

Financials

Contents

Statutory Directors' Report	27
Statement of Financial Performance	32
Statement of Financial Position	33
Statement of Cash Flows	34
Notes to the Financial Statements	35
Directors' Declaration	62
Independent Audit Report to the Members of Rural Press Limited	63
Shareholder Information	64

All amounts are expressed in Australian dollars unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

Note	Page	Note	Page
1	35	22	49
2	38	23	49
3	39	24	50
4	39	25	50
5	40	26	52
6	42	27	52
7	42	28	53
8	42	29	53
9	42	30	54
10	43	31	54
11	43	32	54
12	44	33	55
13	46	34	56
14	46	35	56
15	46	36	57
16	46	37	57
17	46	38	58
18	47	39	59
19	47	40	61
20	48	41	61
21	49		

Directors' Report

Statutory Directors' Report

For the year ended June 30, 2003

Your Directors have pleasure in presenting their report, together with the financial report of Rural Press Limited (the Company) and consolidated financial report of the consolidated entity (being the Company and its controlled entities) for the year ended June 30, 2003 and the Audit Report thereon.

INFORMATION ON DIRECTORS

The Directors of the Company in office during the financial year and at the date of this report are:

JB Fairfax, AM, Chairman	SF Higgs
B Gowrie Smith	CB Livingstone
TV Fairfax	PA Roach
DJ Asimus, AO (retired October 18, 2002)	N Burton Taylor, AM (appointed February 13, 2003)
BK McCarthy, Managing Director	

Mr BK McCarthy is the only Executive Director on the Board.

John Brehmer Fairfax, AM (Chairman, Non Executive Director, Age 61)

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. 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. Councillor of Royal Agricultural Society of New South Wales since 1990. Chairman of Cambooya Investments Limited 1991-2001. Director of Australian Rural Leadership Foundation Limited 1993-98. Councillor since 1979, and President since 1993 of Girls and Boys Brigade Inc. Director of Crane Group Limited since 1996. Director of Westpac Banking Corporation Limited since 1996.

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

Bruce Gowrie Smith (Independent Non Executive Director, Age 63)

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

Experience: Board member since 1985. Canberra Junior Farmer Award 1965. 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 Australian Rural Leadership Foundation Limited since 1992. Experience in large scale irrigation development and management and the production of grains, oilseeds and vegetables. Director of Riverina Development Board 1993-96. Formation Chairman and currently Executive Member of Riverina Food Network since 1993.

Timothy Vincent Fairfax (Non Executive Director, Age 57)

Qualifications, skills and expertise: F.A.I.C.D. 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. Director of Primac Holdings Limited from 1991 to June 1998. Director of Stanbroke Pastoral Company Limited since 1993. Councillor New England Girls School 1994-99. 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. Deputy Chairman of Australian Rural Leadership Foundation Limited since 1999.

Special responsibilities: Member of Audit Committee.

David James Asimus, AO (Independent Non Executive Director, Age 71)

Qualifications, skills and expertise: B.Ec. (Syd), Hon.D.Sc. (NSW), Hon.D.Ag.Ec. (Syd). Farmer. Director of companies. Knowledge of the Company, agricultural and regional affairs.

Experience: Board member 1989-2002. Member of Australian Wool Corporation 1973-89 and Chairman 1979-89. Executive member of CSIRO 1969-70. Chairman of International Wool Secretariat 1979-89. Member of Australian Trade Commission 1986-91. Director of Australian Eagle Insurance Limited 1988-92. Director of The Broken Hill Proprietary Company Limited 1988-99. Director of IBJ Australian Bank Limited 1988-2002. Chancellor of Charles Sturt University 1989-2002. Director of Wesfarmers Limited 1994-2002. Chairman of Australian Rural Leadership Foundation Limited 1994-99. Director of Delta Electricity Limited 1996-2000.

Directors' Report

Stephen Francis Higgs (Independent Non Executive Director, Age 56)

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. Chairman of Orlando Wines Limited 1987-90. Director of Leigh Marden and Jasco Limited 1990-92. Interests in rural beef and olive oil enterprises.

Special responsibilities: Member of Audit Committee.

Catherine Brigid Livingstone (Independent Non Executive Director, Age 47)

Qualifications, skills and expertise: BA (Hons) FCA, FTSE, IMD International (Switzerland), Programme for Executive Development 1992. Eisenhower Foundation Exchange Fellow 1999. Director of companies. Finance and accounting. Executive management. Research and innovation.

Experience: Board member since December 2000. Managing Director of Cochlear Limited 1994-2000. Chairman of CSIRO and Australian Business Foundation since 2001. Director of Telstra Corporation Limited since 2000. Director of Goodman Fielder Limited 2000-2003. Director of Export Finance and Insurance Corporation 1995-2001. Director of Q-Vis Limited 2000-2001. Macquarie University Department of Accounting and Finance Advisory Board since 1997. Sydney Institute Board since 1998. Member of Australia-China Council 1998-2000.

Special Responsibilities: Chair of Audit Committee.

Peter Andrew Roach (Non Executive Director, Age 41)

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

Experience: Board member since October 18, 2001. Chief Executive Officer of Cambooya Pty Limited since 2000. Director of Marinya Media Pty Limited since 2001. Practising Chartered Accountant 1988-1999. Director of Grand United Health Fund 1994-2000. Councillor of Knox Grammar School (Chairman of Finance and Audit Committee) since 2001.

Nicholas Burton Taylor AM (Independent Non Executive Director, Age 53)

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

Experience: Director of The Australian Agricultural Company Limited since 2001. Director of Heggies Bulk Haul Limited 2000-2003. Director of Bankstown Airport Limited since 1998. Director of Camden Airport Limited since 1998. Director of Hoxton Park Airport Limited since 1998. Director of Graincorp Limited since 1994. 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.

Brian Keith McCarthy (Managing Director, Age 51)

Qualifications, skills and expertise: BComm. Advanced Management Programme (Harvard). Executive management. Knowledge of media industry, 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. Appointed General Manager-Special Projects, 1987. 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, 2003 were as follows:

	Board of Directors	Audit Committee
JB Fairfax, AM	13 (13)	
B Gowrie Smith	13 (13)	
TV Fairfax	13 (13)	3 (3)
DJ Asimus, AO (retired October 18, 2002)	4 (4)	
SF Higgs	13 (13)	3 (3)
CB Livingstone	11 (13)	3 (3)
PA Roach	13 (13)	
N Burton Taylor, AM (appointed February 13, 2003)	6 (6)	
BK McCarthy	13 (13)	

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 and the Committee to review the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations.

Directors' Report

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⁾	63,153,868	23,313,482
B Gowrie Smith	10,415	6,306
TV Fairfax ⁽¹⁾	63,153,868	23,313,482
SF Higgs	7,347	-
CB Livingstone	5,000	-
PA Roach	700	-
N Burton Taylor, AM	-	20,000
BK McCarthy	43,563	185,334

⁽¹⁾ The relevant interests disclosed for JB Fairfax and TV Fairfax refer to shareholdings that are common to both Directors.

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 9 to 15 of the annual report.

CONSOLIDATED RESULT

The consolidated profit for the year ended June 30, 2003 attributable to the members of the Company was:

	2003 \$'000	2002 \$'000
Profit from ordinary activities after income tax expense	70,896	55,261
Net profit attributable to outside equity interests	(2,491)	(1,516)
Net profit attributable to members of the parent entity	<u>68,405</u>	<u>53,745*</u>

*In 2002 the profit from ordinary activities after income tax expense included losses and write offs arising from divested activities totalling \$4,761,000.

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, 2002:	
- A final dividend of 9.90 cents per share, fully franked to 30% on 114,521,785 ordinary shares;	11,338
and a final dividend of 10.89 cents per share, fully franked to 30% on 76,654,671 Preferred shares, both paid on November 8, 2002;	8,348
- A special dividend of 20.00 cents per share, fully franked to 30% on 114,521,785 ordinary shares;	22,904
and a special dividend of 22.00 cents per share, fully franked to 30% on 76,654,671 Preferred shares, both paid on November 8, 2002;	16,864
In respect of the year ended June 30, 2003:	
- An interim dividend of 7.60 cents per share, fully franked to 30% on 117,273,870 ordinary shares;	8,913
and an interim dividend of 8.36 cents per share, fully franked to 30% on 77,784,007 Preferred shares, both paid on March 7, 2003;	6,502
	<u>74,869</u>
- As proposed, based on the shares on issue at the date of this report:	
a final dividend of 16.0 cents per share, fully franked to 30% on 117,646,907 ordinary shares;	
and a final dividend of 17.6 cents per share, fully franked to 30% on 78,134,001 Preferred shares,	
both payable on November 7, 2003 on shares registered at 5.00pm on October 28, 2003	

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 41 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 financial year the Company, pursuant to the EOP rules, granted 660,000 options over unissued Preferred shares to executives. All options were granted during the financial year and none since the end of the financial year. No options were granted to the five most highly remunerated officers during the financial year. Of the Directors, 200,000 options with an exercise price of \$4.73 were granted to BK McCarthy. The options under this grant are exercisable between December 21, 2005 and December 21, 2008.

