and overall performance of the consolidated entity. In addition external consultants provide analysis and advice to ensure the directors' and senior executives' remuneration is competitive in the market place. A senior executive's remuneration is also reviewed on promotion.

Performance-linked remuneration

Performance linked remuneration includes both short-term and long-term incentives and is designed to reward the Managing Director and senior executives for meeting or exceeding their financial and operational objectives. The short-term incentive (STI) is an "at risk" bonus provided in the form of cash, while the long-term incentive (LTI) was provided as options over Preferred shares of the Company under the rules of the Rural Press Executive Option Plan (EOP). The EOP was closed to new participants from July 1, 2004 and subject to shareholder approval, will be replaced by a share acquisition plan in the next financial year.

Short-term incentive

Each year the Board sets the short term bonus criteria for the Managing Director and, on recommendation from the Managing Director, approves the short term bonus criteria for the senior executives. The criteria generally include measures relating to the consolidated entity and the relevant operational area and incorporate financial, operational, personnel and risk management criteria for that executive.

The financial performance objectives include "profit after tax", return on shareholders funds and EBIT margins compared to budgeted amounts. The non-financial objectives vary with position and responsibility and include measures such as achieving certain strategic outcomes, staff development and safety objectives. Financial objectives account for approximately 70% of the maximum STI.

At the end of the financial year the Board assesses the actual performance of the consolidated entity, the relevant segment and individual against the criteria set at the beginning of the financial year. A proportion of the predetermined maximum amount is awarded on each of the pre-set criteria depending on results.

The Managing Director recommends the cash incentive to be paid to the senior executives for approval by the Board, the Chairman in the case of the Managing Director. The method of assessment was chosen as it provides an objective assessment of the individual's performance.

Long-term incentive

Up to June 30, 2004 options were issued from time to time under the EOP. This provided for executives and senior staff to receive varying amounts of options over Preferred shares depending on seniority. The options were issued at market price using the formula described in Note 33 to the financial statements. Exercise of options is conditional on the consolidated entity achieving at least one of the following performance hurdles:

- earnings per share of the Company, compounded over the life of the relevant option period, is equal to or greater than the change in the consumer price index over the same period plus 3% per annum compound (4% for options issued before December 31, 2001); or
- an average of an accumulation index calculated by ASX in respect of the Company over the 90 days of trading up to and including the day preceding the date of exercise of the options is equal to or greater than an average of an accumulation index calculated by ASX in respect of listed shares in the companies comprising the Mid Cap Industrials Index in the same period.

Directors' Report

The Board considers that the performance-linked remuneration structure as outlined is generating the desired outcome. The evidence for this is firstly, the consistent growth in the factors mentioned over many years, and secondly, the performance-linked element of the structure appears to be appropriate because the senior executives achieve a level of performance which qualifies them for a large proportion of bonus and the exercise of options.

Service agreements
At the date of this report there are no formal service agreements in place in respect of the Managing Director and the senior executives mentioned in this report.

Non-executive directors
Fees
Annual fees of non executive directors for the 2005 financial year are $70,000 per annum. The Chairman of the Board receives 2.5 times the Directors' fee. Members of the Audit Committee receive an additional $5,000 per annum and the Chairman of the Audit Committee an additional $10,000 per annum.

Total remuneration for all non-executive directors, last voted upon by shareholders at the 2000 AGM, is not to exceed $750,000 per annum. Fees are set based on advice from external advisors with reference to fees paid to other non-executive directors of comparable companies.

Superannuation Guarantee
Directors appointed prior to June 2000 received Superannuation Guarantee contributions in addition to the Directors' fee however, the total contributions form part of any retirement lump sum payable to those Directors.

Directors appointed after June 2000 receive the Directors' fee inclusive of Superannuation Guarantee contributions, subject to compliance with Reasonable Benefit Limits.

Retirement Lump Sums
Directors appointed after June 30, 2003 are not entitled to any retirement benefits.

Directors appointed prior to June 30, 2003 with more than five years' service at the date of retirement, were entitled to a lump sum equal to 20 per cent of Directors' fees times their completed years of service. However, the accrued retirement benefits of those Directors have been frozen as at June 30, 2005, to the date of their retirement or resignation.

Participation in Share Plans
Non executive directors are permitted to participate in the Rural Press Deferred Employee Share Plan by acquiring the company's ordinary shares through on market purchases in lieu of fees. They are not permitted to participate in the Rural Press Executive Option Plan or the Rural Press Exempt Employee Share Plan.

EMOLUMENTS

Details of the nature and amount of each element of the emolument of each director of the Company and each of the five executive officers of the company and the consolidated entity receiving the highest emolument for the financial year is as follows:

Emoluments of Directors of Rural Press Limited

2005	Annual Emoluments					Long Term Emoluments			
					Termination	Options			
	Base Fee	Bonus	Vested[2]	Other	& Similar Payments	Number Granted	Amortised Cost	Superannuation	Other[1]
	$	$	%	$	$		$	$	$
JB Fairfax AM	175,000	-	-	-	-	-	-	13,500	151,757
B Gowrie-Smith	75,000	-	-	-	-	-	-	5,625	65,919
TV Fairfax AM	70,000	-	-	-	-	-	-	5,400	59,992
SF Higgs	71,538	-	-	-	-	-	-	-	70,000
PA Roach	80,000	-	-	-	-	-	-	-	-
N Burton Taylor AM	78,486	-	-	-	-	-	-	-	-
BK McCarthy	691,629	205,000	82	113,150	-	-	53,068	15,771	-

*The elements of emoluments have been determined on the basis of the cost to the company and the consolidated entity.

(1) Represents the increase in provision for retiring allowance for eligible Directors, none of which was paid in cash during the year.

(2) Amounts included in remuneration for the financial year represents the amount that vested in the financial year based on achievement of operational goals and satisfaction of specified performance criteria. No amounts vest in future financial years in respect of the short term incentive bonuses for the 2005 financial year.

Emoluments of the five most highly paid executive officers of the company and the consolidated entity

	Annual Emoluments					Long Term Emoluments			
					Termination	Options			
	Base Fee	Bonus	Vested[2]	Other	& Similar Payments	Number Granted	Amortised Cost	Superannuation	Other
	$	$	%	$	$		$	$	$
AG Browne	244,545	73,950	87	34,650	-	-	40,813	28,405	-
BC Cassell	322,075	74,588	87	18,000	-	-	35,244	41,325	-
RA Lockley	304,750	71,275	75	15,000	-	-	35,244	14,850	-
L Whish-Wilson	276,090	76,013	80	15,110	-	-	40,813	40,000	-
AE Williams	265,998	81,550	78	17,000	-	-	35,244	38,702	-

[2] Amounts included in remuneration for the financial year represents the amount that vested in the financial year based on achievement of operational goals and satisfaction of specified performance criteria. No amounts vest in future financial years in respect of the short term incentive bonuses for the 2005 financial year.

Emoluments of Directors of Rural Press Limited

2004

	Annual Emoluments				Long Term Emoluments			
				Termination	Options			
	Base Fee	Bonus	Other	& Similar Payments	Number Granted	Amortised Cost	Superannuation	Other[1]
	$	$	$	$		$	$	$
JB Fairfax AM	131,250	-	-	-	-	-	11,250	26,714
B Gowrie-Smith	53,894	-	-	-	-	-	4,849	10,234
TV Fairfax AM	53,606	-	-	-	-	-	4,824	9,737
SF Higgs	55,000	-	-	-	-	-	-	-
CB Livingstone	18,452	-	-	-	-	-	-	-
PA Roach	59,559	-	-	-	-	-	-	-
N Burton Taylor AM	52,500	-	-	-	-	-	-	-
BK McCarthy	576,567	162,000	90,692	-	100,000	28,190	13,433	-

*The elements of emoluments have been determined on the basis of the cost to the company and the consolidated entity.

[1] Represents the increase in provision for retiring allowance for eligible Directors, none of which was paid in cash during the year.

Emoluments of the five most highly paid executive officers of the company and the consolidated entity

	Annual Emoluments				Long Term Emoluments			
				Termination	Options			
	Base Fee	Bonus	Other	& Similar Payments	Number Granted	Amortised Cost	Superannuation	Other
	$	$	$	$		$	$	$
AG Browne	176,945	63,000	24,650	-	50,000	19,907	13,405	-
BC Cassell	281,004	65,450	12,000	-	50,000	18,946	38,296	-
RA Lockley	258,742	80,618	15,336	-	50,000	18,946	12,922	-
L Whish-Wilson	194,890	58,800	15,110	-	50,000	19,907	40,000	-
AE Williams	228,946	56,800	17,000	-	50,000	18,946	36,754	-

The company uses the fair value measurement provisions of AASB 1046 "Director and Executive Disclosures for Disclosing Entities" for all options granted to non executive directors and executives, which have not vested as at July 1, 2004. The fair value of such grants is being amortised and disclosed as part of director and executive emoluments on a straight line basis over the vesting period.

Options granted have been valued using the Black-Scholes model which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option. See below for further details.

Directors' Report

FAIR VALUES OF OPTIONS

The fair value of each option is estimated on the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions used for grants made during the year ended June 30, 2004, 2003, 2002 and 1999.

	2004	2003	2002	1999
Dividend yield	5.0%	5.5%-5.9%	3.1%	2.6%
Expected volatility	17.4%	17.3%-17.7%	15.9%	15.0%
Risk free interest rate	5.6%	4.3%-4.8%	6.0%	4.5%
Expected life of option (years)	4.8 - 5.5	4.8 - 5.5	4.8 - 5.5	4.8 - 5.5
Weighted average fair value	1.0300	0.5301	0.8400	0.7430

The dividend yield reflects the assumption that the relevant dividend payout ratio would continue with no anticipated increases. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

NON-AUDIT SERVICES

During the year KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties. For details refer to Note 26 of the financial statements.

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 72 and forms part of the Directors Report for the financial year ended June 30, 2005.

ROUNDING OFF OF AMOUNTS

The Company is of a kind referred to in ASIC Class Order 98/100 dated July 10, 1998 and in accordance with that Class Order, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors.

JB Fairfax AM
Director

BK McCarthy
Director

Sydney, NSW
August 25, 2005

Statement of Financial Performance

For the year ended June 30, 2005

	NOTES	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
REVENUES AND EXPENSES FROM ORDINARY ACTIVITIES					
Revenue from publishing, broadcasting and printing services		564,626	509,546	-	-
Other revenue from operating activities		6,859	5,568	220,672	103,481
	2	571,485	515,114	220,672	103,481
Employee salaries, wages and oncosts		(195,125)	(176,338)	(9,529)	(6,444)
Newsprint, plates, ink and consumables		(80,585)	(76,448)	-	-
Outside printing		(19,810)	(18,081)	-	-
Communications and postage		(13,017)	(12,718)	(493)	(398)
Freight and distribution		(16,076)	(13,736)	-	-
Promotion and sponsorship		(8,400)	(8,475)	(150)	(56)
Occupancy and utilities		(10,361)	(9,361)	(131)	(146)
Motor vehicle		(5,754)	(5,330)	(299)	(247)
News services and contributors		(6,289)	(6,049)	-	-
Travel and accommodation		(3,850)	(4,049)	(702)	(748)
Repairs and maintenance		(6,368)	(5,651)	(672)	(794)
Other expenses	3	(25,188)	(22,643)	(2,344)	(1,929)
		(390,823)	(358,879)	(14,320)	(10,762)
		180,662	156,235	206,352	92,719
Depreciation and amortisation	3	(18,375)	(18,802)	(1,203)	(1,153)
		162,287	137,433	205,149	91,566
Borrowing costs	3	(10,296)	(9,707)	(8,279)	(7,028)
Interest income	2	712	1,000	333	712
		152,703	128,726	197,203	85,250
Write off of investments and loans		-	-	(24,220)	-
Revenue on sale of assets - outside operating activities	2	1,938	3,087	44,860	147,089
Book value of assets sold		(2,099)	(2,970)	(16,474)	(19,276)
Profit From Ordinary Activities Before Income Tax Expense	2, 3, 5	152,542	128,843	201,369	213,063
Income tax (expense)	6	(45,351)	(39,674)	(3,388)	(4,592)
Income tax benefit relating to entry into tax consolidation	6	7,072	-	541	-
Profit From Ordinary Activities After Income Tax Expense		114,263	89,169	198,522	208,471
Net profit attributable to outside equity interests	22	(1,410)	(2,061)	-	-
Net Profit Attributable To Members Of The Parent Entity	21	112,853	87,108	198,522	208,471
EARNINGS PER SHARE (Cents)					
Basic (reflecting shares on issue)					
Ordinary shares	4	54.7	42.5		
Preferred shares	4	60.1	46.7		
Diluted (reflecting potential exercise of share options)					
Ordinary shares	4	53.6	41.7		
Preferred shares	4	59.0	45.9		
Basic (reflecting shares on issue) (adjusted for non recurring income tax benefit)					
Ordinary shares	4	51.2	42.5		
Preferred shares	4	56.4	46.7		
NON-OWNER TRANSACTION CHANGES IN EQUITY					
(Decrease)/increase in asset revaluation reserve	20	(28)	10,563	-	(8,546)
Net exchange difference on translation of financial statements of self-sustaining foreign operations	20	2,827	2,089	-	-
Total revenues, expenses and valuation adjustments attributable to members of the parent entity recognised directly in equity		2,799	12,652	-	(8,546)
Net Profit Attributable To Members Of The Parent Entity	21	112,853	87,108	198,522	208,471
Total changes in equity from non-owner related transactions attributable to members of the parent entity		115,652	99,760	198,522	199,925

Financial Statements

Statement of Financial Position

As at June 30, 2005

	NOTES	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
CURRENT ASSETS					
Cash assets	7	17,869	12,520	4,183	5,158
Receivables	8	79,748	79,896	82,408	35,596
Inventories	9	21,065	11,379	3,593	2,117
Other		1,702	1,770	-	27
Total Current Assets		120,384	105,565	90,184	42,898
NON-CURRENT ASSETS					
Receivables	8	-	-	657,318	526,291
Other financial assets	10	9,013	9,007	17,955	52,583
Property, plant, equipment, and software	11	197,385	171,673	38,347	33,791
Mastheads	12	612,636	609,289	-	-
Radio licences	13	15,413	15,328	-	-
Deferred tax assets	14	10,731	9,508	10,074	2,086
Other	15	1,215	1,435	-	-
Total Non-Current Assets		846,393	816,240	723,694	614,751
Total Assets		966,777	921,805	813,878	657,649
CURRENT LIABILITIES					
Payables	16	40,827	44,821	7,167	6,211
Interest bearing liabilities	17	128	136	-	-
Current tax liabilities		16,631	20,911	15,199	2,779
Provisions	18	20,900	19,440	2,505	2,525
Total Current Liabilities		78,486	85,308	24,871	11,515
NON-CURRENT LIABILITIES					
Payables	16	812	938	-	-
Interest bearing liabilities	17	199,612	160,166	140,000	97,000
Deferred tax liabilities		480	5,179	-	-
Provisions	18	3,822	4,170	1,044	842
Total Non-Current Liabilities		204,726	170,453	141,044	97,842
Total Liabilities		283,212	255,761	165,915	109,357
Net Assets		683,565	666,044	647,963	548,292
EQUITY					
Contributed equity	19	322,793	320,464	322,793	320,464
Reserves	20	198,211	195,412	5,984	5,984
Retained profits	21	150,826	139,153	319,186	221,844
Total parent entity interest		671,830	655,029	647,963	548,292
Outside equity interests	22	11,735	11,015	-	-
Total Equity		683,565	666,044	647,963	548,292

Statement of Cash Flows

For the year ended June 30, 2005

	NOTES	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		625,368	555,775	37,178	35,281
Payments to suppliers and employees		(457,954)	(393,247)	(13,842)	(14,368)
Dividends received		320	107	183,500	68,200
Interest received		712	957	333	676
Interest and other costs of finance paid		(10,088)	(9,207)	(7,875)	(6,483)
Income tax paid		(48,438)	(39,903)	(11,988)	(5,265)
Net cash flow from operating activities	24(a)	109,920	114,482	187,306	78,041
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of businesses and controlled entities (net cash)	24(b)	(5,710)	(48,702)	-	-
Proceeds from sale of business and controlled entities (net cash)		217	-	44,850	147,075
Purchase of radio licences		(86)	(164)	-	-
Reduction in minority share capital		(81)	-	-	-
Purchase of property, plant, equipment, and software		(45,657)	(30,989)	(5,761)	(3,016)
Proceeds from sale of property, plant and equipment, and software		1,928	3,087	-	14
Proceeds from sale of investments		10	-	10	-
Net cash flow from investing activities		(49,379)	(76,768)	39,099	144,073
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from share issue		2,329	6,415	2,329	5,915
Proceeds from borrowings		88,294	92,000	87,000	92,000
Repayment of borrowings		(44,000)	(70,696)	(44,000)	(61,000)
Loans to controlled entities to finance the purchase of businesses and assets		-	-	(171,529)	(191,860)
Payment of dividends		(101,180)	(61,697)	(101,180)	(61,697))
Payment of dividends to outside equity interests		(637)	(1,153)	-	-
Net cash flow from financing activities		(55,194)	(35,131)	(227,380)	(216,642)
NET (DECREASE)/INCREASE IN CASH HELD		5,347	2,583	(975)	5,472
Cash at beginning of the financial year		12,520	9,924	5,158	(314)
Exchange variance on opening cash balance		2	13	-	-
CASH AT THE END OF THE FINANCIAL YEAR	24(c)	17,869	12,520	4,183	5,158

Financial Statements

Notes to the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act, 2001. It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or current valuations of non-current assets. The accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous year.

Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Company, being the parent entity, and its controlled entities. Where a controlled entity has been acquired (or sold) during the year, its results are included in consolidated profit from the date of acquisition (up to the date of sale). All inter-entity balances and transactions have been eliminated. Outside equity interests in controlled entities are shown as a separate item in the consolidated financial statements.

A list of controlled entities is shown in Note 38.

Cash

For the purpose of the statement of cash flows, cash includes cash on hand and at bank, short term deposits at call and bank bills receivable, net of outstanding bank overdrafts.

Trade and Other Debtors

Trade and other debtors are carried at the amounts due. The collectibility of debts is assessed at balance date and provision is made for identified doubtful accounts and for unidentified losses. Collection terms vary between 7 and 60 days for trade debtors and less than one year for other debtors. Interest on other debtors may be charged at market rates where the terms of repayment exceed three months.

Short Term Deposits

Short term deposits are stated at the amount due. Interest income is recognised as it accrues.

Inventories

Inventories and work-in-progress are valued at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis.

Recoverable Amount of Non-Current Assets Valued on Cost Basis

The carrying amounts are reviewed to determine whether they are in excess of their recoverable amount at balance date, any excess is written off as an expense in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

In assessing recoverable amounts, the relevant cash flows have not been discounted to their present value.

Acquisition of Assets

All assets acquired including property, mastheads, radio licences, plant and equipment, software and intangibles are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Other Financial Assets

Investments in controlled entities, partnerships and in other corporations are carried at the lower of cost or recoverable amount.

Dividends in controlled entities are brought to account in the statement of financial performance when they are received by the controlled entities. Dividends in unrelated corporations are brought to account as income when received.

Partnership income is accrued based on partnership financial statements.

Land, Buildings and Leasehold Properties

Land, buildings and leasehold property are carried at fair value, based on independent valuation or cost for recent aquisitions. An independent valuation is carried out every three years and any net difference is accounted for in accordance with AASB 1041 Revaluation of Non-Current Assets. Land, buildings and leasehold property are not revalued to an amount above their recoverable amount. In the intervening years an annual review is undertaken to ensure carrying values do not differ materially from fair value at reporting date.

Depreciation and Amortisation

Buildings, leasehold property, plant and equipment, and software are depreciated and amortised so as to write off their net costs over their estimated useful life from the date the asset is ready for use. The straight line method is used.

The major depreciation/amortisation periods are:

	2005	2004
Freehold buildings	50 years	50 years
Leasehold property	50 years	50 years
Plant and equipment	3 to 15 years	3 to 15 years
Software	0 to 4 years	0 to 4 years

Goodwill is amortised by the straight line method over a period between ten and fifteen years during which benefits are expected to be received.

Insurance licence agreements are being amortised over their assessed life not exceeding twenty years using the straight line method.

Leased Assets

Finance leases which effectively transfer to the consolidated entity substantially all of the risks and benefits incidental to ownership of the leased assets have been capitalised and are being amortised over their expected useful life. Lease payments are allocated between interest expense and lease liability. The interest component is charged against profit when incurred.

Operating lease payments where the lessors effectively retain substantially all the risks and benefits of ownership of these lease items, are charged to expense in the period in which they are incurred. Leases generally provide the consolidated entity with a right of renewal at which time all terms are renegotiated.

Mastheads & Radio Licences

Mastheads, being the titles of newspapers and magazines produced by the consolidated entity, are accounted for as identifiable assets and are carried at fair value based on independent valuation for mastheads owned at June 30, 2003 or assessed fair values for subsequent acquisitions. Mastheads include the composite mixture of the publication's title, content, market targeting capabilities and reputation. The independent valuation is carried out periodically and any net difference is accounted for in accordance with AASB 1041 Revaluation of Non-Current Assets. Mastheads are not revalued to an amount above their recoverable amount. An annual review is undertaken to ensure carrying values do not differ materially from fair value at reporting date.

Radio licences, being commercial radio licences held by the consolidated entity under the provisions of the Broadcasting Services Act 1992 are recorded at cost. Cost represents that part of the purchase price for acquired commercial broadcasting businesses assessed by Directors as the fair value of the licences acquired.

No amortisation is provided against the carrying value of mastheads and radio licences as the Directors consider the lives of these assets are not limited by any known or anticipated legal, physical, commercial, technological or other factor. Commercial radio licences are renewable every five years under the provisions of the Broadcasting Services Act 1992 and the Directors have no reason to believe that the licences will not be renewed.

Radio Licence Fees

Licence fees, which will be paid to the Australian Broadcasting Authority, based upon current year revenues, have been accrued in the financial statements in accordance with the formulae set by the Australian Broadcasting Authority.

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of identifiable net assets acquired at the time of acquisition of a business.

The unamortised balance of goodwill is reviewed at least annually. Where the balance exceeds the value of expected future benefits, the difference is charged to the statement of financial performance.

Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company or consolidated entity. Amounts payable are normally settled within 30 days.

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Provisions

A provision is recognised when a legal, equitable or constructive obligation exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, the timing of which is uncertain.

A provision for dividend is recognised when dividends are declared on or before the reporting date.

A provision for legal and defamation matters is recognised for the expected costs that are associated with legal proceedings and defamation actions in progress as at reporting date or anticipated proceedings where an event giving rise to such proceedings has occurred prior to the reporting date. The provision is based on best estimate of direct expenditures to be incurred.

A provision for restructuring is recognised for the expected costs associated with the restructure and is based on the best estimate of the direct expenditures to be incurred which are both directly and necessarily caused by the restructuring and not associated with the on-going activities of the economic entity.

Bank Overdraft and Bank Bills

These are carried at the principal amount subject to set-off arrangements. Interest is recognised as an expense as it accrues.

Borrowing Costs

Borrowing costs, which include interest and line fees on borrowings, interest on bank overdrafts and interest on finance leases, are expensed in the period incurred.

Taxation

The consolidated entity adopts the income statement liability method of tax effect accounting. Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to entities with tax losses are only brought to account when their realisation is virtually certain. The tax effect of capital losses is not recorded unless realisation is virtually certain.

Employee Entitlements

The long service leave provision represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to balance date. The provision for long service leave which is not expected to be settled within twelve months is discounted using the rates attaching to national government securities at balance date, which most closely match the terms of maturity of the related liabilities. In determining the provision, consideration has been given to future increases in wage and salary rates, and the consolidated entity's experience with staff departures. Related oncosts have also been included in the liability. The provision for long service leave is allocated in the statement of financial position to reflect the current and non-current portion of this liability.

Annual leave accruals, including oncosts, are calculated on the estimated entitlement due to the employees at balance date based on the rates that the consolidated entity expects to pay when liabilities are settled.

Contributions made to superannuation plans are charged against profits as liabilities are incurred.

Employee Share and Option Plans

Shares and options issued to employees are recorded in contributed equity at the fair value of consideration received.

No expense is recognised on the grant of options.

Foreign Currency

Transactions in foreign currencies are converted to Australian dollars at the rates of exchange ruling on the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated to Australian dollars at the rates of exchange ruling at balance date. Realised and unrealised gains and losses arising from exchange rate fluctuations in foreign currencies are included in the statement of financial performance.

Assets and liabilities of overseas controlled entities are translated to Australian dollars at the rate of exchange ruling at balance date. Income and expenses have been translated at the average of exchange rates ruling during the year.

As overseas controlled entities are self-sustaining, exchange differences have been taken directly to the foreign currency translation reserve.

Derivative Financial Instruments

The Company is exposed to fluctuations in exchange rates from its inventory purchase commitments denominated in foreign currencies. It is company policy to only use forward foreign exchange contracts to hedge a proportion of this exposure.

Gains and losses relating to the hedge of the purchase commitments are recognised and are included as adjustments to the carrying amount of inventories at balance date. The terms of the foreign currency and purchase commitment contracts are not more than twelve months.

The net amounts received or payable under forward exchange contracts and the associated deferred gains or losses are recorded on the statement of financial position from the date of inception of the hedge transaction.

The Company has entered into interest rate swaps to hedge its exposure to adverse movements in interest rates on borrowings. Maturities of swap contracts are between 4 months and 40 months. All contracts are with major Australian banks.

Company policy is to not enter, hold or issue derivative financial instruments for trading purposes.

Revenue Recognition

Sales revenue comprises revenue earned from the provision of publishing, broadcasting and printing services to entities outside the consolidated entity. Exchanges of goods or services of the same nature and value without any cash consideration are recognised as revenues and expenses when the services are provided or consumed.

Sales revenue from publishing is recognised when an issue is published and from broadcasting when advertising is broadcast.

Printing revenues are recognised when printing services are provided.

The gross proceeds of asset sales are included as revenue of the consolidated entity. The profit or loss on disposal of assets is brought to account at the date an unconditional contract is signed or conditional contract is settled.

Sundry revenue comprises other items not included in the above including distribution income and property rentals and is recognised when earned.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

	CONSOLIDATED		COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
2. REVENUE FROM ORDINARY ACTIVITIES				
Revenue from publishing, broadcasting and printing services	564,626	509,546	-	-
Other revenue from operating activities:				
Dividends from:				
controlled entities	-	-	183,500	68,200
other persons	320	107	-	-
Revenue from partnership	1,679	1,468	-	-
Inter-entity charges	-	-	37,104	35,218
Sundry	4,860	3,993	68	63
	6,859	5,568	220,672	103,481
	571,485	515,114	220,672	103,481
Other:				
Interest income from:				
controlled entities	-	-	85	127
other persons	712	1,000	248	585
Revenue from outside operating activities:				
Gross revenues on sale of property, plant and equipment	1,928	3,087	-	14
Gross revenues on sale of controlled entities	-	-	44,850	147,075
Gross revenues on sale of investments	10	-	10	-
	574,135	519,201	265,865	251,282

Gross revenues on sale of controlled entities have been generated by an internal group restructure whereby certain wholly owned subsidiaries directly owned by the Company were transferred to another wholly owned subsidiary at fair value. The gain on transfer of $28,376,000 (2004: $127,819,000) is eliminated on consolidation (Refer Note 3 and 30(b)).

Financial Statements

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
3. PROFIT FROM ORDINARY ACTIVITIES				
Included in profit from ordinary activities are the following items of expense/(income)				
Interest and borrowing costs:				
other persons	10,280	9,695	8,279	7,028
finance lease charges	16	12	-	-
Net loss/(profit) from sale of property, plant & equipment	171	(117)	2	6
Net loss/(profit) on sale of investments	(10)	-	(10)	-
Net loss/(profit) on sale of controlled entities	-	-	(28,376)	(127,819)
Amortisation of:				
leased assets capitalised	83	105	-	-
leasehold property	324	280	-	-
software	1,631	1,288	255	246
goodwill	150	142	-	-
licence agreements	36	73	-	-
Depreciation of:				
buildings	884	927	466	482
plant & equipment	15,267	15,987	482	425
Amounts set aside to provision for:				
doubtful debts	347	1,623	-	-
employee entitlements	14,944	13,360	936	194
legal and defamation	(232)	(962)	(494)	(1,300)
restructure and redundancies	696	(838)	440	(838)
Net foreign exchange loss/(gain)	884	192	893	192
Rental expense under operating leases	7,706	7,034	250	252

Other expenses for the Company for 2005 include professional fees of $678,000 (2004: $855,000) and insurance premiums of $245,000 (2004: $330,000).

4. EARNINGS PER SHARE

	2005	2004
Net profit used for Basic and Diluted earnings		
ordinary	64,848	50,212
Preferred	48,005	36,896
Net profit for the period attributable to the members	112,853	87,108
Weighted average number of shares on issue used in the calculation of basic earnings per share		
ordinary	118,649,790	118,241,511
Preferred	79,848,560	78,989,379
Weighted average number of shares on issue used in the calculation of diluted earnings per share		
ordinary	118,649,790	118,241,511
Preferred	83,433,005	82,255,992

Preferred shares are included in the calculation of Earnings Per Share as they fully participate in profits and any surplus on winding up.