The outstanding options represents 4.84% of the issued Preferred shares and 1.93% of the total issued shares.

Further information in relation to options is provided in Notes 20 and 33 to the financial statements.

DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

The Chairman, with external and Board consultation, is responsible for determining remuneration packages for Board members and the Managing Director. The Managing Director and Chairman, with external consultation are 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 package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The Managing Director and senior executives may receive bonuses based on the achievement of specific goals related to the performance of the consolidated entity (including operational results and cash flow). Non-executive directors do not receive any performance related remuneration.

Directors' Report

Details of the nature and amount of each major element of the emoluments of each director of the Company and each of the five named officers of the consolidated entity receiving the highest emoluments are:

	Base emolument	Bonuses	Non-cash benefits	Superannuation contributions	Retirement benefits/severance	Options
Directors	\$	\$ (C)	\$	\$	\$	\$ (D)
JB Fairfax, AM (A)	125,000	-	-	11,250	-	-
Gowrie Smith (A)	50,000	-	-	4,500	-	-
TV Fairfax (A)	52,000	-	-	4,680	-	-
DJ Asimus, AO (A)	14,966	-	-	28,211	102,858	-
SF Higgs (B)	52,000	-	-	-	-	-
CB Livingstone (B)	55,000	-	-	-	-	-
PA Roach (B)	50,000	-	-	-	-	-
N Burton Taylor	18,801	-	-	-	-	-
BK McCarthy	567,050	187,700	35,000	12,950	-	14,893

Officers of the Company and Consolidated Entity

BC Cassell	265,328	58,500	12,000	36,672	-	12,093
RA Lockley	244,225	59,800	15,336	12,439	-	12,093
C Roth	268,074	-	21,046	6,702	-	2,191
AE Williams	219,619	42,250	17,000	35,138	-	12,093
BHG Stofberg	112,619	-	15,381	87,000	-	12,093

(A) Superannuation contributions in respect of these Non-Executive Directors are paid pursuant to the Superannuation Guarantee Act but form part of their retirement lump sum for past services.

(B) Pursuant to the Superannuation Guarantee Act, Ms CB Livingstone and Messrs SF Higgs, PA Roach and N Burton Taylor have elected not to have Superannuation Guarantee contributions paid on their behalf.

(C) Bonuses paid during the year were in respect of the achievement of goals in the previous year.

(D) The value of options included in remuneration has been determined in accordance with the methodology set out in The International Accounting Standards Board Exposure Draft ED 2 Share Based Payment released on 7 November 2002. The Black-Scholes method was used to determine a standard option value with a volatility assumption between 15% and 25%, an assumed risk free interest rate between 4.8% and 5.6%, broker estimates of earnings projections with maintenance of the company's dividend policy in place at the time of grant and assumed vesting of each tranche over the period from grant to the first exercise date for that tranche. Adjustments were applied in the valuation for the conditions and the performance hurdles to be met for each tranche to be exercised.

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

Sydney, NSW
August 28, 2003



BK McCarthy
Director

Financial Statements

Statement of Financial Performance

For the year ended June 30, 2003

	NOTES	CONSOLIDATED		COMPANY	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
REVENUES AND EXPENSES FROM ORDINARY ACTIVITIES					
Revenue from advertising, circulation and printing services		463,777	435,920	-	-
Other revenue from ordinary activities		5,197	5,733	94,903	73,161
	2	468,974	441,653	94,903	73,161
Employee salaries, wages and oncosts		(170,497)	(158,755)	(7,159)	(5,747)
Newsprint, plates, ink and consumables		(73,277)	(68,054)	-	-
Outside printing		(19,381)	(22,440)	-	-
Communications and postage		(13,211)	(15,135)	(499)	(465)
Freight and distribution		(12,214)	(10,864)	-	-
Promotion and sponsorship		(5,377)	(6,110)	(108)	(25)
Occupancy and utilities		(8,442)	(7,853)	(111)	(107)
Motor vehicle		(5,394)	(5,220)	(266)	(218)
News services and contributors		(5,087)	(4,931)	-	-
Travel and accommodation		(3,787)	(3,468)	(744)	(532)
Repairs and maintenance		(5,880)	(4,574)	(539)	(413)
Other expenses		(23,038)	(22,409)	(5,616)	(1,688)
		(345,585)	(329,813)	(15,042)	(9,195)
Depreciation and amortisation		123,389	111,840	79,861	63,966
		(14,919)	(15,656)	(1,198)	(1,544)
Borrowing costs		108,470	96,184	78,663	62,422
Interest income		(8,057)	(8,960)	(4,129)	(4,411)
		700	492	638	610
		101,113	87,716	75,172	58,621
Write off/down of investments and associated divestiture costs		-	(4,761)	-	(1,035)
Proceeds on sale of assets		1,584	1,573	259	9
Book value of assets sold		(1,041)	(1,467)	(246)	(6)
Share of net profits/(losses) of associates accounted for using the equity method	10	-	(859)	-	-
Profit From Ordinary Activities Before Income Tax Expense	2, 3, 5	101,656	82,202	75,185	57,589
Income tax (expense)	6	(30,760)	(26,941)	(4,432)	(6,360)
Profit From Ordinary Activities After Income Tax Expense		70,896	55,261	70,753	51,229
Net profit attributable to outside equity interests	23	(2,491)	(1,516)	-	-
Net Profit Attributable To Members Of The Parent Entity	22	68,405	53,745	70,753	51,229
EARNINGS PER SHARE (Cents)					
Basic (reflecting shares on issue)					
Ordinary shares	4	34.0	27.0		
Preferred shares	4	37.4	29.7		
Diluted (reflecting potential exercise of share options)					
Ordinary shares	4	33.3	26.7		
Preferred shares	4	36.6	29.4		
NON-OWNER TRANSACTION CHANGES IN EQUITY					
(Decrease)/increase in asset revaluation reserve	21	(6,848)	161,251	-	-
Net exchange difference on translation of financial statements of self-sustaining foreign operations	21	2,130	(2,607)	-	-
Total revenues, expenses and valuation adjustments attributable to members of the parent entity recognised directly in equity		(4,718)	158,644	-	-
Net Profit Attributable To Members Of The Parent Entity	22	68,405	53,745	70,753	51,229
Total changes in equity other than those resulting from transactions with owners as owners		63,687	212,389	70,753	51,229

Financial Statements

Statement of Financial Position

As at June 30, 2003

	NOTES	CONSOLIDATED		COMPANY	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
CURRENT ASSETS					
Cash assets	7	10,091	9,837	-	2,231
Receivables	8	75,075	61,763	69,567	24,798
Inventories	9	12,064	10,334	3,593	1,421
Other		1,891	4,850	-	-
Total Current Assets		99,121	86,784	73,160	28,450
NON-CURRENT ASSETS					
Receivables owing from related entities		-	-	298,548	300,707
Equity accounted investments	10	-	7,753	-	-
Other financial assets	11	8,211	459	71,840	71,840
Property, plant and equipment, and software	12	136,952	123,824	29,218	25,914
Mastheads	13	594,041	593,790	-	-
Radio licences	14	11,235	6,487	-	-
Deferred tax assets	15	9,242	6,852	2,775	1,871
Other	16	1,372	2,457	-	-
Total Non-Current Assets		761,053	741,622	402,381	400,332
Total Assets		860,174	828,406	475,541	428,782
CURRENT LIABILITIES					
Payables	17	35,507	31,526	6,846	4,351
Interest bearing liabilities	18	2,502	9,157	314	-
Current tax liabilities		20,409	15,776	4,169	5,524
Provisions	19	18,845	13,225	4,362	2,821
Total Current Liabilities		77,263	69,684	15,691	12,696
NON-CURRENT LIABILITIES					
Payables	17	1,931	1,566	-	-
Interest bearing liabilities	18	132,330	116,193	66,000	38,000
Deferred tax liabilities		5,659	6,038	-	-
Provisions	19	4,556	5,622	977	1,375
Total Non-Current Liabilities		144,476	129,419	66,977	39,375
Total Liabilities		221,739	199,103	82,668	52,071
Net Assets		638,435	629,303	392,873	376,711
EQUITY					
Contributed equity	20	304,611	284,333	304,611	284,333
Reserves	21	182,760	187,478	14,530	14,530
Retained profits	22	123,680	130,144	73,732	77,848
Total parent entity interest		611,051	601,955	392,873	376,711
Outside equity interests	23	27,384	27,348	-	-
Total Equity		638,435	629,303	392,873	376,711

Financial Statements

Statement of Cash Flows

For the year ended June 30, 2003

	NOTES	CONSOLIDATED		COMPANY	
		2003	2002	2003	2002
		\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		502,979	479,489	33,973	35,703
Payments to suppliers and employees		(380,511)	(371,813)	(11,912)	(8,937)
Dividends received		157	554	60,950	37,501
Interest received		684	502	621	620
Interest and other costs of finance paid		(8,512)	(8,823)	(4,411)	(4,578)
Income tax paid		(28,508)	(23,731)	(6,677)	(4,225)
Net cash flow from operating activities	25(a)	86,289	76,178	72,544	56,084
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of businesses and controlled entities (net cash)	25(b)	(21,071)	-	-	-
Proceeds from sale of business and controlled entities (net cash)	25(b)	-	(6)	-	-
Purchase of investments		-	(428)	-	-
Purchase of mastheads		-	(2)	-	-
Purchase of radio licences		-	(19)	-	-
Purchase of outside equity interests		(7,450)	(70)	-	-
Increase in investment in subsidiary		-	-	-	(200)
Purchase of property, plant and equipment, and software		(24,146)	(9,876)	(4,748)	(708)
Proceeds from sale of property, plant and equipment, and software		1,584	1,573	259	9
Proceeds from sale of mastheads		200	-	-	-
Net cash flow from investing activities		(50,883)	(8,828)	(4,489)	(899)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from share issue		1,050	-	1,050	-
Proceeds from borrowings		63,000	700	63,000	-
Repayment of borrowings		(41,740)	(55,630)	(35,000)	(54,000)
Repayment of related borrowings		-	-	-	11,179
Loans to controlled entities to finance the purchase of businesses and assets		-	-	(44,008)	-
Proceeds from share issue to outside equity interests		-	1,122	-	-
Payment of dividends		(55,642)	(10,936)	(55,642)	(10,936)
Payment of dividends to outside equity interests		(1,843)	(1,789)	-	-
Net cash flow from financing activities		(35,175)	(66,533)	(70,600)	(53,757)
NET (DECREASE)/INCREASE IN CASH HELD					
Cash at beginning of the financial year		9,753	8,917	2,231	803
Exchange variance on opening cash balance		(60)	19	-	-
CASH AT THE END OF THE FINANCIAL YEAR	25(c)	9,924	9,753	(314)	2,231

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, except where there is a change in accounting policy, are consistent with those of the previous year.

Changes in Accounting Policy

Employee benefits

The consolidated entity has applied the revised AASB 1028 Employee Benefits for the first time from July 1, 2002. The liability for wages, salaries and annual leave is now calculated using the remuneration rates that each entity expects to pay when the liability is settled. This change in accounting policy has no material financial effect in the current or prior periods.

Provisions, contingent liabilities and contingent assets

The consolidated entity has applied AASB 1044 Provisions, Contingent Liabilities and Contingent Assets for the first time from July 1, 2002. This change in accounting policy has no material financial effect in the current or prior periods.

Principles of Consolidation and Equity Accounting

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 40.

Associates are those entities over which the consolidated entity exercises significant influence and which are not intended for sale in the near future. In the consolidated financial statements investments in associates are accounted for using equity accounting principles. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. The consolidated entity's equity accounted share of the associates' net profit or loss is recognised in the consolidated statement of financial performance from the date significant influence commences until the date significant influence ceases. Other movements in reserves are recognised directly in consolidated reserves.

Cash

For the purpose of the cash flow statement, 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.

Acquisition of Assets

All assets acquired including property, plant and equipment, software and intangibles (other than goodwill) 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.

Financial Statements

Investments

Investments in controlled entities, unlisted shares of associates 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.

Land, Buildings and Leasehold Properties

Land, buildings and leasehold property are carried at fair value, based on independent valuation or cost for subsequent additions. This 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 against revenue over their estimated useful life. The straight line method is used.

The major depreciation/amortisation periods are:

	2003	2002
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.

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 or cost for subsequent additions. 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. In the intervening years an annual review is undertaken to ensure carrying values do not differ materially from fair value at reporting date. Cost represents that part of the purchase price for acquired publishing businesses assessed by Directors as the fair value of the masthead acquired.

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.

Financial Statements

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.

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, determined or publically recommended 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.

Options granted to employees under the Executive Option Plan are issued at a price equivalent to the market price of the underlying shares at the date of grant. Options can only be exercised if either of the share price accumulation index or EPS growth performance hurdles are met.

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.

Financial Statements

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

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 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.

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.

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.

Other 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 the 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	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
2. REVENUE				
Revenue from publishing, broadcasting and printing services	463,777	435,920	-	-
Other revenue from operating activities:				
Dividends from:				
controlled entities	-	-	60,950	37,500
other persons	157	503	-	1
Revenue from partnership	1,208	-	-	-
Inter-entity charges	-	-	33,751	35,231
Other	3,832	5,230	202	429
	<u>5,197</u>	<u>5,733</u>	<u>94,903</u>	<u>73,161</u>
	468,974	441,653	94,903	73,161
Other revenue from outside operating activities:				
Revenue from equity accounted partnership	-	878	-	-
Interest income from:				
controlled entities	-	-	120	309
other persons	700	492	518	301
Dividends from:				
associated entities	-	51	-	-
Other equity accounted revenue	-	46	-	-
Gross proceeds on sale of property, plant and equipment	1,584	1,573	259	9
	<u>471,258</u>	<u>444,693</u>	<u>95,800</u>	<u>73,780</u>

Financial Statements

	CONSOLIDATED		COMPANY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
3. PROFIT FROM ORDINARY ACTIVITIES				
Included in profit from ordinary activities are the following items of (income)/expense				
Interest and borrowing costs:				
other persons	8,027	8,928	4,129	4,411
finance lease charges	30	32	-	-
Net (profit)/loss from sale of property, plant & equipment	(543)	(106)	(13)	(3)
Net loss/(profit) on sale of investments	1	(1)	-	-
Amortisation of:				
leased assets capitalised	111	114	-	-
leasehold property	272	270	-	-
software	1,162	1,915	335	740
goodwill	120	120	-	-
licence agreements	164	185	-	-
Depreciation of:				
buildings	713	652	387	381
plant & equipment	12,377	12,400	476	423
Amounts set aside to provision for:				
doubtful debts	1,993	736	-	-
employee entitlements	13,243	10,474	446	(41)
diminution in investments	-	3,178	-	-
legal and defamation	408	-	149	-
restructure and redundancies	1,619	-	988	-
Net foreign exchange loss/(gain)	455	(324)	455	(324)
Reversal of defamation and legal accrual	-	(3,538)	-	(3,538)
Rental expense under operating leases	6,554	7,034	206	213
4. EARNINGS PER SHARE				
Net profit used for Basic and Diluted earnings				
ordinary	39,483	30,954		
Preferred	28,922	22,791		
Net profit for the period attributable to the members	68,405	53,745		
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share				
ordinary	116,187,668	114,521,785		
Preferred	77,370,582	76,654,671		
Weighted average number of ordinary shares on issue used in the calculation of diluted earnings per share				
ordinary	116,187,668	114,521,785		
Preferred	80,955,687	78,975,329		

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 20(d) for the description of ordinary and Preferred shares.

Financial Statements

5. SEGMENT INFORMATION

Primary reporting Business segments

	External segment revenue		Inter-segment revenue		Total revenue		Total result	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Newspaper publishing - Australasia	336,669	302,123	1,734	1,645	338,403	303,768	82,986	66,925
Printing - Australasia	79,972	69,295	70,912	66,905	150,884	136,200	23,731	19,030
Eliminations	-	-	(72,646)	(68,550)	(72,646)	(68,550)	-	-
Total Publishing and Printing - Australasia	416,641	371,418	-	-	416,641	371,418	106,717	85,955
Magazine publishing - United States	45,558	63,174	-	-	45,558	63,174	3,853	4,883
Broadcasting	6,168	5,869	-	-	6,168	5,869	(981)	(806)
	468,367	440,461	-	-	468,367	440,461	109,589	90,032
Agricultural internet investments	-	-	-	-	-	-	-	(5,012)
Discontinued activities - Outdoor	-	299	-	-	-	299	-	(1,583)
Other/unallocated	607	893	-	-	607	893	(1,119)	7,127
	468,974	441,653	-	-	468,974	441,653	108,470	90,564
Net interest expense							(7,357)	(8,468)
Net profit on sale of property, plant and equipment, and software							543	106
Profit from ordinary activities before income tax expense							101,656	82,202
Income tax (expense)							(30,760)	(26,941)
Profit from ordinary activities after income tax expense							70,896	55,261