Options to purchase Preferred shares not exercised at balance date have only been included in the determination of diluted earnings per share.

Refer to Note 19(e) for the description of ordinary and Preferred shares.

5. SEGMENT INFORMATION

Primary reporting Business segments

	External segment revenue		Inter-segment revenue		Total revenue		Total result	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Newspaper publishing - Australasia	419,980	377,457	2,312	2,180	422,292	379,637	123,924	103,783
Printing - Australasia	105,159	90,797	82,964	75,868	188,123	166,665	32,312	26,940
Eliminations	-	-	(85,276)	(78,048)	(85,276)	(78,048)	-	-
Total Publishing and Printing - Australasia	525,139	468,254	-	-	525,139	468,254	156,236	130,723
Magazine publishing - United States	36,144	39,028	-	-	36,144	39,028	1,442	3,904
Broadcasting	9,816	7,749	-	-	9,816	7,749	850	(593)
	571,099	515,031	-	-	571,099	515,031	158,528	134,034
Other/unallocated	386	83	-	-	386	83	3,759	3,399
	571,485	515,114	-	-	571,485	515,114	162,287	137,433
Net interest expense							(9,584)	(8,707)
Net profit on sale of property, plant and equipment, and software							(161)	117
Profit from ordinary activities before income tax expense							152,542	128,843
Income tax (expense)							(38,279)	(39,674)
Profit from ordinary activities after income tax expense							114,263	89,169

Profit before tax is disclosed separately for the Newspaper publishing - Australasia and Printing - Australasia activities as required by Accounting Standard AASB 1005 Segment Reporting. The individually reported financial results for these two activities are determined after various internal charges, internal allocation of indirect costs and with internal revenues being based on historical pricing formulae for production activities. Inter-segment pricing is determined on an arm's length basis except for internal printing which is at cost plus a margin. The individually reported financial results do not therefore represent the financial performance of these activities as separate stand alone business segments.

Other Disclosures

	Assets		Liabilities	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Newspaper publishing - Australasia	755,705	732,923	678,125	534,551
Printing - Australasia	119,218	90,496	100,175	75,912
Magazine publishing - United States	18,782	30,682	5,016	6,126
Broadcasting	23,381	23,074	13,156	13,627
Other/unallocated/intercompany/eliminations	49,691	44,630	(513,260)	(374,455)
	966,777	921,805	283,212	255,761

	Acquisition of non-current assets		Depreciation and amortisation		Non-cash expenses other than depreciation and amortisation	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Newspaper publishing - Australasia	14,593	32,706	8,128	7,312	11,337	12,229
Printing - Australasia	27,537	16,320	8,084	9,145	2,574	2,293
Magazine publishing - United States	286	240	313	487	63	176
Broadcasting	734	6,735	647	660	387	283
Other/unallocated	5,637	7,340	1,203	1,198	936	205
	48,787	63,341	18,375	18,802	15,297	15,186

Secondary reporting Geographical segments

	Australasia		United States		Consolidated	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
External segment revenue by location of customers	535,341	476,086	36,144	39,028	571,485	515,114
Segment assets by location of assets	938,795	891,123	27,982	30,682	966,777	921,805
Acquisition of non-current assets	48,501	63,101	286	240	48,787	63,341

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Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise investment assets and revenue and corporate assets and expenses.

Segment acquisition of non-current assets is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments
The consolidated entity comprises the following main business segments, based on the consolidated entity's management reporting system:

Newspaper Publishing - Australasia	Agricultural, metropolitan, regional and community based publishing.
Printing - Australasia	Commercial web printing.
Magazine Publishing - United States	Agricultural magazine publishing.
Broadcasting	AM and FM radio broadcasting and narrowcasting.

Geographical segments
In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

The consolidated entity's business segments operate geographically as follows:

Australasia	Publishing and printing in all states, ACT and New Zealand and broadcasting facilities in Queensland and South Australia
United States	Magazine publishing in most states of the United States.

6. TAXATION

	CONSOLIDATED		COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Reconciliation of prima facie tax:				
Prima facie tax expense on the profit from ordinary activities at 30% (2004 30%)	45,763	38,653	67,677	63,919
Effect of different rates on overseas entities	(139)	136	-	-
Increase/(decrease) in tax expense due to:				
non tax deductible:				
depreciation	227	184	140	145
entertainment and other expenses	213	457	80	119
in-kind internet revenue written -off	-	954	-	-
rebates on dividends received	(96)	(42)	(55,050)	(20,460)
tax losses of controlled entities utilised	(155)	(322)	-	-
non assessable profit on disposal of controlled entities	-	-	(8,513)	(38,346)
deduction for exempt employee share grant	(725)	(695)	(725)	(695)
other items	(312)	(174)	(165)	(129)
Income tax expense on profit from ordinary activities	44,776	39,151	3,444	4,553
Amendment to reset tax values initially determined on implementation of tax consolidation	(7,072)	-	(541)	-
Income tax under/(over) provided in prior years	575	523	(56)	39
Income tax expense on ordinary profit	38,279	39,674	2,847	4,592
Total income tax expense comprises:				
Reductions/(additions) to future income tax benefits	(1,213)	(272)	72	717
Additions/(reductions) to deferred income tax liability	(4,666)	(431)	-	-
Additions to provision for income tax	44,158	40,377	2,775	3,875
	38,279	39,674	2,847	4,592

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000

7. CASH ASSETS

	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Cash	15,547	10,760	4,183	5,158
Short term deposits	2,322	1,760	-	-
	17,869	12,520	4,183	5,158

Short term deposits mature within 60 days and earn interest rates of between 4.00% and 5.07% (2004 3.00% and 5.40%) for Australia and New Zealand.

8. RECEIVABLES

	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Current				
Trade debtors	79,293	80,285	-	-
Provision for doubtful debts	(2,435)	(3,861)	-	-
	76,858	76,424	-	-
Other debtors	2,890	3,472	138	894
Amounts owing from related entities	-	-	82,270	34,702
	79,748	79,896	82,408	35,596
Non-Current				
Amounts owing from related entities	-	-	658,825	526,291

The carrying amounts of trade and other debtors approximates their net fair values.

9. CURRENT INVENTORIES

	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Raw material at cost	19,409	10,604	2,863	1,754
Work in Progress at cost	26	-	-	-
Finished goods at cost	578	180	8	9
Stock in transit at cost	722	354	722	354
Consumable stores at cost	330	241	-	-
	21,065	11,379	3,593	2,117

10. OTHER FINANCIAL ASSETS

	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Shares in controlled entities - not listed on stock exchanges at cost	-	-	17,951	52,579
Interests in partnerships at cost	6,193	6,193	-	-
Shares in other corporations - listed on stock exchanges at cost	452	446	4	4
Shares in other corporations - not listed on stock exchanges at cost	2,368	2,368	-	-
	9,013	9,007	17,955	52,583
Market value of listed shares	806	651	5	4

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	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
11. PROPERTY, PLANT, EQUIPMENT, AND SOFTWARE				
Freehold land				
At fair value based on cost	1,270	-	1,070	-
At fair value based on independent valuation - June 30, 2004	23,124	24,026	11,285	11,285
	24,394	24,026	12,355	11,285
Buildings on freehold land				
At fair value based on cost	4,841	-	3,882	-
Accumulated depreciation	(52)	-	(41)	-
	4,789	-	3,841	-
At fair value based on independent valuation - June 30, 2004	41,112	41,787	21,270	21270
Accumulated depreciation	(826)	-	(425)	-
	40,286	41,787	20,845	21,270
	45,075	41,787	24,686	21,270
Leasehold property				
At fair value based on cost	1,881	-	-	-
Accumulated depreciation	(32)	-	-	-
	1,849	-	-	-
At fair value based on independent valuation - June 30, 2004	14,600	14,600	-	-
Accumulated amortisation	(292)	-	-	-
	14,308	14,600	-	-
	16,157	14,600	-	-
Total land and buildings	85,626	80,413	37,041	32,555
Plant and equipment				
At cost	200,237	170,366	3,054	3,019
Accumulated depreciation	(92,207)	(82,832)	(2,325)	(2,145)
	108,030	87,534	729	874
Software				
At cost	13,768	12,000	3,965	3,669
Accumulated amortisation	(10,404)	(8,737)	(3,388)	(3,307)
	3,364	3,263	577	362
Capitalised finance leases				
Plant and equipment - at cost	575	652	-	-
Accumulated amortisation	(210)	(189)	-	-
	365	463	-	-
Total plant, equipment and software	111,759	91,260	1,306	1,236
	197,385	171,673	38,347	33,791

The independent valuations carried out as at June 30, 2004 were on the basis of 'open market value for existing use' of the properties, except where a small number of properties and of immaterial value are for sale, in which case the open market value has been used. The Directors are of the opinion that this basis provides a reasonable estimate of recoverable amount.

This valuation is in accordance with the Company's policy of obtaining an independent valuation of freehold land, buildings and leasehold property every three years.

In revaluing freehold land, buildings and leasehold property, the Directors have not taken into account the potential impact of capital gains tax on the grounds that properties are an integral part of the consolidated entity's operations and there is no intention to sell these assets. For the small number of properties that are for sale, any capital gains tax on disposal would be insignificant.

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
Reconciliations				
Reconciliation of the carrying amounts for each class of property, plant, equipment, and software are set out below:				
Freehold land				
Carrying amount at beginning of year	24,026	14,001	11,285	6,042
Additions	1,070	884	1,070	886
Acquisition through entity acquired	200	2,695	-	-
Disposals	(840)	(585)	-	-
Net amount of revaluation increments and decrements	-	7,066	-	4,357
Net foreign currency differences on translation of self-sustaining operation	(62)	(35)	-	-
	24,394	24,026	12,355	11,285
Buildings				
Carrying amount at beginning of year	41,787	37,349	21,270	22,122
Additions	4,766	1,740	3,882	1,257
Acquisition through entity acquired	75	7,145	-	-
Disposals	(669)	(1,288)	-	-
Depreciation	(884)	(927)	(466)	(482)
Net amount of revaluation increments and decrements	-	(2,232)	-	(1,627)
	45,075	41,787	24,686	21,270
Leasehold property				
Carrying amount at beginning of year	14,600	13,208	-	-
Additions	1,881	273	-	-
Amortisation	(324)	(280)	-	-
Net amount of revaluation increments and decrements	-	1,399	-	-
	16,157	14,600	-	-
Plant and equipment				
Carrying amount at beginning of year	87,534	70,190	874	779
Additions	36,202	25,218	339	540
Acquisition through entity acquired	210	9,203	-	-
Disposal of business	(46)	-	-	-
Disposals	(574)	(1,062)	(2)	(20)
Depreciation	(15,267)	(15,987)	(482)	(425)
Net foreign currency differences on translation of self-sustaining operation	(29)	(28)	-	-
	108,030	87,534	729	874
Software				
Carrying amount at beginning of year	3,263	1,769	362	275
Additions	1,738	2,741	470	333
Acquisition through entity acquired	6	79	-	-
Disposals	(1)	(34)	-	-
Amortisation	(1,631)	(1,289)	(255)	(246)
Net foreign currency differences on translation of self-sustaining operation	(11)	(3)	-	-
	3,364	3,263	577	362
Capitalised finance leases				
Carrying amount at beginning of year	463	435	-	-
Additions	-	133	-	-
Disposals	(15)	-	-	-
Amortisation	(83)	(105)	-	-
	365	463	-	-

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	CONSOLIDATED		COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
12. MASTHEADS				
At fair value based on cost	21,653	16,521	-	-
At fair value based on Independent valuation June 30, 2003	590,983	592,768	-	-
	612,636	609,289	-	-

The independent valuation was carried out at June 30, 2003 by Deloitte Corporate Finance Pty Limited. The methodology adopted values each business and then deducts the net tangible assets and assessed goodwill to derive a value for mastheads. The business value is determined based on capitalisation of future maintainable EBITDA taking into account the strengths, risks, growth opportunities, revenue and circulation trends for each masthead. The Directors are of the opinion that this basis provides a reasonable estimate of recoverable amount.

	CONSOLIDATED		COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
13. RADIO LICENCES				
At cost	15,413	15,328	-	-
14. DEFERRED TAX ASSETS				
Future income tax benefits	10,731	9,508	10,074	2,086
Future income tax benefits include amounts attributable to tax losses carried forward	-	-	-	-

Potential future income tax benefits in controlled entities arising from carried forward tax losses which have not been recognised as an asset because recovery is not virtually certain amount to approximately nil (2004 $2,687,000).
In recently acquired subsidiaries there are tax losses of $17,575,037 (2004 $17,961,919) potentially available to be offset against taxable income derived in those subsidiaries.
The potential future income tax benefit will only be obtained if the relevant companies:

(i) derive future assessable income of a nature and an amount sufficient to enable the benefit to be realised;
(ii) continue to comply with the conditions for deductibility imposed by the law; and if

no changes in tax legislation adversely affect the relevant companies in realising the benefit.

	CONSOLIDATED		COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
15. OTHER NON-CURRENT ASSETS				
Goodwill				
At cost	1,952	1,952	-	-
Accumulated amortisation	(1,124)	(974)	-	-
	828	978	-	-
Insurance licence agreements				
At cost	1,187	1,285	-	-
Accumulated amortisation	(800)	(828)	-	-
	387	457	-	-
	1,215	1,435	-	-
16. PAYABLES				
Current				
Trade creditors and accruals	40,827	44,821	7,167	6,211
Non-Current				
Trade creditors and accruals	812	938	-	-

The carrying amounts of trade creditors and accruals approximate their net fair values.

	Note	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000

17. INTEREST-BEARING LIABILITIES

	Note	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
Current					
Bank overdraft - unsecured		-	-	-	-
Liabilities under finance leases	28	128	136	-	-
		128	136	-	-
Non-Current					
Bank bills and borrowings - unsecured		199,375	159,830	140,000	97,000
Liabilities under finance leases	28	237	336	-	-
		199,612	160,166	140,000	97,000

The carrying amounts of bank overdrafts, finance leases and bank bills approximate their net fair values.

18. PROVISIONS

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
Current				
Legal and defamation	1,025	1,443	501	995
Restructure and redundancies	33	150	-	150
Employee entitlements	19,842	17,847	2,004	1,380
	20,900	19,440	2,505	2,525
Non-Current				
Employee entitlements	3,822	4,170	1,044	842

The carrying amount of the provisions approximate net fair value.