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		Equity accounted assets included in Assets	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Newspaper publishing - Australasia	699,723	651,492	371,516	345,132	-	7,753
Printing - Australasia	71,550	55,056	37,958	21,694	-	-
Magazine publishing - United States	33,482	76,270	6,791	12,791	-	-
Broadcasting	16,021	11,819	6,798	8,668	-	-
Other/unallocated	121,451	107,631	155,563	133,883	-	-
Intercompany loans	368,202	680,785	11,906	357,569	-	-
Eliminations/internal balances	(450,255)	(754,647)	(368,793)	(680,634)	-	-
	860,174	828,406	221,739	199,103	-	7,753

	Acquisition of non-current assets		Depreciation and amortisation		Non-cash expenses other than depreciation and amortisation	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Newspaper publishing - Australasia	25,434	4,439	6,509	5,244	11,818	9,060
Printing - Australasia	17,524	2,156	5,901	7,086	2,430	1,972
Magazine publishing - United States	137	1,439	719	1,223	245	(31)
Broadcasting	68	1,149	541	482	420	282
Discontinued activities - Outdoor	-	-	-	27	-	5
Other/unallocated	387	693	1,249	1,594	323	(78)
	43,550	9,876	14,919	15,656	15,236	11,210

Financial Statements

Secondary reporting Geographical segments

	Australasia		United States		Consolidated	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
External segment revenue by location of customers	423,416	378,479	45,558	63,174	468,974	441,653
Segment of assets by location of assets	826,692	752,136	33,482	76,270	860,174	828,406
Acquisition of non-current assets	43,413	8,437	137	1,439	43,550	9,876

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.
Agricultural Internet Investments	Minority investment in an internet portal.
Divested - Outdoor	Outdoor advertising activities.

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 offices in most states of the United States.

Financial Statements

	CONSOLIDATED		COMPANY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
6. TAXATION				
Reconciliation of prima facie tax:				
Prima facie tax expense on the profit from ordinary activities at 30% (2002 30%)	30,496	24,661	22,556	17,277
Effect of different rates on overseas entities	(35)	91	-	-
Increase/(decrease) in a tax expense due to:				
non tax deductible:				
depreciation	276	258	115	114
entertainment and other expenses	204	1,328	91	649
write off/down of investments and associated divestiture costs	-	1,618	-	-
equity share of associated entities losses	-	550	-	-
rebates on dividends received	(45)	(143)	(18,285)	(11,250)
tax losses of controlled entities utilised	(321)	(220)	-	-
tax losses of controlled entities not carried forward as future income tax benefits	319	444	-	-
other items	(161)	(179)	(129)	(119)
Income tax expense on profit from ordinary activities	30,733	28,408	4,348	6,671
Income tax/(over) under provided in prior years	27	(1,467)	84	(311)
Income tax expense on ordinary profit	30,760	26,941	4,432	6,360
Total income tax expense comprises:				
Reductions/(additions) to future income tax benefits	(2,091)	4,088	(890)	1,072
Additions/(reductions) to deferred income tax liability	(289)	(2,435)	-	-
Additions to provision for income tax	33,140	25,288	5,322	5,288
	30,760	26,941	4,432	6,360
7. CASH ASSETS				
Cash	9,222	8,823	-	2,231
Short term deposits	869	1,014	-	-
	10,091	9,837	-	2,231
Short term deposits mature within 60 days and earn interest rates of 3.93% (2002 3.25%) for Australia and New Zealand.				
8. CURRENT RECEIVABLES				
Trade debtors	68,732	60,994	-	-
Provision for doubtful debts	(3,502)	(3,464)	-	-
	65,230	57,530	-	-
Other debtors	9,845	4,233	7,106	869
Amounts owing from related entities	-	-	62,461	23,929
	75,075	61,763	69,567	24,798
The carrying amounts of trade and other debtors approximates their net fair values.				
9. CURRENT INVENTORIES				
Raw material at cost	9,668	9,799	2,221	1,421
Finished goods at cost	307	215	10	-
Stock in transit at cost	1,813	-	1,362	-
Consumable stores at cost	276	320	-	-
	12,064	10,334	3,593	1,421

Financial Statements

10. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

(a) Investments in Associates (all held by wholly owned controlled entities)

Name	Principal Activity	Book Value of Investment		Consolidated Interest		Share of Associates Profit/(Loss) before Tax		
		2003 \$'000	2002 \$'000	2003 %	2002 %	2003 \$'000	2002 \$'000	
The Farmshed Pty Limited	Agricultural internet portal	-	-	-	-	-	(1,834)	
Gippsland Regional Publications Partnership	Newspaper publishing	-	6,193	-	50	-	878	
Other associated entities	Various	-	1,560	-	40-50	-	97	
		-	7,753			-	(859)	
Share of associates income tax							-	-
							-	(859)

During 2002 a restructure of the Farmshed group of companies resulted in the consolidated entity ceasing to have significant influence over The Farmshed Pty Limited on March 31, 2002. The investment was reclassified to other financial assets on April 1, 2002.

As from July 1, 2002 the contribution from associates is not material. The contribution to net profit from associates of \$1,341,000 is included in Other Revenue from Operating Activities and the book value of the investments are included in Other Financial Assets.

There are no retained earnings or reserves at the beginning or end of the year attributable to associates.

(b) Movements in carrying amount of investments in associates:

	CONSOLIDATED		COMPANY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Carrying amount at beginning of year	7,753	10,444		
Share of associates net profit/(loss)	-	(859)		
Dividends and distributions received during the year	-	(975)		
Transfer to other financial assets	(7,753)	(857)		
	-	7,753		

11. OTHER FINANCIAL ASSETS

Shares in controlled entities - not listed on stock exchanges

At cost

- - 71,835 71,835

Interests in partnerships

At cost

6,193 - - -

Shares in other corporations - listed on stock exchanges

At cost

446 447 5 5

Shares in other corporations - not listed on stock exchanges

At cost

1,572 3,190 - -

Less provision for diminution

- (3,178) - -

8,211 459 71,840 71,840

Market value of listed shares

630 530 5 5

Financial Statements

	CONSOLIDATED		COMPANY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
12. PROPERTY, PLANT AND EQUIPMENT, AND SOFTWARE				
Freehold land				
At cost	1,940	858	425	-
At independent valuation - June 30, 2001	12,061	12,146	5,617	5,657
	14,001	13,004	6,042	5,657
Buildings on freehold land				
At cost	6,427	135	4,101	106
Accumulated depreciation	(67)	(2)	(10)	(1)
	6,360	133	4,091	105
At independent valuation - June 30, 2001	32,279	32,520	18,782	18,988
Accumulated depreciation	(1,290)	(650)	(751)	(380)
	30,989	31,870	18,031	18,608
	37,349	32,003	22,122	18,713
Leasehold property				
At cost	200	-	-	-
Accumulated depreciation	(2)	-	-	-
	198	-	-	-
At independent valuation - June 30, 2001	13,550	13,550	-	-
Accumulated amortisation	(540)	(270)	-	-
	13,010	13,280	-	-
	13,208	13,280	-	-
Total land and buildings	64,558	58,287	28,164	24,370
Plant and equipment				
At cost	124,570	107,656	3,146	4,157
Accumulated depreciation	(54,380)	(44,538)	(2,367)	(3,176)
	70,190	63,118	779	981
Software				
At cost	10,857	10,748	3,336	3,289
Accumulated amortisation	(9,088)	(8,773)	(3,061)	(2,726)
	1,769	1,975	275	563
Capitalised finance leases				
Plant and equipment - at cost	629	630	-	-
Accumulated amortisation	(194)	(186)	-	-
	435	444	-	-
Total plant, equipment and software	72,394	65,537	1,054	1,544
	136,952	123,824	29,218	25,914

The independent valuation carried out as at June 30, 2001 is on the basis of market value for existing use of the properties, except where a small number of properties and of immaterial value are for sale, the 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.