Total employee entitlements	23,664	22,017	3,048	2,222

Reconciliations

Reconciliation of the carrying amounts for each class of provision except for employee entitlements are set out below:

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
Legal and defamation				
Carrying amount at beginning of year	1,443	2,707	995	2,300
Provisions made/(utilised) during the year	(232)	(962)	(494)	(1,300)
Payments made during the year	(186)	(302)	-	(5)
	1,025	1,443	501	995
Restructure and redundancies				
Carrying amount at beginning of year	150	1,619	150	988
Provisions made/(utilised) during the year	696	(838)	440	(838)
Payments made during the year	(813)	(631)	(590)	-
	33	150	-	150

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	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
19. CONTRIBUTED EQUITY				
Issued and paid up capital				
118,880,581 (2004 118,647,877) ordinary shares fully paid	182,694	182,694	182,694	182,694
80,174,663 (2004 79,681,433) Preferred shares fully paid	140,099	137,770	140,099	137,770
	322,793	320,464	322,793	320,464

(a) Shares allotted under the Dividend Reinvestment Plan ("DRP") from the Special Dividend
On November 19, 2003 allotted under the DRP, 1,000,809 ordinary shares fully paid at $7.00 per share ($7,007,956) and 418,999 Preferred shares fully paid at $6.99 per share ($2,930,408).

(b) Shares allotted under the Executive Option Plan ("EOP")
During the year ended June 30, 2005 allotted under the EOP 46,665 (2004: Nil) Preferred shares fully paid at $4.60 per share ($214,659 (2004: Nil)), 354,997 (2004: 1,153,332) Preferred shares fully paid at $4.70 per share ($1,668,486 (2004: $5,420,660)), 71,569 (2004: 88,431) Preferred shares fully paid at $4.83 per share ($345,678 (2004: $427,122)) and 19,999 (2004: 13,333) Preferred shares fully paid at $5.00 per share ($99,995 (2004: $66,665)).

(c) Shares allotted under the Exempt Employee Share Plan ("EESP")
On June 28, 2005 allotted under the EESP, 96 ordinary shares fully paid to each of 2,424 employees totalling 232,704 ordinary shares and on July 22, 2003 allotted under the EESP, 161 ordinary shares fully paid to each of 2,317 employees totalling 373,198 ordinary shares.

(d) Share Options : Rural Press Executive Option Plan ("EOP")

Details of all options issued pursuant to the Rules of the EOP, including options issued to Directors to June 30, 2005, are as follows:

Date of Grant	No of Options Outstanding at Year End	Option Price	First Exercise Date	Last Exercise Date	Options Exercised During the Year
Total issued:					
December 18, 1998	-	4.70	December 18, 2001	December 19, 2004	111,669
December 17, 1999	66,667	4.83	December 17, 2002	December 17, 2005	71,569
December 22, 2000	26,668	5.00	December 22, 2003	December 22, 2006	19,999
December 21, 2001	123,335	4.60	December 21, 2004	December 21, 2007	46,665
May 10, 2002	1,091,672	4.70	May 10, 2005	May 10, 2008	243,328
December 20, 2002	460,000	4.73	December 21, 2005	December 21, 2008	-
June 13, 2003	200,000	5.56	June 13, 2006	June 13, 2009	-
December 19, 2003	400,000	6.98	December 19, 2006	December 19, 2009	-
June 11, 2004	890,000	7.62	June 11, 2007	June 11, 2010	-
Issued to Mr Brian McCarthy, Managing Director (included in above):					
December 20, 2002	200,000	4.73	December 21, 2005	December 21, 2008	-
June 11, 2004	100,000	7.62	June 11, 2007	June 11, 2010	-

At June 30, 2005 the total number of options outstanding was 3,258,342 (2004: 3,751,572). The options are exercisable once the performance hurdles are met and if exercised will be between July 1, 2005 and June 11, 2010. 493,230 (2004: 1,255,096) options were exercised and Nil (2004: 56,667) options lapsed during the period. Consideration of $2,328,818 (2004: $5,914,447) payable on the exercise of the options has been included in contributed equity. The fair value of shares issued on the exercise of the options during the year was $4,748,701 (2004: $8,848,897) using the respective closing market prices of the shares on the Australian Stock Exchange.

Further information on share and options plans is provided in Note 33 to the financial statements.

(e) Terms and Conditions of Contributed Equity

Ordinary shares
Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

Preferred shares
Preferred shares have the right to receive a non-cumulative preference dividend of 1.5 cents pa. If current year profits are not sufficient to pay this dividend then the Preferred dividend shall be the current year profits. A further non-cumulative dividend is payable such that the total dividend payable is the greater of 1.5 cents per Preferred share or 110% of the dividend payable on each ordinary share.

In the event of winding up of the company, the Preferred share shall have priority over an ordinary share in the repayment of paid up capital, any surplus shall be divided amongst the holders of the Preferred shares and ordinary shares based on fully paid shares held.

At any general meeting Preferred shares entitle their holder to one vote, in limited circumstances, either in person or by proxy. The circumstances are on a proposal: to reduce the capital; that affects the rights attached to the share; to wind up the Company; to dispose of all of the Company's property, businesses and undertakings; in respect of a dividend in arrears; to determine the terms of a buy-back agreement and during the wind up of the Company.

	Note	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
20. RESERVES					
Asset revaluation		182,555	182,583	5,984	5,984
Foreign currency translation		15,656	12,829	-	-
		198,211	195,412	5,984	5,984
Movements in asset revaluation reserve					
Balance at beginning of year		182,583	172,020	5,984	14,530
Revaluation of mastheads		-	-	-	-
Restatement of mastheads following increase in ownership interests		-	4,386	-	-
Adjustment of revaluation of land and buildings in minority		(28)	6,177	-	2,730
Transfer to retained earnings on realisation		-	-	-	(11,276)
		182,555	182,583	5,984	5,984
Movements in foreign currency translation					
Balance at beginning of year		12,829	10,740	-	-
Translation adjustment on financial statements of overseas controlled entities		2,827	2,089	-	-
		15,656	12,829	-	-

Nature and purpose of reserves

Asset Revaluation
The asset revaluation reserve is used to record increments and decrements in the relevant class of non-current assets. The reserve can only be used to pay dividends in limited circumstances.

Foreign Currency Reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of self-sustaining foreign operations.

	Note	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
21. RETAINED PROFITS					
Retained profits at beginning of year		139,153	123,680	221,844	73,732
Net profit attributable to members of the parent entity		112,853	87,108	198,522	208,471
Transfer from asset revaluation reserve		-	-	-	11,276
Dividend paid	23	(101,180)	(71,635)	(101,180)	(71,635)
		150,826	139,153	319,186	221,844
22. OUTSIDE EQUITY INTERESTS					
Analysis of outside equity interests in Controlled entities:					
Share capital		1,536	1,617		
Reserves		6,041	6,041		
Retained profits		4,158	3,357		
		11,735	11,015		
Reconciliation of outside equity interests in controlled entities:					
Opening balance		11,015	27,384		
Share of operating profit		1,410	2,061		
Dividends paid		(637)	(1,153)		
Revaluation of mastheads as at December 31, 2003		-	2,924		
Adjustment of revaluation of land and buildings		28	56		
Outside equity interest at date of acquisition of subsidiaries		-	(28,120)		
Reduction of share capital of outside equity interest		(81)	-		
Acquisition of outside equity interest		-	7,363		
Shares allotted		-	500		
		11,735	11,015		

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	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
23. DIVIDENDS				
Final dividend for 2004 paid of 20.00 cents fully franked to 30% (2003 16.00 cents fully franked to 30%) per ordinary share	23,729	18,824	23,729	18,824
Final dividend for 2004 paid of 22.00 cents fully franked to 30% (2003 17.60 cents fully franked to 30%) per Preferred share	17,551	13,838	17,551	13,838
Second interim dividend for 2004 paid of 10.00 cents fully franked to 30% (Special dividend 2003 10.00 cents fully franked to 30%) per ordinary share	11,865	11,765	11,865	11,765
Second interim dividend for 2004 paid of 11.00 cents fully franked to 30% (Special dividend 2003 11.00 cents fully franked to 30%) per Preferred share	8,776	8,649	8,776	8,649
First interim dividend for 2005 paid of 13.00 cents fully franked to 30% (2004 9.00 cents fully franked to 30%) per ordinary share	15,424	10,678	15,424	10,678
First interim dividend for 2005 paid of 14.30 cents fully franked to 30% (2004 9.90 cents fully franked to 30%) per Preferred share	11,426	7,881	11,426	7,881
Second interim dividend for 2005 paid of 6.00 cents fully franked to 30% per ordinary share	7,119	-	7,119	-
Second interim dividend for 2005 paid of 6.60 cents fully franked to 30% per Preferred share	5,290	-	5,290	-
	101,180	71,635	101,180	71,635
Dividend imputation				
All dividends paid were fully franked out of existing franking credits.				
Franking credits available to shareholders for subsequent finanical years after allowing for tax in respect of current years profits.				
- at 30% (2004 30%)	66,289	66,979	55,380	31,970
As of July 1, 2002 the New Business Tax System (Imputation) Act 2002 requires a company's franking credits to be expressed on a tax paid basis.				
The above franking credits would allow the payment of a fully franked dividend to the value of:	154,674	156,284	129,220	74,597

Consolidated amounts assumes all controlled entities' retained profits and reserves are distributed to the Company.

Franking credits of $15,463,549 (2004: $14,043,905) in a partially owned subsidiary will not be available until sufficent profits are derived to enable distribution.

24. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
Profit from ordinary activities after income tax	114,263	89,169	198,522	208,471
Add/(less) non-cash items:				
Depreciation	16,151	16,914	948	907
Amortisation	2,224	1,888	255	246
Provision for doubtful debts	347	1,623	-	-
Profit/(loss) on sale of property, plant, equipment, and software	171	(117)	2	6
Profit on sale of investments	(10)	-	(10)	-
Profit on sale of controlled entities	-	-	(28,376)	(127,819)
Write off of investments and loans	-	-	24,220	-
Increase/(decrease) in income taxes payable	(4,280)	474	12,420	(1,390)
(Increase)/decrease in future income tax benefits	(1,208)	(228)	(7,988)	689
(Decrease)/increase in deferred taxes payable	(4,699)	(480)	-	-

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
Changes in assets and liabilities:				
(Increase)/decrease in debtors	(506)	(8,157)	-	-
(Increase)/decrease in other debtors	600	7,999	756	(267)
Decrease/(increase) in amounts owing from related entities	-	-	(13,132)	(1,644)
(Increase)/decrease in inventories	(9,603)	1,675	(1,476)	1,476
Decrease/(increase) in other current assets	90	379	27	(27)
Increase/(decrease) in trade creditors and accruals	(4,596)	4,658	956	(635)
Increase/(decrease) in lease liabilities	(98)	20	-	-
Increase/(decrease) in other provisions	(535)	(2,733)	(644)	(2,143)
Increase/(decrease) in employee leave provisions	1,609	1,398	826	171
Net cash provided by operating activities	109,920	114,482	187,306	78,041

	CONSOLIDATED ACQUISITIONS 2005 $'000	CONSOLIDATED ACQUISITIONS 2004 $'000	CONSOLIDATED DISPOSALS 2005 $'000	CONSOLIDATED DISPOSALS 2004 $'000
(b) Businesses acquired/disposed of				
Consideration				
Cash	5,830	52,525	217	-
Outside equity interest at date of acquisition/disposal	-	7,363	-	-
	5,830	59,888	217	-
Fair value of net assets of businesses acquired/disposed				
Cash	120	3,823	-	-
Trade debtors	449	4,660	174	-
Other debtors	39	1,625	14	-
Inventories	83	989	-	-
Prepayments	22	258	-	-
Other financial assets	-	28,916	-	-
Property, plant, equipment and software	491	19,120	46	-
Mastheads	5,132	8,996	-	-
Radio licences	-	3,930	-	-
Goodwill	-	303	-	-
Future income tax benefits	20	38	4	-
Trade creditors and accruals	(476)	(3,701)	-	-
Bank bills	-	(7,484)	-	-
Lease liabilities	-	(13)	(9)	-
Income tax payable	-	(27)	-	-
Employee leave provisions	(50)	(1,545)	(12)	-
	5,830	59,888	217	-
(Loss)/Profit on sale	-	-	-	-
	5,830	59,888	217	-
Outflow/inflow of cash, net of cash acquired/disposed				
Cash consideration	5,830	52,525	217	-
Less Cash at bank	(120)	(3,823)	-	-
	5,710	48,702	217	-

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
(c) Reconciliation of cash				
Cash	17,869	12,520	4,183	5,158
Bank overdraft	-	-	-	-
Cash at the end of the financial year	17,869	12,520	4,183	5,158

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	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000

25. FINANCING ARRANGEMENTS

The consolidated entity has access to the following financing arrangements:

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
Bill acceptance and cash advance facilities:				
maturing within 12 months	-	1,250	-	-
maturing after 12 months	350,000	350,000	350,000	350,000
	350,000	351,250	350,000	350,000
Amount unused	150,625	191,420	210,000	253,000
Bank overdraft facilities:				
maturing within 12 months	2,000	2,000	2,000	2,000
maturing after 12 months	-	-	-	-
	2,000	2,000	2,000	2,000
amount unused	2,000	2,000	2,000	2,000

These arrangements do not include leasing arrangements as disclosed in Note 28.

The Company has an unsecured bank overdraft. Interest on the bank overdraft is charged at prevailing market rates. The effective interest rate is 8.5% (2004 8.5%).

The Company and an overseas subsidiary have an unsecured bank facility denominated in Australian dollars. Drawings under the facility bear interest at the Bank Bill Rate or LIBOR rates plus the consolidated entity's credit margin. The effective annual interest rate on amounts drawn is 5.52% at June 30, 2005 (2004 3.97%).