Financial Statements

	CONSOLIDATED		COMPANY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Reconciliations				
Reconciliation of the carrying amounts for each class of property, plant and equipment are set out below:				
Freehold land				
Carrying amount at beginning of year	13,004	12,896	5,657	5,657
Additions	425	904	425	-
Acquisition through entity acquired	790	-	-	-
Disposals	(85)	(750)	(40)	-
Net foreign currency differences on translation of self-sustaining operation	(133)	(46)	-	-
	<u>14,001</u>	<u>13,004</u>	<u>6,042</u>	<u>5,657</u>
Buildings				
Carrying amount at beginning of year	32,003	32,954	18,713	18,988
Additions	4,132	127	3,995	106
Acquisition through entity acquired	2,160	-	-	-
Disposals	(233)	(426)	(199)	-
Depreciation	(713)	(652)	(387)	(381)
	<u>37,349</u>	<u>32,003</u>	<u>22,122</u>	<u>18,713</u>
Leasehold property				
Carrying amount at beginning of year	13,280	13,550	-	-
Additions	200	-	-	-
Amortisation	(272)	(270)	-	-
	<u>13,208</u>	<u>13,280</u>	<u>-</u>	<u>-</u>
Plant and equipment				
Carrying amount at beginning of year	63,118	69,546	981	1,168
Additions	18,491	6,902	281	242
Acquisition through entity acquired	1,776	-	-	-
Disposals	(652)	(179)	(7)	(6)
Disposal of entity	-	(598)	-	-
Depreciation	(12,377)	(12,400)	(476)	(423)
Net foreign currency differences on translation of self-sustaining operation	(166)	(153)	-	-
	<u>70,190</u>	<u>63,118</u>	<u>779</u>	<u>981</u>
Software				
Carrying amount at beginning of year	1,975	2,188	563	943
Additions	728	1,771	47	360
Acquisition through entity acquired	246	-	-	-
Disposals	(3)	(38)	-	-
Amortisation	(1,162)	(1,915)	(335)	(740)
Net foreign currency differences on translation of self-sustaining operation	(15)	(31)	-	-
	<u>1,769</u>	<u>1,975</u>	<u>275</u>	<u>563</u>
Capitalised finance leases				
Carrying amount at beginning of year	444	460	-	-
Additions	170	172	-	-
Disposals	(68)	(74)	-	-
Amortisation	(111)	(114)	-	-
	<u>435</u>	<u>444</u>	<u>-</u>	<u>-</u>

Financial Statements

	CONSOLIDATED		COMPANY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
13. MASTHEADS				
At cost	-	-	-	-
At Independent valuation June 30, 2003	594,041	-	-	-
At Independent valuation June 30, 2002	-	593,790	-	-
	<u>594,041</u>	<u>593,790</u>	-	-

The independent valuation was carried out at June 30, 2003 and June 30, 2002 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.

14. RADIO LICENCES				
At cost	11,235	6,487	-	-

15. DEFERRED TAX ASSETS				
Future income tax benefits	9,242	6,852	2,775	1,871
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 \$2,046,000 (2002 \$2,775,000). 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.

16. OTHER NON-CURRENT ASSETS				
Goodwill				
At cost	1,647	1,447	-	-
Accumulated amortisation	(832)	(713)	-	-
	<u>815</u>	<u>734</u>	-	-
Insurance licence agreements				
At cost	1,476	1,593	-	-
Accumulated amortisation	(919)	(755)	-	-
	<u>557</u>	<u>838</u>	-	-
Sundry receivables	-	885	-	-
	<u>1,372</u>	<u>2,457</u>	-	-

The carrying amount of sundry receivables approximate their net fair values.

17. PAYABLES				
Current				
Trade creditors and accruals	35,507	31,526	6,846	4,351
Non-Current				
Trade creditors and accruals	1,931	1,566	-	-

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

Financial Statements

		CONSOLIDATED		COMPANY	
		2003	2002	2003	2002
		\$'000	\$'000	\$'000	\$'000
18. INTEREST-BEARING LIABILITIES					
Current					
		167	84	314	-
		2,170	8,910	-	-
		165	163	-	-
	30	2,502	9,157	314	-
Non-Current					
		132,056	115,904	66,000	38,000
		274	289	-	-
	30	132,330	116,193	66,000	38,000

* Secured by a floating charge over the assets and undertakings of the relevant controlled entities.
The carrying amounts of bank overdrafts, finance leases and bank bills approximate their net fair values.

19. PROVISIONS

Current					
		2,707	2,717	2,300	2,392
		1,619	-	988	-
		14,519	10,508	1,074	429
		18,845	13,225	4,362	2,821
Non-Current					
		4,556	5,622	977	1,375
		19,075	16,130	2,051	1,804

The carrying amount of the provisions approximate net fair value.

Included in other debtors are amounts owing from employees, under the Rural Press Limited Employee Share Scheme (1990), of \$287,000 (2002 \$635,000).

Reconciliations

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

Legal and defamation					
		2,717	-	2,392	-
		408	-	149	-
		(418)	-	(241)	-
		2,707	-	2,300	-
Restructure and redundancies					
		-	-	-	-
		1,619	-	988	-
		-	-	-	-
		1,619	-	988	-

Financial Statements

	CONSOLIDATED		COMPANY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
20. CONTRIBUTED EQUITY				
Issued and paid up capital				
117,273,870 (2002 114,521,785) ordinary shares fully paid	175,686	162,098	175,686	162,098
78,007,338 (2002 76,654,671) Preferred shares fully paid	128,925	122,235	128,925	122,235
	<u>304,611</u>	<u>284,333</u>	<u>304,611</u>	<u>284,333</u>

(a) Dividend Reinvestment Plan ("DRP") from the Special Dividend

On November 22, 2002 allotted under the DRP, 2,724,810 ordinary shares fully paid at \$4.937 per share (\$13,455,427) and 1,111,191 Preferred shares fully paid at \$4.991 per share (\$5,546,768).

On November 29, 2002 allotted under the DRP, 27,275 ordinary shares fully paid at \$4.937 per share (\$134,830) and 18,145 Preferred shares fully paid at \$4.991 per share (\$90,642).

(b) Executive Option Plan ("EOP")

During June 2003 allotted under the EOP 219,998 Preferred shares fully paid at \$4.70 per share (\$1,033,991) and 3,333 Preferred shares fully paid at \$4.83 per share (\$16,098).

(c) 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, 2003, are as follows:

Date of Grant	No of Options Outstanding	Option Price	First Exercise Date	Last Exercise Date	Options Exercised
Total issued:					
December 18, 1998	1,296,668	4.70	December 18, 2001	December 19, 2004	219,998
December 17, 1999	226,667	4.83	December 17, 2002	December 17, 2005	3,333
December 22, 2000	75,000	5.00	December 22, 2003	December 22, 2006	-
December 21, 2001	170,000	4.60	December 21, 2004	December 21, 2007	-
May 10, 2002	1,345,000	4.70	May 10, 2005	May 10, 2008	-
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	-

Issued to Mr Brian McCarthy, Managing Director (included in above):

December 18, 1998	200,000	4.70	December 18, 2001	December 18, 2004	133,333
December 20, 2002	200,000	4.73	December 21, 2005	December 21, 2008	-

At June 30, 2003 the total number of options outstanding were 3,773,335 (2002 3,390,000). The options are exercisable once the performance hurdles are met and if exercised will be between December 18, 2001 and June 13, 2009. 223,331 options were exercised and 53,334 options lapsed during the period. Consideration of \$1,050,089 payable for the options has been included in contributed equity. The fair value of options exercised during the year was \$1,214,120 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.

(d) 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 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.

Preferred shares entitle their holder to one vote, in the following limited circumstances, either in person or by proxy, at a meeting of the company. 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.

Financial Statements

	CONSOLIDATED		COMPANY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
21. RESERVES				
Asset revaluation	172,020	178,868	14,530	14,530
Foreign currency translation	10,740	8,610	-	-
	<u>182,760</u>	<u>187,478</u>	<u>14,530</u>	<u>14,530</u>
Movements in asset revaluation reserve				
Balance at beginning of year	178,868	17,617	14,530	14,530
Revaluation of mastheads	(6,848)	161,251	-	-
	<u>172,020</u>	<u>178,868</u>	<u>14,530</u>	<u>14,530</u>
Movements in foreign currency translation				
Balance at beginning of year	8,610	11,217	-	-
Translation adjustment on financial statements of overseas controlled entities	2,130	(2,607)	-	-
	<u>10,740</u>	<u>8,610</u>	<u>-</u>	<u>-</u>
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.				
22. RETAINED PROFITS				
Retained profits at beginning of year	130,144	87,335	77,848	37,555
Net profit attributable to members of the parent entity	68,405	53,745	70,753	51,229
Dividend provided for or paid	(74,869)	(10,936)	(74,869)	(10,936)
	<u>123,680</u>	<u>130,144</u>	<u>73,732</u>	<u>77,848</u>
23. OUTSIDE EQUITY INTERESTS				
Analysis of outside equity interests in				
Controlled entities:				
Share capital	3,005	6,056		
Reserves	18,538	16,487		
Retained profits	5,841	4,805		
	<u>27,384</u>	<u>27,348</u>		
Reconciliation of outside equity interests				
in controlled entities:				
Opening balance	27,348	15,214		
Share of operating profit	2,491	1,516		
Dividends provided for or paid	(1,843)	(1,044)		
Revaluation of mastheads as at June 30, 2003 (2002: June 30, 2002)	2,092	10,618		
Sale of minority shareholding	(2,704)	(78)		
Shares allotted	-	1,122		
	<u>27,384</u>	<u>27,348</u>		

Financial Statements

	CONSOLIDATED		COMPANY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
24. DIVIDENDS				
Final dividend for 2002 paid of 9.90 cents fully franked to 30% per ordinary share	11,338	-	11,338	-
Final dividend for 2002 paid of 10.89 cents fully franked to 30% per Preferred share	8,348	-	8,348	-
Special dividend paid of 20.00 cents fully franked to 30% per ordinary share	22,904	-	22,904	-
Special dividend paid of 22.00 cents fully franked to 30% per Preferred share	16,864	-	16,864	-
Interim dividend for 2003 paid of 7.60 cents fully franked to 30% (2002 5.5 cents fully franked to 30%) per ordinary share	8,913	6,299	8,913	6,299
Interim dividend for 2003 paid of 8.36 cents fully franked to 30% (2002 6.05 cents fully franked to 30%) per Preferred share	6,502	4,637	6,502	4,637
	<u>74,869</u>	<u>10,936</u>	<u>74,869</u>	<u>10,936</u>
Dividend imputation				
All dividends paid were fully franked out of existing franking credits.				
Franking credits available to shareholders for subsequent financial years after allowing for tax in respect of current years profits.				
- at 30% (2002 30%)	55,617	52,997	27,795	28,756
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 franking account surplus existing at June 30, 2002 has been restated to a tax paid amount.				
The above franking credits would allow the payment of a fully franked dividend to the value of:	129,778	123,659	64,855	67,098
Consolidated amounts assumes all controlled entities' retained profits and reserves are distributed to the Company.				

25. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities				
Profit from ordinary activities after income tax	70,896	55,261	70,753	51,229
Add/(less) non-cash items:				
Share of associated entities losses	-	1,834	-	-
Write off/down of investments and associated divestiture costs	-	1,583	-	1,035
Depreciation	13,090	13,052	863	804
Amortisation	1,829	2,604	335	740
Provision for doubtful debts	1,993	736	-	-
Profit on sale of property, plant and equipment, and software	(648)	(229)	(13)	(3)
Loss on sale of property, plant and equipment, and software	105	123	-	-
Profit on sale of investments	(1)	-	-	-
Loss on sale of investments	-	727	-	-
Increase/(decrease) in income taxes payable	4,633	1,556	(1,355)	1,063
(Increase)/decrease in future income tax benefits	(1,983)	(424)	(904)	1,062
(Decrease)/increase in deferred taxes payable	(379)	2,004	-	-

Financial Statements

	CONSOLIDATED		COMPANY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
26. FINANCING ARRANGEMENTS				
The consolidated entity has access to the following financing arrangements:				
Bill acceptance and cash advance facilities:				
maturing within 12 months	302,170	11,090	300,000	-
maturing after 12 months	1,250	300,000	-	300,000
	<u>303,420</u>	<u>311,090</u>	<u>300,000</u>	<u>300,000</u>
amount unused	169,194	186,276	234,000	262,000
Bank overdraft facilities:				
maturing within 12 months	2,000	2,000	2,000	2,000
maturing after 12 months	-	-	-	-
	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
amount unused	2,000	2,000	2,000	2,000

These arrangements do not include leasing arrangements as disclosed in Note 30.

The Company has an unsecured bank overdraft. Interest on the bank overdraft is charged at prevailing market rates. The effective interest rate is 8.0% (2002 8.0%).

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 is 3.18% at June 30, 2003 (2002 3.35%).

The company is establishing a replacement 5 year bill acceptance facility and has commitments for \$200,000,000. The facility is in the process of legal documentation. The commitment is anticipated to be increased to \$350,000,000 before December 31, 2003.

	\$	\$	\$	\$
27. REMUNERATION OF AUDITORS				
Amounts received or due and receivable for audit services by:				
Auditors of the Company - KPMG	821,290	725,503	222,323	175,779
Other auditors	45,172	23,084	4,400	-
	<u>866,462</u>	<u>748,587</u>	<u>226,723</u>	<u>175,779</u>
Amounts received or due and receivable for other services by:				
Auditors of the Company - KPMG				
Other assurance services	61,642	74,040	25,310	18,830
Taxation services	176,270	296,011	50,514	152,609
Information risk management services	-	10,000	-	10,000
KPMG related practices				
Legal services	2,408	9,953	2,408	9,953
Other auditors				
Tax services	131,832	117,311	105,933	97,385
Valuation services	249,950	379,500	249,950	379,500
	<u>622,102</u>	<u>886,815</u>	<u>434,115</u>	<u>668,277</u>

Financial Statements

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
	\$	\$	\$	\$
28. REMUNERATION OF DIRECTORS				
Aggregate income paid or payable, or otherwise made available to all Directors in connection with management of the affairs of Rural Press Limited and its controlled entities and includes amounts paid to full time executives who are required to be directors of partly owned entities.	3,265,208	3,072,482	1,371,966	1,187,922
Number of Directors of Rural Press Limited whose income is received from that entity and its controlled entities fell within the following bands:				
\$10,001 - \$20,000			1	-
\$30,001 - \$40,000			-	1
\$40,001 - \$50,000			1	1
\$50,001 - \$60,000			4	4
\$120,001 - \$130,000			-	2
\$130,001 - \$140,000			1	-
\$140,001 - \$150,000			1	-
\$640,001 - \$650,000			-	1
\$800,001 - \$810,000			1	-
Directors of the Company during the year were:				
JB Fairfax, AM				
B Gowrie Smith				
TV Fairfax				
DJ Asimus, AO (retired October 18, 2002)				
SF Higgs				
CB Livingstone				
PA Roach				
N Burton Taylor, AM (appointed February 13, 2003)				
BK McCarthy				
29. REMUNERATION OF EXECUTIVES				
Amounts received, or due and receivable by executives whose remuneration was \$100,000 or greater.	6,845,525	5,971,904	3,333,073	2,637,973
Number of executives whose remuneration was within the following bands:				
\$100,001 - \$110,000	4	-	-	1
\$110,001 - \$120,000	3	6	1	1
\$120,001 - \$130,000	8	3	1	1
\$130,001 - \$140,000	5	4	1	-
\$140,001 - \$150,000	3	3	-	1
\$150,001 - \$160,000	1	1	1	1
\$160,001 - \$170,000	2	1	-	-
\$170,001 - \$180,000	1	1	1	-
\$180,001 - \$190,000	2	-	1	-
\$190,001 - \$200,000	1	-	1	-
\$200,001 - \$210,000	2	2	1	1
\$210,001 - \$220,000	1	-	1	-
\$260,001 - \$270,000	-	1	-	-
\$270,001 - \$280,000	-	2	-	2
\$280,001 - \$290,000	-	1	-	-
\$290,001 - \$300,000	1	1	-	1
\$310,001 - \$320,000	1	1	1	1
\$330,001 - \$340,000	1	-	1	-
\$370,001 - \$380,000	1	-	1	-
\$390,001 - \$400,000	-	1	-	-
\$640,001 - \$650,000	-	1	-	1
\$800,001 - \$810,000	1	-	1	-

For the purposes of this disclosure, an executive officer has been defined as the Chief Executive, the Group General Managers and their direct reports.

Financial Statements

	CONSOLIDATED		COMPANY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
30. LEASE COMMITMENTS				
Operating leases				
Amounts due:				
Not later than 1 year	4,613	5,749	2,484	2,773
Later than 1 year and not later than 5 years	6,468	8,781	2,363	2,792
Later than 5 years	196	1,210	-	-
	<u>11,277</u>	<u>15,740</u>	<u>4,847</u>	<u>5,565</u>
Finance leases				
Amounts due:				
Not later than 1 year	192	189	-	-
Later than 1 year and not later than 5 years	292	310	-	-
Total minimum lease payments	484	499	-	-
Future finance charges	(45)	(47)	-	-
Lease liability	<u>439</u>	<u>452</u>	<u>-</u>	<u>-</u>
Current	165	163	-	-
Non-current	274	289	-	-
	<u>439</u>	<u>452</u>	<u>-</u>	<u>-</u>

31. CAPITAL COMMITMENTS

The Company and its controlled entities are committed to purchase plant and equipment totalling \$12,194,000 (2002 \$154,000). These amounts will be expended during the year ending June 30, 2004.

32. 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 2002 and until January 30, 2003 a wholly-owned entity guaranteed on a several basis with another entity bank loans to a partially-owned entity to the value of \$2,755,500.

Financial Statements

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 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 they 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 4% per annum compound (3% for options issued after December 31, 2001); or
- an average of the 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 the 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, 2003 is provided in Note 20 to these financial statements, including options issued to and exercised by the Managing Director, Mr BK McCarthy.