26. REMUNERATION OF AUDITORS

	CONSOLIDATED 2005 $	CONSOLIDATED 2004 $	COMPANY 2005 $	COMPANY 2004 $
Amounts received or due and receivable for audit services by:				
Auditors of the Company - KPMG	1,059,450	871,097	337,266	269,069
Other auditors	132,475	50,750	-	4,700
	1,191,925	921,847	337,266	273,769
Amounts received or due and receivable for other services by:				
Auditors of the Company - KPMG				
Other assurance services	59,675	59,774	26,460	4,420
Taxation services	218,313	160,235	130,313	57,176
Other auditors				
Tax services	151,548	156,265	132,000	124,013
Valuation services	40,183	-	-	-
Other services	41,932	37,100	41,932	37,100
	511,651	413,374	330,705	222,709

27. DETAILS OF SPECIFIED DIRECTORS AND SPECIFIED EXECUTIVES

Details of Specified Directors and Specified Executives

Specified Directors

JB Fairfax AM	Chairman (Non Executive)
BK McCarthy	Managing Director
B Gowrie-Smith	Non Executive Director
TV Fairfax AM	Non Executive Director
SF Higgs	Non Executive Director
PA Roach	Non Executive Director
N Burton Taylor AM	Non Executive Director (resigned June 30, 2005)

Specified Executives

AG Browne	General Manager Regional Publishing - Northern
BC Cassell	General Manager Finance
RA Lockley	General Manager Printing
L Whish-Wilson	General Manager Metro and Regional Publishing - Southern
AE Williams	General Manager Western and USA

Remuneration of Specified Directors and Specified Executives

	Primary				Post Employment		Equity	Other	Total
2005	Salary & Fees	Cash Bonus	Non Monetary Benefits	Leave Entitle-ments	Super-annuation	Retirement Benefits[1]	Options		
Specified Directors									
JB Fairfax AM	175,000	-	-	-	13,500	151,757	-	-	340,257
BK McCarthy	691,629	205,000	113,150	165,273	15,771	-	53,068	-	1,243,891
B Gowrie-Smith	75,000	-	-	-	5,625	65,919	-	-	146,544
TV Fairfax AM	70,000	-	-	-	5,400	59,992	-	-	135,392
SF Higgs	71,538	-	-	-	-	70,000	-	-	141,538
PA Roach	80,000	-	-	-	-	-	-	-	80,000
N Burton Taylor AM	78,486	-	-	-	-	-	-	-	78,486
Total Remuneration of Specified Directors	1,241,653	205,000	113,150	165,273	40,296	347,668	53,068	-	2,166,108
Specified Executives									
AG Browne	244,545	73,950	34,650	45,163	28,405	-	40,813	-	467,526
BC Cassell	322,075	74,588	18,000	23,639	41,325	-	35,244	-	514,871
RA Lockley	304,750	71,275	15,000	46,035	14,850	-	35,244	-	487,154
L Whish-Wilson	276,090	76,013	15,110	3,798	40,000	-	40,813	-	451,824
AE Williams	265,998	81,550	17,000	31,369	38,702	-	35,244	-	469,863
Total Remuneration of Specified Executives	1,413,458	377,376	99,760	150,004	163,282	-	187,358	-	2,391,238

[1] Represents the increase in provision for retiring allowance for eligible Directors, none of which was paid in cash during the year.

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	Primary				Post Employment		Equity	Other	Total
	Salary & Fees	Cash Bonus	Non Monetary Benefits	Leave Entitle-ments	Super-annuation	Retirement Benefits[1]	Options		
2004									
Specified Directors									
JB Fairfax AM	131,250	-	-	-	11,250	26,714	-	-	169,214
BK McCarthy	576,567	162,000	90,692	24,135	13,433	-	28,190	-	895,017
B Gowrie-Smith	53,894	-	-	-	4,849	10,234	-	-	68,977
TV Fairfax AM	53,606	-	-	-	4,824	9,737	-	-	68,167
SF Higgs	55,000	-	-	-	-	-	-	-	55,000
CB Livingstone [2]	18,452	-	-	-	-	-	-	-	18,452
PA Roach	59,559	-	-	-	-	-	-	-	59,559
N Burton Taylor AM	52,500	-	-	-	-	-	-	-	52,500
Total Remuneration of Specified Directors	1,000,828	162,000	90,692	24,135	34,356	46,685	28,190	-	1,386,886

[1] Represents the increase in provision for retiring allowance for eligible Directors, none of which was paid in cash during the year.

[2] Resigned October 17, 2003

	Salary & Fees	Cash Bonus	Non Monetary Benefits	Leave Entitle-ments	Super-annuation	Retirement Benefits	Equity Options	Other	Total
Specified Executives									
AG Browne	176,945	63,000	24,650	22,081	13,405	-	19,907	-	319,988
BC Cassell	281,004	65,450	12,000	2,232	38,296	-	18,946	-	417,928
RA Lockley	258,742	80,618	15,336	7,916	12,922	-	18,946	-	394,480
L Whish-Wilson	194,890	58,800	15,110	9,743	40,000	-	19,907	-	338,450
AE Williams	228,946	56,800	17,000	1,591	36,754	-	18,946	-	360,037
Total Remuneration of Specified Executives	1,140,527	324,668	84,096	43,563	141,377	-	96,652	-	1,830,883

Remuneration Options: Granted and Vested During the Year

No options were granted during the financial year. In the previous year, on June 11, 2004, options were granted as equity compensation benefits to certain Specified Directors and Specified Executives as disclosed below. Refer to Note 33 for the terms and conditions of the option grants. Providing the hurdles are met the options are first exercisable on June 11, 2007 and must be exercised by June 11, 2010. The estimated value of each option at grant date was $1.023. An amount of $7.62 will be paid on exercise for each option granted during the year. No further amount is payable upon exercise of the options.

	Vested During year		Granted During year		Shares Issued on Exercise of Options During year		Amount Paid Per Option	
	2005	2004	2005	2004	2005	2004	2005	2004
Specified Directors								
BK McCarthy	-	66,667	-	100,000	-	66,667	-	$4.70
Specified Executives								
AG Browne	26,666	13,334	-	50,000	40,000	26,666	$4.70	$4.70
BC Cassell	33,333	33,334	-	50,000	-	100,000	-	$4.70
RA Lockley	33,333	33,334	-	50,000	-	100,000	-	$4.70
L Whish-Wilson	26,666	13,334	-	50,000	26,666	40,000	$4.70	$4.70
AE Williams	33,333	33,334	-	50,000	-	100,000	-	$4.70
	153,331	126,670	-	250,000	66,666	366,666		

In respect of shares issued, no amounts remain unpaid.

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Option Holdings of Specified Directors and Specified Executives

2005	Balance 1 July 2004		Granted as Remuneration		Options Exercised		Balance 30 June 2005		Vested at 30 June 2005		
	Ordinary	Preferred	Ordinary	Preferred	Ordinary	Preferred	Ordinary	Preferred	Total	Not Exercisable	Exercisable
Specified Directors											
JB Fairfax AM	-	-	-	-	-	-	-	-	-	-	-
B Gowrie-Smith	-	-	-	-	-		-	-	-	-	-
TV Fairfax AM	-	-	-	-	-	-	-	-	-	-	-
SF Higgs	-	-	-	-	-	-	-	-	-	-	-
PA Roach	-	-	-	-	-	-	-	-	-	-	-
N Burton Taylor AM	-	-	-	-	-	-	-	-	-	-	-
BK McCarthy	-	300,000	-	-	-	-	-	300,000	-	-	-
	-	300,000	-	-	-	-	-	300,000	-	-	-
Specified Executives											
AG Browne	-	223,334	-	-	-	40,000	-	183,334	-	-	-
BC Cassell	-	150,000	-	-	-	-	-	150,000	33,333	-	33,333
RA Lockley	-	150,000	-	-	-	-	-	150,000	33,333	-	33,333
L Whish-Wilson	-	210,000	-	-	-	26,666	-	183,334	-	-	-
AE Williams	-	150,000	-	-	-	-	-	150,000	33,333	-	33,333
	-	883,334	-	-	-	66,666	-	816,668	99,999	-	99,999
	-	1,183,334	-	-	-	66,666	-	1,116,668	99,999	-	99,999

2004	Balance 1 July 2003		Granted as Remuneration		Options Exercised		Balance 30 June 2004		Vested at 30 June 2004		
	Ordinary	Preferred	Ordinary	Preferred	Ordinary	Preferred	Ordinary	Preferred	Total	Not Exercisable	Exercisable
Specified Directors											
JB Fairfax AM	-	-	-	-	-	-	-	-	-	-	-
B Gowrie-Smith	-	-	-	-	-		-	-	-	-	-
TV Fairfax AM	-	-	-	-	-	-	-	-	-	-	-
SF Higgs	-	-	-	-	-	-	-	-	-	-	-
CB Livingstone (1)	-	-	-	-	-	-	-	-	-	-	-
PA Roach	-	-	-	-	-	-	-	-	-	-	-
N Burton Taylor AM	-	-	-	-	-	-	-	-	-	-	-
BK McCarthy	-	266,667	-	100,000	-	66,667	-	300,000	-	-	-
	-	266,667	-	100,000	-	66,667	-	300,000	-	-	-
Specified Executives											
AG Browne	-	200,000	-	50,000	-	26,666	-	223,334	13,334	-	13,334
BC Cassell	-	200,000	-	50,000	-	100,000	-	150,000	-	-	-
RA Lockley	-	200,000	-	50,000	-	100,000	-	150,000	-	-	-
L Whish-Wilson	-	200,000	-	50,000	-	40,000	-	210,000	-	-	-
AE Williams	-	200,000	-	50,000	-	100,000	-	150,000	-	-	-
	-	1,000,000	-	250,000	-	366,666	-	883,334	13,334	-	13,334
	-	1,266,667	-	350,000	-	433,333	-	1,183,334	13,334	-	13,334

(1) Resigned October 17, 2003

Loans to Specified Directors and Specified Executives

Details of aggregates of loan to specified Directors and specified executives are as follows:

2005	Balance at beginning of period $	Interest charged $	Interest not charged $	Write-off $	Balance at end of period $	Number in in group 30 June 2005
Specified Directors	-	-	-	-	-	-
Specified Executives	16,791	-	509	-	-	-
Total	16,791	-	509	-	-	

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2004	Balance at beginning of period $	Interest charged $	Interest not charged $	Write-off $	Balance at end of period $	Number in in group 30 June 2004
Specified Directors	-	-	-	-	-	-
Specified Executives	92,830	-	2,260	-	16,791	3
Total	92,830	-	2,260	-	16,791	

In the current and previous reporting period, there were no individual loans in excess of $100,000 to specified Directors or specified executives.

Terms and Conditions of Loans

Loans to specified executives were made under the terms of the Rural Press Employee Share Scheme (RPESS) approved by shareholders on 21 June 1990. The loans are interest free and are repayable by fixed monthly instalments and by dividends on shares acquired under the RPESS.

Shareholdings of Specified Directors and Specified Executives

2005	Balance 1 July 2004	Granted as Remuneration	On Exercise of Options	Purchases	Dividend Reinvestment	Sold	Balance 30 June 2005
Ordinary Shares							
Specified Directors							
JB Fairfax AM/ TV Fairfax AM [1]	64,026,630	-	-	-	-	-	64,026,630
B Gowrie-Smith	10,563	-	-	-	-	-	10,563
SF Higgs	7,347	-	-	-	-	-	7,347
PA Roach	710	-	-	-	-	-	710
N Burton Taylor AM [2]	-	-	-	-	-	-	-
BK McCarthy	51,260	-	-	5,467	-	-	56,727
	64,096,510	-	-	5,467	-	-	64,101,977
Specified Executives							
AG Browne	36,797	-	-	1,214	-	32,000	6,011
BC Cassell	88,545	-	-	-	-	-	88,545
RA Lockley	38,998	-	-	-	-	-	38,998
L Whish-Wilson	15,331	-	-	-	-	-	15,331
AE Williams	27,670	-	-	-	-	-	27,670
	207,341	-	-	1,214	-	32,000	176,555
Preferred Shares							
Specified Directors							
JB Fairfax AM/ TV Fairfax AM [1]	23,676,991	-	-	5,000,000	-	-	28,676,991
B Gowrie-Smith	6,405	-	-	1,926	-	-	8,331
SF Higgs	-	-	-	-	-	-	-
PA Roach	-	-	-	-	-	-	-
N Burton Taylor AM [2]	20,000	-	-	-	-	-	20,000
BK McCarthy	252,001	-	-	-	-	-	252,001
	23,955,397	-	-	5,001,926	-	-	28,957,323
Specified Executives							
AG Browne	17,350	-	40,000	-	-	16,492	40,858
BC Cassell	104,889	-	-	-	-	15,000	89,889
RA Lockley	144,399	-	-	-	-	-	144,399
L Whish-Wilson	27,000	-	26,666	-	-	10,000	43,666
AE Williams	105,622	-	-	-	-	-	105,622
	399,260	-	66,666	-	-	41,492	424,434

[1] Each Specified Director has a beneficial interest in these shareholdings
[2] Resigned June 30, 2005

Shareholdings of Specified Directors and Specified Executives

2004	Balance 1 July 2003	Granted as Remuneration	On Exercise of Options	Purchases	Dividend Reinvestment	Sold	Balance 30 June 2004
Ordinary Shares							
Specified Directors							
JB Fairfax AM/ TV Fairfax AM [1]	63,158,946	-	-	-	867,684	-	64,026,630
B Gowrie-Smith	9,415	-	-	1,000	148	-	10,563
SF Higgs	7,347	-	-	-	-	-	7,347
CB Livingstone [2]	5,000						
PA Roach	700	-	-	-	10	-	710
N Burton Taylor AM	-	-	-	-	-	-	-
BK McCarthy	43,563	-	-	7,697	-	-	51,260
	63,224,971	-	-	8,697	867,842	-	64,096,510
Specified Executives							
AG Browne	34,932	-	-	1,816	49	-	36,797
BC Cassell	88,545	-	-	-	-	-	88,545
RA Lockley	38,998	-	-	-	-	-	38,998
L Whish-Wilson	15,331	-	-	-	-	-	15,331
AE Williams	27,670	-	-	-	-	-	27,670
	205,476	-	-	1,816	49	-	207,341
Preferred Shares							
Specified Directors							
JB Fairfax AM/ TV Fairfax AM [1]	23,313,482	-	-	-	363,509	-	23,676,991
B Gowrie-Smith	4,725	-	-	1,581	99	-	6,405
SF Higgs	-	-	-	-	-	-	-
CB Livingstone [2]	-						
PA Roach	-	-	-	-	-	-	-
N Burton Taylor AM	20,000	-	-	-	-	-	20,000
BK McCarthy	185,334	-	66,667	-	-	-	252,001
	23,523,541	-	66,667	1,581	363,608	-	23,955,397
Specified Executives							
AG Browne	17,350	-	26,666	-	-	26,666	17,350
BC Cassell	41,937	-	100,000	-	-	37,048	104,889
RA Lockley	44,399	-	100,000	-	-	-	144,399
L Whish-Wilson	-	-	40,000	-	-	13,000	27,000
AE Williams	5,622	-	100,000	-	-	-	105,622
	109,308	-	366,666	-	-	76,714	399,260

[1] Each Specified Director has a beneficial interest in these shareholdings
[2] Resigned October 17, 2003

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	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
28. LEASE COMMITMENTS				
Operating leases				
Amounts due:				
Not later than 1 year	6,207	5,617	3,038	2,430
Later than 1 year and not later than 5 years	10,560	8,004	3,860	2,673
Later than 5 years	1,790	703	-	-
	18,557	14,324	6,898	5,103
Finance leases				
Amounts due:				
Not later than 1 year	149	159	-	-
Later than 1 year and not later than 5 years	253	367	-	-
Total minimum lease payments	402	526	-	-
Future finance charges	(37)	(54)	-	-
Lease liability	365	472	-	-
Current	128	136	-	-
Non-current	237	336	-	-
	365	472	-	-

29. CAPITAL COMMITMENTS

The Company and its controlled entities are committed to purchase buildings, plant and equipment totalling $9,186,000 (2004 $36,153,000). These amounts will be expended during the year ending June 30, 2006.

30. CONTINGENT LIABILITIES AND GUARANTEES

(a) The Company and its controlled entities are defendants in a number of legal actions arising from operations. The Directors believe no material losses will be incurred. The costs expected in defending these actions have been provided for in the financial statements.

(b) During the prior year the Company sold two controlled entities to another subsidiary as part of an internal corporate restructure. The Company had not booked any capital gains tax ($38,346,000) on the transaction even though it had not yet elected to enter into the tax consolidation system. The Company had not made a formal decision on when to implement the tax consolidation system. It was envisaged however that a decision would be made when to consolidate prior to lodgement of the 2004 tax returns such that no tax liability would arise.

(c) An uncertainity exists in relation to income tax losses claimed by a subsidiary company prior to it being acquired by the Rural Press Group. The existence of and the amount of any liability is unknown. A right of recovery from the vendor exists for any adjustments should they arise. Directors do not believe there will be any net liability for the consolidated entity.

31. ULTIMATE PARENT ENTITY

The ultimate parent entity of Rural Press Limited is Marinya Holdings Pty Limited, incorporated in Australia.

32. SUPERANNUATION COMMITMENTS

The consolidated entity participates in a number of superannuation plans, all of which provide accumulation benefits. Employer contributions are made to these plans at levels equal to or in excess of the minimum required by the Superannuation Guarantee Legislation.

33. SHARE AND OPTION PLANS

The Company has three share and option plans in operation. All three plans were approved by shareholders on October 9, 1998 and again on October 19, 2001.

Rural Press Exempt Employee Share Plan (EESP)

The EESP was established to create an ownership ethic and identification with the Company's performance for all eligible employees.

The Company may provide shares to the Plan Company, or may pay contributions to the Plan Company being an amount not exceeding $1,000 per participant per year to fund the acquisition of shares for the purposes of the Plan. The Plan Company must use these contributions to subscribe shares for participants. The Plan Company is not permitted to repay to the Company any amount received as contributions for the acquisitions of shares.

The Company has made three offers to eligible employees under the EESP. The first being an offer on May 26, 1999 resulted in 360,555 ordinary shares being issued to 1,849 employees; 195 shares, equivalent to $1,000 worth, were granted to each employee. The second offer on June 13, 2003 resulted in 373,037 ordinary shares being issued to 2,317 employees on July 22, 2003; 161 shares, equivalent to $1,000 worth, were granted to each employee. The third offer on May 20, 2005 resulted in 232,704 ordinary shares being issued to 2,424 employees on June 28, 2005; 96 shares, equivalent to $1,000 worth, were granted to each employee. All of these offers were made without any payment being required by the employees.

Rural Press Deferred Employee Share Plan (DESP)

The DESP was primarily introduced to enable staff and directors to obtain ownership of the Company's shares as part of their remuneration. The DESP was approved by shareholders at the annual general meeting on October 9, 1998 and was varied pursuant to the Plan Rules by a directors' resolution on May 10, 2001.

The Company may provide shares to the Plan Company, or may pay contributions to the Plan Company to fund the acquisition of shares for the purposes of the Plan. The Plan Company must use these contributions (if any) to purchase shares for participants.

To June 30, 2004, the following acquisitions of shares in the Company have been made pursuant to the DESP:

1. To a non-executive director during 2002, in lieu of fees (in accordance with shareholder approval obtained at the 2000 AGM).
2. In accordance with the offer programmes known as DESP Offer 2001, DESP Offer 2002, DESP Offer 2003 and DESP Offer 2004, the programme permits eligible employees to apply to acquire ordinary shares as part of their normal remuneration by way of 'salary sacrifice'; and if entitled to a bonus during the year, to receive this bonus in the form of ordinary shares in the Company, in each case such ordinary shares being bought on-market.

The Managing Director participates in the DESP in accordance with an ASX waiver from Listing Rule 10.14 obtained in 2001.

Full details of such purchases have been notified to the ASX from time to time, and his shareholdings appear in note 27.

Rural Press Executive Option Plan (EOP)

The EOP was introduced as a performance incentive to executives and includes a market competitive performance hurdle which the Company is required to achieve before executives receive any benefit from participating in the EOP.

The performance hurdle is based on achieving either of the following requirements:

- earnings per share of the Company, compounded over the life of the relevant option period, is equal to or greater than the change in the consumer price index over the same period plus 3% per annum compound (4% for options issued before December 31, 2001); or
- an average of an accumulation index calculated by ASX in respect of the Company over the 90 days of trading up to and including the day preceding the date of exercise of the options is equal to or greater than an average of an accumulation index calculated by ASX in respect of listed shares in the companies comprising the Mid Cap Industrials Index in the same period.

The price at which the options are granted is the weighted average market price of the Company's Preferred shares sold on ASX during the 1 week period up to and including the day the options are granted (or such other date or period as ensures compliance with tax laws), and is paid upon exercise of the options. No further sum is payable on exercise of the options.

Employees must be and remain Eligible Employees to continue participation in the EOP. The options lapse on the earlier of their last exercise date; any act of dishonesty or like conduct against the Company which results in the participant foregoing any entitlements under the EOP rules; and the performance hurdle having not been achieved on or before the last exercise date.

The options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Further information in relation to options issued and exercised to June 30, 2004 is provided in Note 19 to these financial statements.

Maximum Participation by Share Plans

The number of shares acquired during the previous 5 years from new issues under all employee share schemes established by the Company plus the shares which would be acquired from new issues by the Company under all employee share schemes were all outstanding options to acquire unissued shares (issued pursuant to such employee share schemes) to be exercised, shall not exceed 5% of the total number of issued shares in the Company.

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34. RELATED PARTY TRANSACTIONS

During the year there have been transactions between Rural Press Limited and its controlled entities which have been eliminated on consolidation. Rural Press Limited supplies newsprint and accounting and administrative services to members of the consolidated entity on commercial terms and conditions. The value of accounting and administrative services provided to non wholly owned entities is not material. Certain wholly owned controlled entities provide production services to non wholly owned controlled entities, the value of which is not material.

The loans outstanding between the Company and its controlled entities are repayable at call and are non interest bearing.

In addition to these transactions, the Company maintains a centralised treasury function for wholly owned controlled entities. The amounts outstanding at balance date are set out in Note 8.

Transactions with Director Related Entities

Companies of the consolidated entity have paid interest on borrowings and have acquired services from, and have received interest on deposits from and provided printing services to Westpac Banking Corporation, of which JB Fairfax AM was a Director until September 1, 2003. Companies of the consolidated entity have acquired goods and services from, and provided advertising to, Telstra Corporation Limited, of which CB Livingstone, (resigned on October 17, 2003) was a Director. Companies of the consolidated entity have provided advertising to Graincorp Limited, The Australian Agricultural Company Limited and the family pastoral enterprises, of which N Burton Taylor is a Director or principal. All transactions were on normal terms and conditions.

An amount of $NIL (2004: $70,976) is owing to a partly owned subsidiary by a Director of that subsidiary, P Poulos, in connection with the acquisition of that subsidiary by the consolidated entity. Interest is charged on the loan at normal commercial rates.

Details of interests in controlled entities are set out in Note 38.

Details of the consolidated entity's employee superannuation plans are set out in Note 32.

35. FOREIGN CURRENCY

The domestic currency equivalent of unhedged foreign currency assets and liabilities of overseas controlled entities are in the financial statements as follows:

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000
NEW ZEALAND DOLLARS		
Assets		
Current	3,091	3,105
Non-current	3,806	3,816
Total	6,897	6,921
Liabilities		
Current	928	1,435
Non-current	-	-
Total	928	1,435
UNITED STATES DOLLARS		
Assets		
Current	4,362	5,187
Non-current	16,619	25,495
Total	20,981	30,682
Liabilities		
Current	4,058	5,089
Non-current	60,332	63,868
Total	64,390	68,957

The Company has forward exchange contracts to buy foreign currency for:-

newsprint purchases:

$US6,044,173 due and payable within three months with a weighted average rate of 0.77815 (2004: $US1,254,000 due and payable within three months with a weighted average rate of 0.7113); and

equipment purchases:

$US1,614,062 due and payable within three months with a weighted average rate of 0.77705 (2004: $US1,652,000 due and payable within three months with a weighted average rate of 0.7515);

EUR2,582,938 due and payable within three months with a weighted average rate of 0.59073 (2004: EUR10,201,000 due and payable within three months with a weighted average rate of 0.6104); and

CHF1,296,130 due and payable within three months with a weighted average rate of 0.89277 (2004: CHF2,500,000 due and payable within three months with a weighted average rate of 0.9486.

36. DEED OF CROSS GUARANTEE

Pursuant to an ASIC Class Order 98/1418 (as amended) dated August 13, 1998, relief has been granted to the wholly owned subsidiaries listed in Note 38 from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

A consolidated statement of financial performance and statement of financial position comprising the Company and subsidiaries which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, is set out below.

	CONSOLIDATED	
	2005 $'000	2004 $'000
STATEMENT OF FINANCIAL POSITION		
Cash assets	5,679	6,728
Receivables	76,278	78,474
Inventories	19,493	10,032
Prepayments	1,179	1,172
TOTAL CURRENT ASSETS	102,629	96,406
Other financial assets	95,038	93,815
Property, plant, equipment, and software	164,737	138,421
Mastheads	505,489	501,702
Deferred tax assets	10,073	9,008
Other	577	251
TOTAL NON-CURRENT ASSETS	775,914	743,197
TOTAL ASSETS	878,543	839,603
Payables	32,186	36,151
Current tax liabilities	15,199	20,112
Provisions	17,159	15,068
TOTAL CURRENT LIABILITIES	64,544	71,331
Payables	335	246
Interest bearing liabilities	140,000	97,000
Deferred tax liabilities	-	4,834
Provisions	3,362	3,829
TOTAL NON-CURRENT LIABILITIES	143,697	105,909
TOTAL LIABILITIES	208,241	177,240
NET ASSETS	670,302	662,363
Contributed equity	322,793	320,464
Reserves	210,016	210,016
Retained profits	137,493	131,883
TOTAL SHAREHOLDERS' EQUITY	670,302	662,363

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	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000
STATEMENT OF FINANCIAL PERFORMANCE		
Profit from ordinary activities before income tax	138,645	119,869
Income tax attributable to profit from ordinary activities	(31,762)	(33,968)
Profit from ordinary activities after income tax	106,883	85,901
Retained profits at the beginning of the financial year	131,790	117,617
	238,673	203,518
Dividends paid	(101,180)	(71,635)
Retained profits at the end of the financial year	137,493	131,883

37. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

Credit Risk

Credit risk represents the loss that would be recognised if counter-parties failed to perform as contracted. The consolidated entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated on the balance sheet. The consolidated entity minimises concentrations of credit risk by undertaking transactions with a large number of customers and counter-parties, and the majority of customers are in Australia.

All derivative contracts are with major financial institutions. The consolidated entity's maximum credit risk exposure in relation to forward exchange contracts and interest rate swaps is detailed below.

Net Fair Values

Off-balance sheet financial instruments:

The valuation of off-balance sheet financial instruments reflects the estimated amounts which the consolidated entity expects to pay or receive to terminate the contracts (net of transaction costs) or replace the contracts at their current market rates as at reporting date. This is based on independent market quotations and determined using standard valuation techniques.

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000
Interest rate swaps	1,175	2,161

In securing certainty over future cash flows by hedging certain transactions, the consolidated entity has obtained a net notional profit of $1,175,000 (2004: $2,161,000). This notional profit was offset by an equivalent unfavourable movement on the underlying transactions.

Interest Rate Risk

(i) Interest rate swaps:

Interest rate swaps allow the consolidated entity to swap floating rate borrowings into fixed rates. Each contract involved quarterly payments or receipts of the net amount of interest. The fixed rate varies from 2.85% to 5.99% (2004: 3.47% to 6.62%) and the floating rates were at the bank bill rates or the LIBOR rate plus the consolidated entity's credit margin. The weighted average effective floating interest rate was 5.05% (2004: 4.00%).

(ii) Interest rate risk exposures:

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities are set out on the next page.