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, 2003, 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 and DESP Offer 2002, 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 the Directors' Report.

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 two 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. A further 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. Both of these offers were made without any payment being required by the employees.

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.

Financial Statements

34. 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.

35. 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.

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 acquired printing, inventories and distribution services from Independent Print Media Group ("IPMG") and Newsagents Direct Distribution, and supplied inventories to IPMG, entities over which JB Fairfax and TV Fairfax had a significant influence to June 30, 2003. These services acquired on normal terms and conditions amounted to \$164,655 (2002: Nil) and those services provided on normal terms and conditions amounted to Nil (2002: \$1,084).

Companies of the consolidated entity have acquired goods and services from, and provided advertising to, Wesfarmers Limited and its subsidiaries, of which DJ Asimus was a Director. 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 is a Director. Companies of the consolidated entity have provided advertising to Goodman Fielder Limited, of which CB Livingstone was a Director. Companies of the consolidated entity have acquired goods and services from, and provided advertising to, Telstra Corporation Limited, of which CB Livingstone is a Director. Companies of the consolidated entity have acquired goods and services from Pacific Area Newspaper Publishers Association of which BK McCarthy was a Director until December 31, 2001. All transactions were on normal terms and conditions.

An amount of \$161,120 (2002: \$211,135) is owing to a partly owned subsidiary by a Director, P Poulos, in connection with the acquisition of that subsidiary by the consolidated entity. Interest is charged on the loan at normal commercial rates.

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
	\$	\$	\$	\$
Loans to Executive Directors				
Pursuant to the Rural Press Limited Employee Loan Scheme and Rural Press Limited Employee Share Scheme (Established 1990)				
Amounts outstanding	118,772	194,980	-	-
Interest received	589	-	-	-
New loans advanced				
Rural Press Limited Employee Loan Scheme	-	10,000	-	-
Rural Press Limited Employee Share Scheme (Established 1990)	-	-	-	-
Repayments received				
Rural Press Limited Employee Loan Scheme	5,214	5,375	-	-
Rural Press Limited Employee Share Scheme (Established 1990)	104,350	22,879	-	-

All Executive Directors are full time employees of the Company who act as Directors of controlled entities on behalf of the Company.

Rural Press Limited Employee Loan Scheme approved by shareholders on November 3, 1998: There was one loan (2002 one) outstanding under this scheme. Repayments were received from P Caton.

Rural Press Limited Employee Share Scheme was approved by shareholders on June 21, 1990: Loans varying between \$41,292 and \$4,855 (2002 \$13,888 and \$94,295) to 5 (2002 4) Directors of the consolidated entity. Repayments were received from AG Brown, BC Cassell, J Italiano, R Mackie and AE Williams (2002 BC Cassell, J Italiano, R Mackie and AE Williams).

Financial Statements

Directors' Shareholdings

Details of the shareholdings of Directors of the Company are set out below. Dividends were paid in respect of these shares at the declared dividend rates. Details of Directors' names, remuneration and superannuation payments are set out in Note 28.

	Ordinary Shares	Preferred Shares
JB Fairfax, AM ⁽¹⁾	63,148,868	23,310,482
B Gowrie Smith	10,415	6,306
TV Fairfax ⁽¹⁾	63,148,868	23,310,482
SF Higgs	7,347	-
CB Livingstone	5,000	-
PA Roach	700	-
N Burton Taylor, AM	-	20,000
BK McCarthy	43,563	185,334

(1) The relevant interests disclosed for JB Fairfax and TV Fairfax refer to shareholdings that are common to both Directors.

Details of interests in controlled entities are set out in Note 40.

Details of the interest in associates are set out in Note 10.

Details of the consolidated entity's employee superannuation plans are set out in Note 34.

The Company had issued 200,000 options during the year to the Managing Director of the Company, BK McCarthy. BK McCarthy holds options to acquire 266,667 (2002 200,000) Preferred shares under the terms of the Rural Press Limited Executive Options Plan approved by shareholders on October 9, 1998.

36. ULTIMATE PARENT ENTITY

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

37. 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	
	2003	2002
	\$'000	\$'000
NEW ZEALAND DOLLARS		
Assets		
Current	1,679	869
Non-current	3,658	3,642
Total	5,337	4,511
Liabilities		
Current	842	1,036
Non-current	-	-
Total	842	1,036
UNITED STATES DOLLARS		
Assets		
Current	6,201	3,835
Non-current	27,281	68,000
Total	33,482	71,835
Liabilities		
Current	5,284	6,082
Non-current	67,563	80,178
Total	72,847	86,260

The Company has forward exchange contracts to buy foreign currency for newsprint purchases of \$US2,407,000 due and payable within three months with a weighted average rate of \$0.6661 (2002 \$US2,014,000 due and payable within three months with a weighted average rate of \$0.521) and in 2002 to sell foreign currency amounting to \$US2,570,000 due within two months with a weighted average rate of \$0.5240 and \$NZ200,000 due within two months with a weighted average rate of \$1.25.

Financial Statements

38. 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 40 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	
	2003 \$'000	2002 \$'000
STATEMENT OF FINANCIAL POSITION		
Cash assets	3,637	5,081
Receivables	64,490	48,433
Inventories	11,797	10,087
Prepayments	1,207	1,190
TOTAL CURRENT ASSETS	81,131	64,791
Investments accounted for using the equity method	-	7,753
Other financial assets	40,675	39,164
Property, plant and equipment, and software	124,445	106,355
Mastheads	500,950	470,510
Licences	11,235	-
Deferred tax assets	8,517	6,281
Other	53	82
TOTAL NON-CURRENT ASSETS	685,875	630,145
TOTAL ASSETS	767,006	694,936
Payables	31,816	23,452
Interest bearing liabilities	-	12
Current tax liabilities	19,234	14,882
Provisions	13,334	9,764
TOTAL CURRENT LIABILITIES	64,384	48,110
Payables	725	-
Interest bearing liabilities	66,040	38,042
Deferred tax liabilities	5,359	5,330
Provisions	4,374	4,958
TOTAL NON-CURRENT LIABILITIES	76,498	48,330
TOTAL LIABILITIES	140,882	96,440
NET ASSETS	626,124	598,496
Contributed equity	304,611	284,333
Reserves	204,981	188,961
Retained profits	116,532	125,202
TOTAL SHAREHOLDERS' EQUITY	626,124	598,496

Financial Statements

	CONSOLIDATED	
	2003 \$'000	2002 \$'000
STATEMENT OF FINANCIAL PERFORMANCE		
Profit from ordinary activities before income tax	93,846	76,871
Income tax attributable to profit from ordinary activities	(27,547)	(24,362)
Profit from ordinary activities after income tax	66,299	52,509
Retained profits at the beginning of the financial year	125,102	83,920
Dividend provided for or paid	191,401	136,429
Transfer to reserves	(74,869)	(10,936)
	-	(291)
Retained profits at the end of the financial year	116,532	125,202

39. 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.

Interest rate swaps	-	(3,557)
Forward foreign exchange contracts	-	44
	-	(3,513)

In securing certainty over future cash flows by hedging certain transactions, last year the consolidated entity had obtained a net notional loss of \$3,513,000. This notional profit/(loss) was offset by an equivalent unfavourable/(favourable) movement on the underlying transactions.

Interest Rate Risk

(i) Interest rate swaps:

Last year the consolidated entity had interest rate swaps to swap floating rate borrowings into fixed rates. Each contract involved quarterly payments or receipts of the net amount of interest. The fixed rate had varied from 5.00% to 6.34% 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 5.61%.

(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.