	Note	Floating Interest Rate $'000	1 Year or less $'000	Over 1 to 5 years $'000	More than 5 years $'000	Non-interest bearing $'000	Total $'000
			Fixed interest maturing in				
2005							
Financial assets							
Cash	7	17,869	-	-	-	-	17,869
Receivables	8	-	-	-	-	79,748	79,748
Other financial assets	10	-	-	-	-	9,013	9,013
		17,869	-	-	-	88,761	106,630
Weighted average interest rate		4.79					
Financial liabilities							
Bank overdrafts and loans	17	199,375	-	-	-	-	199,375
Payables	16	-	-	-	-	41,639	41,639
Liabilities under finance leases	17	-	128	237	-	-	365
Provisions	18	-	-	-	-	1,058	1,058
Employee entitlements	18	-	-	-	-	23,664	23,664
		199,375	128	237	-	66,361	266,101
Interest rate swaps		(76,994)	-	76,994	-	-	-
Weighted average interest rate		5.82	6.58	4.69			
2004							
Financial assets							
Cash	7	12,520	-	-	-	-	12,520
Receivables	8	-	-	-	-	79,896	79,896
Other financial assets	10	-	-	-	-	9,007	9,007
		12,520	-	-	-	88,903	101,423
Weighted average interest rate		4.36					
Financial liabilities							
Bank overdrafts and loans	17	159,830	-	-	-	-	159,830
Payables	16	-	-	-	-	45,759	45,759
Liabilities under finance leases	17	-	136	336	-	-	472
Provisions	18	-	-	-	-	1,593	1,593
Employee entitlements	18	-	-	-	-	22,017	22,017
		159,830	136	336	-	69,369	229,671
Interest rate swaps		(79,983)	-	79,983	-	-	-
Weighted average interest rate		3.94	6.81	5.30			

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38. PARTICULARS RELATING TO CONTROLLED ENTITIES

Entity and Place of Incorporation	Beneficial Interest % 2005	Beneficial Interest % 2004
Company		
Rural Press Limited - NSW		
Controlled entities operating within Australia		
Rural Publishers Pty Limited - NSW	100	+ 100
Agricultural Publishers Pty Limited- NSW	100 •	+ 100 •
Rural Press QLD Pty Limited - QLD	100 •	+ 100 •
Rural Press (North Queensland) Pty Limited - QLD	100 •	100 •
Stock Journal Publishers Pty Limited - SA	100 •	+ 100
West Australian Rural Media Pty Limited - WA	100 •	+ 100
Western Australian Primary Industry Press Pty Limited - WA	100 •	+ 100 •
Rural Press Printing Pty Limited - QLD	100	+ 100
Rural Press Printing (Victoria) Pty Limited - VIC	100 •	+ 100 •
Canweb Printing Pty Limited - ACT	100 •	+ 100 •
J &R Graphics Pty Limited - ACT	100 •	+ 100 •
RP Interactive Pty Limited - NSW	100	◦+ 100
F@rming Online Pty Limited - NSW	100 •	+ 100 •
Regional Publishers Pty Limited - NSW	100	+ 100
Queensland Community Newspapers Pty Limited - QLD	100 •	+ 100 •
Mountain Press Pty Limited - NSW	88 •	88 •
RPL Technology Pty Limited - NSW	100 •	+ 100 •
Hibiscus Happynings Pty Limited - NSW	100 •	‡100 •
Pro-Ag Pty Limited - NSW	100 •	◦+ 100 •
Cudgegong Newspapers Pty Limited - NSW	100 •	+ 100 •
Snowy Mountains Publications Pty Limited - NSW	100 •	+ 100 •
Western Magazine Pty Limited - NSW	75 •	75 •
Western Magazine Settlement Trust - NSW	75 •	75 •
Macleay Valley Happynings Pty Limited - NSW	100 •	❖+ 100 •
Milton Ulladulla Publishing Co. Pty Limited - NSW	60 •	60 •
Hunter Distribution Network Pty Limited - VIC	100 •	+ 100
Mayas Pty Limited - NSW	#100 •	
Mayas Unit Trust - NSW	#100 •	
Bridge Printing Office Pty Limited - SA	100 •	+ 100 •
Port Lincoln Times Pty Limited - SA	100 •	+ 100 •
S.A. Regional Media Pty Limited - SA	100 •	+ 100 •
Northern Newspapers Pty Limited - SA	100 •	+ 100 •
The Barossa News Pty Limited - SA	100 •	+ 100 •
Country Publishers Pty Limited - SA	100 •	+ 100 •
Whyalla News Properties Pty Limited - SA	100 •	+ 100 •
The Examiner Newspaper Pty Limited - TAS	94.11 •	94.11 •
Examiner Properties Pty Limited - TAS	94.11 •	94.11 •

Entity and Place of Incorporation	Beneficial Interest % 2005	Beneficial Interest % 2004
Regional Publishers (VIC) Pty Limited - VIC	100 •	+ 100 •
Regional Publishers (Western Victoria) Pty Limited - VIC	100 •	+ 100 •
Rural Press Regional Media (WA) Pty Limited - WA	100 •	+ 100 •
Merredin Advertiser Pty Limited - WA	100 •	+ 100 •
Esperance Holdings Pty Limited - WA	100 •	+ 100 •
The Printing Press Pty Limited - WA	100 •	+ 100 •
Golden Mail Pty Limited - WA	65.8 •	65.8 •
The Queanbeyan Age Pty Limited - ACT	100 •	+ 100 •
The Federal Capital Press of Australia Pty Limited - ACT	100 •	◦+ 100 •
Tofua Holdings Pty Limited - ACT	100 •	◦+ 100 •
Regional Printers Pty Limited - NSW	100 •	❖+ 100 •
Harris and Company Pty Limited (formerly Harris and Company Limited)- Tas	85.27 •	▲85.27 •
The Advocate Newspaper Pty Limited - Tas	85.27 •	▲85.27 •
Harris Print Pty Limited - Tas	85.27 •	▲85.27 •
Harris Enterprises Pty Limited - Tas	85.27 •	▲85.27 •
Harris Publications Pty Limited - Tas	85.27 •	▲85.27 •
Village Suburban Newspapers Pty Limited - NSW	#100 •	85.27 •
Media Investments Pty Limited - SA	100	+ 100
Star Broadcasting Network Pty Limited - QLD	92.44 •	+◆☟92.44•
Lanson Investments Pty Limited - SA	92.44 •	+◆☟92.44•
5AU Broadcasters Pty Limited - SA	92.44 •	+◆☟92.44•
Bundaberg Broadcasters Pty Limited - Qld	92.44 •	92.44 •
Rural Press Share Plan Pty Limited - NSW	100	100
Controlled entities operating within New Zealand		
Communication Associates Limited - NZ	100	100
NZ Rural Press Limited - NZ	100 •	100•
Controlled entities operating within United States		
Rural Press (USA) Limited - USA	100	100
Rural Press USA Inc - USA	100 •	100•
Farm Progress Holding Co, Inc - USA	100 •	100•
The Miller Publishing Co, Inc - USA	100 •	100•
Farm Progress Companies, Inc - USA	100 •	100•
Farm Progress Insurance Services, Inc - USA	100 •	100•

• Investment by controlled entity
\+ Controlled Entities included in Class Order 98/1418. Also refer to Note 36
◦ Controlled Entities added to Class Order 98/1418 on June 16, 1999
Controlled Entities added to Class Order 98/1418 on June 8, 2000
❖ Controlled Entities added to Class Order 98/1418 on June 12, 2002
◆ Controlled Entities added to Class Order 98/1418 on June 26, 2003
☟ Controlled Entities included in Class Order 98/1418 dated June 23, 2000 and removed by Revocation Deed dated June 26, 2003
▲ Controlled Entities included in Class Order 98/1418 dated July 21, 1992
‡ Deregistered or in process of deregistration

\# Name of controlled entity acquired for cash
Mayas Pty Limited 100% acquired on December 1, 2004 for $2 with net assets of $2.
Mayas Unit Trust 100% acquired on December 1, 2004 for $2,256,186 with net assets of $2,256,186

39. SUBSEQUENT EVENTS

a) A fully franked third interim dividend of 10.00 cents per ordinary share and 11.00 cents per Preferred share was declared by Directors on August 9, 2005.

b) A fully franked final dividend of 22.50 cents per ordinary share and 24.75 cents per Preferred share was proposed by Directors on August 25, 2005.

40. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS

The Australian Accounting Standards Board (AASB) has adopted International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after January 1, 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group has issued interpretations corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. These Australian equivalents to IFRS are referred to hereafter as AIFRS.

The Company has established a formal project, monitored by the Audit Committee of the Board, to achieve the required transition of the financial report to AIFRS. Resources have been allocated to ensure the Company complies with its reporting obligations under AIFRS.

The rules for first time adoption of AIFRS are set out in AASB 1 First Time Adoption of Australian Equivalents to International Financial Reporting Standards. In general, AIFRS accounting policies must be applied retrospectively to determine the opening AIFRS balance sheet at transition date, being July 1, 2004. The standard allows a number of exemptions to this general principle to assist in the transition to reporting under AIFRS.

Rural Press Limited's first financial reports under AIFRSs will be the December 31, 2005 half-year report and June 30, 2006 annual report. Comparatives for the prior corresponding period are to be restated within these reports for consistency.

Key areas where the Company's accounting policies are expected to change upon adoption of AIFRS, the significant elections made under AASB 1 and the company's estimate of the quantitative impact of those changes are set out below.

It must be recognised the figures disclosed here are the company's best estimates of the quantitative impact of the adoption of AIFRS as at the date of preparing the June 30, 2005 financial report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to potential amendments to AIFRS and Interpretations thereof being issues by the standard-setters and IFRIC as well as emerging accepted practice and changes in the interpretation and application of AIFRS and UIG interpretations.

The following table sets out a reconciliation of Equity as presented under Australian GAAP to the company's best estimate as it will be presented under AIFRS.

	Notes	Consolidated		Company	
		June 30, 2005 ** $'000	July 1, 2004 * $'000	June 30, 2005 ** $'000	July 1, 2004 * $'000
Total equity under Australian GAAP		683,565	666,044	647,963	548,292
Adjustments to retained earnings:					
Transfer of asset revaluation reserve to retained earnings	(b), (c)	182,555	182,583	5,984	5,984
Derecognition of revaluation of and recognition of impairment to mastheads net of foreign currency impact of $8,531,000 and minority interest share of $1,183,000	(c)	(248,840)	(239,603)	-	-
Write-back of goodwill amortisation	(c)	150	-	-	-
Impairment of investment in controlled entity and internal loans	(d)	-	-	-	(24,164)
Amendment to doubtful debts provisioning formula (net of tax)	(d)	-	1,164	-	-
Deferred tax accounting adjustment	(e)	918	(461)	(1,325)	(1,558)
Recognition of share-based payment expense	(f)	(4,900)	(1,835)	(4,900)	(1,835)
Other minor adjustments not warranting specific disclosure		(216)	(216)	(1)	(1)
Total of adjustments to retained earnings		(70,333)	(58,368)	(242)	(21,574)
		613,232	607,676	647,721	526,718
Adjustments to other reserves/equity:					
Transfer of masthead revaluation reserve to retained earnings	(c)	(177,647)	(177,647)	-	-
Transfer of property revaluation reserve to retained earnings	(b)	(4,908)	(4,936)	(5,984)	(5,984)
Foreign currency translation of derecognition of revalued mastheads	(c)	(8,531)	(8,531)	-	-
Recognition of share-based payment increasing issued capital	(f)	4,900	1,835	4,900	1,835
Minority interest share of derecognition of revalued mastheads	(c)	(1,183)	(1,183)	-	-
Total equity under AIFRS		425,863	417,214	646,637	522,569

* This column represents the adjustments as at the date of transition to AIFRS.
** This column represents the cumulative adjustments as at the date of transition to AIFRS and those for the year ended June 30, 2005.

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The following table sets out the Company's best estimate of the adjustments to the Consolidated and Company's Statement of Financial Position as at June 30, 2005 upon adoption of AFRIS.

	NOTES	CONSOLIDATED			COMPANY		
		AGAAP actual $'000	AIFRS impact $'000	AIFRS proforma $'000	AGAAP actual $'000	AIFRS impact $'000	AIFRS proforma $'000
CURRENT ASSETS							
Cash assets		17,869	-	17,869	4,183	-	4,183
Receivables	(d)	79,748	-	79,748	82,408	-	82,408
Inventories		21,065	-	21,065	3,593	-	3,593
Other		1,702	-	1,702	-	-	-
Total Current Assets		120,384	-	120,384	90,184	-	90,184
NON-CURRENT ASSETS							
Receivables		-	-	-	658,825	-	658,825
Other financial assets		9,013	(16)	8,997	17,955	(1)	17,954
Property, plant, equipment and software		197,385	(200)	197,185	38,347	-	38,347
Mastheads	(c)	612,636	(258,554)	354,082	-	-	-
Radio licences		15,413	-	15,413	-	-	-
Deferred tax assets	(e)	10,731	4,989	15,720	10,074	400	10,474
Other	(c)	1,215	150	1,365	-	-	-
Total Non-Current Assets		846,393	(253,631)	592,762	725,201	399	725,600
Total Assets		966,777	(253,631)	713,146	815,385	399	815,784
CURRENT LIABILITIES							
Payables		40,827	-	40,827	8,674	-	8,674
Interest bearing liabilities		128	-	128	-	-	
Current tax liabilities	(e)	16,631	-	16,631	15,199	-	15,199
Provisions		20,900	-	20,900	2,505	-	2,505
Total Current Liabilities		78,486	-	78,486	26,378	-	26,378
NON-CURRENT LIABILITIES							
Payables		812	-	812	-	-	-
Interest bearing liabilities		199,612	-	199,612	140,000	-	140,000
Deferred tax liabilities	(e)	480	4,071	4,551	-	1,725	1,725
Provisions		3,822	-	3,822	1,044	-	1,044
Total Non-Current Liabilities		204,726	4,071	208,797	141,044	1,725	142,769
Total Liabilities		283,212	4,071	287,283	167,422	1,725	169,147
Net Assets		683,565	(257,702)	425,863	647,963	(1,326)	646,637
EQUITY							
Contributed equity	(f)	322,793	4,900	327,693	322,793	4,900	327,693
Reserves	(b), (c)	198,211	(191,086)	7,125	5,984	(5,984)	-
Retained profits	(b), (c), (d), (e), (f)	150,826	(70,333)	80,493	319,186	(242)	318,944
Total parent entity interest		671,830	(256,519)	415,311	647,963	(1,326)	646,637
Outside equity interests	(c)	11,735	(1,183)	10,552	-	-	-
Total Equity		683,565	(257,702)	425,863	647,963	(1,326)	646,637

The significant changes in accounting policies adopted in preparing the AIFRS reconciliations and the significant elections made under AASB 1 are set out below.

(a) Business Combinations
The entity has taken advantage of the election available under AASB 1 and therefore the classification and accounting treatment of business combinations that occurred prior to transition date have not been restated in preparing the opening AIFRS balance sheet.

(b) Property, Plant and Equipment
Property, plant and equipment is to be measured at cost under AIFRS. However, at transition date for land and buildings the AASB 1 election to use deemed cost, being revaluation prior to transition date approximating fair value, has been used. Existing asset revaluation reserves of $4,908,000 consolidated and $5,984,000 company relating to land and buildings may no longer be used and have therefore been transferred to retained earnings at June 30, 2005.

(c) Intangibles
Goodwill
All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures and represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

In respect of acquisitions prior to transition date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under Australian GAAP. No reclassifications have been recognised as a result of transition to AIFRS. Goodwill is stated at cost less any accumulated impairment losses, and is allocated to cash generating units and tested annually for impairment. Goodwill has been tested for impairment at transition date. No impairment will be recognised as a result of transition to AIFRS.

Mastheads and Other Intangible Assets
Mastheads and other intangible assets are stated at cost less accumulated amortisation and impairment losses. Mastheads and other intangible assets have been reviewed to ensure they are capable of recognition under AASB 138. The internally generated mastheads previously recorded in the financial report at valuation cannot be recognised under AASB 138 and previous revaluations of purchased mastheads have been reversed to state them at cost. As a result $16,609,000 will be transferred from mastheads to retained earnings, along with $177,647,000 from the asset revaluation reserve. Mastheads and other intangible assets with indefinite useful lives have been tested for impairment at transition date and an impairment of $55,061,000 will be recognised in opening retained earnings and an impairment as at June 30, 2005 of $9,237,000 to current year profits.

These adjustments total $258,554,000. After adjustment for foreign currency movements of $8,531,000 and minority interest of $1,183,000, the net adjustment to retained earnings was $248,840,000.

Amortisation
Amortisation is recognised on a straight-line basis over the estimated useful life of the intangible assets unless such lives are indefinite. Goodwill and intangible assets with indefinite useful lives are not subject to amortisation, but are tested for impairment annually, with any impairment recorded directly in the profit and loss account. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Mastheads/Radio Licences	indefinite
- Goodwill	indefinite
- Insurance Licence Agreements	up to 20 years

The impact on the results for the period ended 30 June 2005 is to reverse goodwill amortisation of $150,000.

(d) Impairment
The carrying amount of the consolidated entity's non-current assets, excluding deferred tax assets, goodwill and indefinite life intangibles are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset is tested for impairment by comparing the recoverable amount of the cash-generating unit to which it belongs to the carrying amount of the cash-generating unit. An impairment loss is recognised whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

For the purposes of assessing impairment, assets are grouped at the lowest level for which there are substantially independent cash inflows.

Impairment losses are recognised directly in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amount of other assets in the unit pro rata based on their carrying amounts. No impairment loss will be recognised upon transition to AIFRS in respect of the consolidated entity's non-current assets, however a $24,164,000 impairment loss will be recorded in the parent company in respect of its investment in Rural Press (USA) Limited ($18,154,000) and internal accounts ($6,010,000). Furthermore the doubtful debts provisioning formula was amended upon transition to AIFRS, reducing the provision by $1,663,000 and increasing retained earnings by $1,164,000 after income tax.

Calculation of Recoverable Amounts
The recoverable amount is the greater of the fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the risk specific to the cash-generating unit. Cash flows are estimated for the cash-generating unit in its current condition and therefore do not include cash inflows and outflows expected to arise from future restructures which are not yet committed, or improving or enhancing the cash-generating unit's performance.

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Reversals of Impairment

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, only to the extent the cash-generating unit's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(e) Taxation

Income tax on the profit and loss for the year comprises current and deferred taxes. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of asset and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill, the initial recognition of assets and liabilities that affect neither accounting or taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantively enacted at reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The impact of the change in basis and the transition adjustments on the deferred tax balances and the previously reported tax expense is an increase in deferred tax assets and liabilities of $4,989,000 and $4,071,000 respectively, and a increase in retained earnings of $918,000.

The company has not recognised a deferred tax liability for intangibles with indefinite lives as the company believes that the deferred tax liabilities should only be recognised where the payment of those liabilities are probable.

In June 2005 the UIG released UIG 1052 Tax Consolidation Accounting. This interpretation does not effect the reporting of the Consolidated Entity however it effects the reporting of the Company. Due to the complexity of the UIG, the ramifications of making decisions on methodologies, investigating those consequences and the lateness of the release of the final UIG the Company's AIFRS accounts do not show any adjustment for UIG 1052.

(f) Share Based Payments

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date taking into account market performance conditions only, and spread over the vesting period during which the employee becomes unconditionally entitled to the options. The fair value of options granted is measured using the Black-Scholes model, taking into account the terms and conditions attached to the options.

No adjustment is made for options granted before 7 November 2002 which have vested before 1 January 2005. All other options granted after 7 November 2002 remaining unvested at 1 July 2004 have been recognised in the opening balance sheet through retained earnings resulting in a $1,835,000 impact upon transition.

For the period ended 30 June 2005, employee benefits expense and retained earnings have been increased by $650,000 representing the options expense for the period.

The fair value of shares issued to staff in June 2005 under the Exempt Employee Share Plan of $2,415,000 has been recognised as an expense.

These adjustments for share based expenses total $4,900,000.

Adjustments to Profit

The following sets out the company's best estimate of the AIFRS adjustments to the profit for the year ended June 30, 2005.

	Consolidated $'000	**Company $'000**
Profits will (reduce)/increase due to:		
Options expense	(650)	(650)
Staff share issue expense	(2,415)	(2,415)
Masthead impairment	(9,237)	-
Reversal of doubtful debts provision adjustment	(1,164)	-
Reversal of goodwill amortisation	150	-
Reversal of writedown of investment in subsidiary and internal loans	-	24,164
Tax effect accounting adjustment	1,378	233
Other minor adjustments	(28)	-
Net (reduction)/increase in profit	(11,966)	21,332

Directors' Declaration

In accordance with a resolution of the Directors of Rural Press Limited, we state that:

(1) In the opinion of the directors of Rural Press Limited:

(a) the financial statements and notes, set out on pages 34 to 69 are in accordance with the Corporations Act, 2001, including:

(i) giving a true and fair view of the financial position of the Company and consolidated entity as at June 30, 2005 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

(ii) complying with Accounting Standards in Australia, including AASB 1046 Director and Executive Disclosures by Disclosing Entities, and the Corporations Regulations, 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(2) There are reasonable grounds to believe that the Company and certain subsidiaries identified in Note 38 will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between the Company and those subsidiaries pursuant to ASIC Class Order 98/1418.

(3) The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the year ended June 30, 2005.

On behalf of the Board

JB Fairfax, AM
Director

BK McCarthy
Director

Sydney, NSW
August 25, 2005

Financial Statements

Independent Audit Report to the Members of Rural Press Limited

Scope

The financial report and Directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, the disclosures made by the Company in accordance with the Corporations Regulations 2001, including the disclosures as required by AASB 1046 *Director and Executive Disclosures by Disclosing Entities*, in the "Remuneration of Directors and Senior Executives" in pages 30 to 32 of the Directors' report ("remuneration disclosures") and the directors' declaration set out on pages 34 to 70 for both Rural Press Limited (the "Company") and Rural Press Limited and its Controlled Entities (the "Consolidated Entity"), for the year ended June 30, 2005.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report and the Remuneration Disclosures in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement and the remuneration disclosures comply with Accounting Standard AASB 1046 and the Corporations Regulations 2001. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the Consolidated Entity's financial position, and of their performance as represented by the results of their operations and cash flows and whether the remuneration disclosures comply with Accounting Standard AASB 1046 and the Corporations Regulations 2001.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Audit Opinion

In our opinion, the financial report including the remuneration disclosures that are contained in the "Remuneration of Directors and Senior Executives" in pages 30 to 32 of the Directors' report of Rural Press Limited are in accordance with:

a) the Corporations Act 2001 including:
   i) giving a true and fair view of the Company's and the Consolidated Entity's financial position as at June 30, 2005 and of their performance for the financial year ended on that date; and
   ii) complying with Accounting Standards in Australia, including AASB 1046 Director and Executive Disclosures by Disclosing Entities, and the Corporations Regulations 2001; and

b) other mandatory financial reporting requirements in Australia.

KPMG

BK Phillips
Partner

Sydney, NSW
August 25, 2005

Lead Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001 to the Directors of Rural Press Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended June 30, 2005 there have been:

i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

BK Phillips
Partner

Sydney, NSW
August 25, 2005

Shareholder Information

Substantial Shareholders

The number of shares held by the substantial shareholders holding ordinary shares as at August 11, 2005 were as follows:

Shareholder	Ordinary Shares
JB Fairfax (held in trust for Marinya Media Pty Limited)	5,150
TV Fairfax (held in trust for Marinya Media Pty Limited)	5,150
Marinya Media Pty Limited	63,529,599
	63,539,899
Commonwealth Bank of Australia Limited (held by nominee companies)	7,421,062

Distribution of Shareholders and Totals in each class
as at August 11, 2005

	Ordinary Shares	Preferred Shares
(a) Category		
1-1000	5,189	965
1001-5000	3,204	1,233
5001-10000	623	429
10,001-100,000	574	453
100,001 and over	48	47
Total Shareholders	9,638	3,127
(b) Holding less than a marketable parcel of 44 ordinary shares	45	

Voting Shares

Ordinary Shares

On a show of hands every person present who is a member holding ordinary shares, proxy attorney or representative of such member, shall have one vote and on a poll every such member who is present in person or by proxy, attorney or representative shall have one vote for each share held by him or her.

Preferred Shares

A member holding Preferred Shares has the right to vote in each of the following circumstances only:

- during a period during which a dividend (or part of a dividend) in respect of the shares is in arrears;
- on a proposal to reduce the capital of the company;
- on a resolution to determine the terms of a buy-back agreement;
- on a proposal that affects the rights attached to the share;
- on a proposal to wind up the Company;
- on a proposal to dispose of the whole of the Company's property, businesses and undertaking; and
- during the winding up of the Company.

On market buy-back

There is currently no on market buy-back being undertaken.

Twenty Largest Shareholders

As at August 11, 2005

Ordinary Shares

Shareholder	No. of Ordinary Shares	% of Total Ordinary Shares
Marinya Media Pty Limited	63,529,599	53.44
RBC Global Services Australia Nominees Pty Limited (PIPOOLED Account)	3,631,638	3.05
JP Morgan Nominees Australia Limited	2,794,325	2.35
National Nominees Limited	1,814,241	1.53
Cogent Nominees Pty Limited	1,742,041	1.47
Citicorp Nominees Pty Limited (CFS WSLE Imputation Fund Account)	1,627,468	1.37
Westpac Custodian Nominees Limited	1,109,665	0.93
Citicorp Nominees Pty Limited (CFS Imputation Fund Account)	1,087,744	0.91
Citicorp Nominees Pty Limited (CFS WSLE 452 Aust Share Account)	1,056,086	0.89
RBC Global Services Australia Nominees Pty Limited (BKCUST Account)	1,048,644	0.88
Citicorp Nominees Pty Limited (CFS WSLE Australian Share Fund account)	1,009,414	0.85
Citicorp Nominees Pty Limited (CFS WSLE Industrial Share Account)	904,461	0.76
AMP Life Limited	845,518	0.71
Citicorp Nominees Pty Limited	539,454	0.45
RBC Global Services Australia Nominees Pty Limited (PIIC Account)	530,748	0.45
Bridgestar Pty Limited	433,897	0.36
Mrs Louise Caroline Dobson	412,602	0.35
Ms Alice Elizabeth Simpson	412,602	0.35
Mr Edward Fairfax Simpson	396,601	0.33
Invia Custodian Pty Limited (Est Hugh S Roberton Account)	389,766	0.33
TOTAL	85,316,514	71.76

Preferred Shares

Shareholder	No. of Preferred Shares	% of Total Preferred Shares
Marinya Media Pty Limited	28,484,518	35.52
Westpac Custodian Nominees Limited	5,096,721	6.36
RBC Global Services Australia Nominees Pty Limited (PIPOOLED Account)	4,066,168	5.07
JP Morgan Nominees Australia Limited	3,419,066	4.26
Citicorp Nominees Pty Limited (CFS WSLE Imputation Fund Account)	2,002,329	2.50
National Nominees Limited	1,658,048	2.07
Citicorp Nominees Pty Limited (CFS WSLE 452 Aust Share Account)	1,417,153	1.77
Cogent Nominees Pty Limited	1,414,483	1.76
Citicorp Nominees Pty Limited (CFS Imputation Fund Account)	1,338,648	1.67
Westpac Financial Services Limited	1,135,043	1.41
Wilmar Enterprises Pty Limited	1,060,000	1.32
Carramar Pty Limited	1,004,000	1.25
RBC Global Services Australia Nominees Pty Limited (PIIC Account)	982,303	1.22
RBC Global Services Australia Nominees Pty Limited (BKCUST Account)	706,843	0.88
Citicorp Nominees Pty Limited (CFSIL CFS WS Small Comp Account)	520,336	0.65
Milton Corporation Limited	486,091	0.61
PSS Board	358,073	0.45
Citicorp Nominees Pty Limited (CFSIL CWLTH AUST SHS 4 Account)	349,681	0.44
Brickworks Investment Company Limited	321,800	0.40
Mrs Mabs Melville	320,000	0.40
TOTAL	56,141,304	70.01

Shareholder Information

Company Directory

Registered Office
159 Bells Line of Road
North Richmond NSW 2754
Telephone (02) 4570 4444
Facsimile (02) 4570 4663
Email groupadmin@ruralpress.com
www.ruralpress.com

Corporate Operations Office
159 Bells Line of Road
North Richmond NSW 2754
Telephone (02) 4570 4444
Facsimile (02) 4570 4663

Stock Exchange Listing
Australian Stock Exchange, Sydney

Share Registry
Computershare Investor Services Pty Limited
60 Carrington Street
Sydney NSW 2000
Postal Address
GPO Box 7045
NSW 1115
Telephone 1300 855 080
Facsimile (02) 8234 5050
www.computershare.com

Auditors
KPMG
10 Shelley Street
Sydney NSW 2000

Bankers & Financiers
Westpac Banking Corporation
National Australia Bank Limited

Company Secretary
BHG Stofberg

Company Diary

	2005
2005 Third Interim Dividend Record Date	September 8
2005 Third Interim Dividend Payment	September 16
Distribution of 2005 Annual Report	September 20
2005 Annual General Meeting (at 159 Bells Line of Road, North Richmond NSW 10:45am)	October 21
2005 Final Dividend Record Date	November 18
2005 Final Dividend Payment	November 30
	2006
Announcement of 2006 Half Year Results	February 9
2006 First Interim Dividend Record Date	February 17
2006 First Interim Dividend Payment	March 3
2006 Second Interim Dividend Record Date	May 24
2006 Second Interim Dividend Payment	June 2
Announcement of 2006 Full Year Results	August 30

Electronic Receipt of Company Information

Shareholders are able to receive notification about the company's announcements, annual and periodic reports and other company information by email.

By registering for this service, shareholders can keep up to date with significant company announcements as they happen.

Visit the share registry website at www.computershare.com/au/investors and follow these easy steps:

- Click on *Investors*
- Click on *Register your Email Address*
- Select the company name from the drop down list
- Enter personal security information: Holder Identification Number (HIN) or Security Reference Number (SRN); family or company name and postcode and then click on *Submit* and follow the prompts.
- Enter email address and select which publications are required.

Once submitted, Computershare will forward an email requesting confirmation that the details supplied are correct. Simply click on Reply and then send.

Computershare can be contacted on 1300 855 080.

Shareholders' Details

Shareholders who:

- have changed their name or address
- wish to consolidate two or more separate shareholdings
- wish to lodge their tax file numbers

should advise Rural Press' share registry by completing the relevant forms available from www.computershare.com, or by telephoning the freecall number 1300 855 080 to request the forms.

Shareholders can also view the following on www.computershare.com:

- historical price information
- share price performance versus market indices
- individual shareholders' dividend receipt history.

Printed by Uptin Print, Port Macquarie, NSW, a member of the Rural Press Group

Designed by Hugonnet Design Associates, Pyrmont, NSW