Financial Statements

		Fixed interest maturing in					
	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
2003							
Financial assets							
Cash	7	10,091	-	-	-	-	10,091
Receivables	8	-	6,480	-	-	68,595	75,075
Other financial assets	11	-	-	-	-	8,211	8,211
Sundry receivables	16	-	-	-	-	-	-
		<u>10,091</u>	<u>6,480</u>	<u>-</u>	<u>-</u>	<u>76,806</u>	<u>93,377</u>
Weighted average interest rate		2.87	7.50				
Financial liabilities							
Bank overdrafts and loans	18	132,223	2,170	-	-	-	134,393
Payables	17	-	-	-	-	37,438	37,438
Liabilities under finance leases	18	-	165	274	-	-	439
Provisions	19	-	-	-	-	4,326	4,326
Employee Benefits	19	-	-	-	-	19,075	19,075
		<u>132,223</u>	<u>2,335</u>	<u>274</u>	<u>-</u>	<u>60,839</u>	<u>195,671</u>
Interest rate swaps		-	-	-	-	-	-
Weighted average interest rate		3.18	5.61	6.97			
2002							
Financial assets							
Cash	7	9,837	-	-	-	-	9,837
Receivables	8	-	-	-	-	61,763	61,763
Other financial assets	11	-	-	-	-	459	459
Sundry receivables	16	-	-	-	-	885	885
		<u>9,837</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,107</u>	<u>72,944</u>
Weighted average interest rate		3.07					
Financial liabilities							
Bank overdrafts and loans	18	121,488	3,410	-	-	-	124,898
Payables	17	-	-	-	-	33,092	33,092
Liabilities under finance leases	18	-	163	289	-	-	452
Provisions	19	-	-	-	-	2,717	2,717
Employee benefits	19	-	-	-	-	16,130	16,130
		<u>121,488</u>	<u>3,573</u>	<u>289</u>	<u>-</u>	<u>51,939</u>	<u>177,289</u>
Interest rate swaps		<u>(74,263)</u>	<u>17,705</u>	<u>56,558</u>	<u>-</u>	<u>-</u>	<u>-</u>
Weighted average interest rate		3.34	6.56	5.87			

Financial Statements

40. PARTICULARS RELATING TO CONTROLLED ENTITIES

Entity and Place of Incorporation	Beneficial Interest %		Entity and Place of Incorporation	Beneficial Interest %	
	2003	2002		2003	2002
Company					
Rural Press Limited - NSW			The Barossa News Pty Limited - SA	100 • + 100 •	
Controlled entities operating within Australia					
Rural Publishers Pty Limited - NSW	100	+ 100	Country Publishers Pty Limited - SA	100 • + 100 •	
Agricultural Publishers Pty Limited- NSW	100	+ 100	Whyalla News Properties Pty Limited - SA	100 • + 100 •	
Rural Press Printing Pty Limited - QLD	100	+ 100	The Examiner Newspaper Pty Limited - TAS	60 • 60 •	
Rural Press Printing (Victoria) Pty Limited (formerly Hawkesbury River Typesetters Pty Limited) - VIC	100 • + 100 •		Examiner Properties Pty Limited - TAS	60 • 60 •	
Canweb Printing Pty Limited - ACT	100 • + 100 •		Regional Publishers (VIC) Pty Limited - VIC	100 • + 100 •	
J & R Graphics Pty Limited - ACT	100 • + 100 •		Regional Publishers (Western Victoria) Pty Limited - VIC	100 • + 100 •	
RP Interactive Pty Limited - NSW	100 • + 100 •		Rural Press Regional Media (WA) Pty Limited - WA	100 • + 100 •	
F@rming Online Pty Limited - NSW	100 • + 100 •		Merredin Advertiser Pty Limited - WA	100 • + 100 •	
Rural Press QLD Pty Limited - QLD	100	+ 100	Esperance Holdings Pty Limited - WA	100 • + 100 •	
Rural Press (North Queensland) Pty Limited - QLD	100 • 100 •		The Printing Press Pty Limited - WA	100 • + 100 •	
Stock Journal Publishers Pty Limited - SA	100	+ 100	Golden Mail Pty Limited - WA	65.8 • 65.8 •	
Hunter Distribution Network Pty Limited - VIC	100	+ 100	The Queanbeyan Age Pty Limited - ACT	100 • + 100 •	
West Australian Rural Media Pty Limited - WA	100	+ 100	The Federal Capital Press of Australia Pty Limited - ACT	100 • + 100 •	
Western Australian Primary Industry Press Pty Limited - WA	100 • + 100 •		Tofua Holdings Pty Limited - ACT	100 • + 100 •	
Regional Publishers Pty Limited - NSW	100	+ 100	Regional Printers Pty Limited - NSW	100 • + 100 •	
Queensland Community Newspapers Pty Limited - QLD	100 • + 100 •		Media Investments Pty Limited - SA	100 • + 100 •	
Mountain Press Pty Limited - NSW	88 • 88 •		Star Broadcasting Network Pty Limited - QLD	#100 • + ♦★50.1•	
RPL Technology Pty Limited - NSW	100 • + 100 •		Lanson Investments Pty Limited - SA	100 • + ♦★50.1•	
Hibiscus Happynings Pty Limited - NSW	100 • ‡100 •		5AU Broadcasters Pty Limited - SA	100 • + ♦★50.1•	
Pro-Ag Pty Limited - NSW	100 • + 100 •				
Cudgegong Newspapers Pty Limited - NSW	100 • + 100 •		Controlled entities operating within New Zealand		
Snowy Mountains Publications Pty Limited - NSW	100 • + 100 •		Communication Associates Limited - NZ	100	100
Western Magazine Pty Limited - NSW	75 • 75 •		NZ Rural Press Limited - NZ	100 •	100•
Western Magazine Settlement Trust - NSW	75 • 75 •		Controlled entities operating within United States		
Macleay Valley Happynings Pty Limited - NSW	100 • + 100 •		Rural Press (USA) Limited - USA	100	100
Milton Ulladulla Publishing Co. Pty Limited - NSW	60 • 60 •		Rural Press USA Inc - USA	100 •	100•
Bridge Printing Office Pty Limited - SA	100 • + 100 •		Farm Progress Holding Co, Inc - USA	100 •	100•
Port Lincoln Times Pty Limited - SA	100 • + 100 •		The Miller Publishing Co, Inc - USA	100 •	100•
S.A. Regional Media Pty Limited - SA	100 • + 100 •		Farm Progress Companies, Inc - USA	100 •	100•
Northern Newspapers Pty Limited - SA	100 • + 100 •		Farm Progress Insurance Services, Inc - USA	100 •	100•
			Indiana Prairie Farmer Insurance Services, Inc - USA	100 •	100•

- Investment by controlled entity
- + Controlled Entities included in Class Order 98/1418. Also refer to Note 39
- 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
- ‡ Deregistered or in process of deregistration

Name of controlled entity acquired for cash
Star Broadcasting Network Pty Limited remaining 49.9% acquired on January 31, 2003 for \$7,450,000.

41. SUBSEQUENT EVENTS

- a) On August 22, 2003 the company announced it, through a subsidiary, intends to make a conditional off-market takeover bid of approximately \$47,560,000 for all of the issued ordinary shares in Harris and Company Limited, publishers of the Burnie Advocate. This will be funded from existing bank facilities.
- b) A fully franked dividend of 16.0 cents per ordinary share and 17.6 cents per Preferred share was proposed by Directors on August 28, 2003.

Financial Statements

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 32 to 61 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, 2003 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 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 40 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.

On behalf of the Board



JB Fairfax, AM
Director



BK McCarthy
Director

Sydney, NSW
August 28, 2003

Financial Statements

Independent Audit Report to the Members of Rural Press Limited

Scope

We have audited the financial report of Rural Press Limited for the financial year ended June 30, 2003, consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes, and the Directors' declaration set out on pages 32 to 62. The financial report includes the consolidated financial statements of the consolidated entity, comprising the Company and the entities it controlled at the end of the year or from time to time during the financial year. The Company's Directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Rural Press Limited is 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, 2003 and of their performance for the financial year ended on that date; and
 - ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.



KPMG



BK Phillips
Partner

Sydney, NSW
August 28, 2003

Shareholder Information

Substantial Shareholders

The number of shares held by the substantial shareholders holding ordinary shares as at August 14, 2003 were as follows:

Shareholder	Ordinary Shares
JB Fairfax (held in trust for Marinya Media Pty Limited)	5,078
TV Fairfax (held in trust for Marinya Media Pty Limited)	5,078
Marinya Media Pty Limited	62,634,411
	<hr/>
	62,644,567
	<hr/>
Commonwealth Bank of Australia Limited (held by nominee companies)	9,034,098
Perpetual Trustees Australia Limited (held by nominee companies)	8,604,716
	<hr/>

Distribution of Shareholders and Totals in each class
as at August 14, 2003

(a) Category	Ordinary Shares	Preferred Shares
1-1000	3,612	952
1001-5000	2,195	1,031
5001-10000	490	348
10,001-100,000	521	341
100,001 and over	41	38
	<hr/>	<hr/>
Total Shareholders	6,859	2,710
	<hr/>	<hr/>
(b) Holding less than a marketable parcel of 80 ordinary shares	31	57

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.

Shareholder Information

Twenty Largest Shareholders

As at August 14, 2003

Shareholder	No. of Ordinary Shares	% of Total Ordinary Shares
Marinya Media Pty Limited	62,634,411	53.24
RBC Global Services Australia Nominees Pty Limited (PIPOOLED Account)	6,753,934	5.74
Westpac Custodian Nominees Limited	4,529,553	3.84
Citicorp Nominees Pty Limited (CFS WSLE Imputation Fund Account)	3,074,274	2.61
Citicorp Nominees Pty Limited (CFS Imputation Fund Account)	1,761,540	1.50
RBC Global Services Australia Nominees Pty Limited (BKCUST Account)	1,587,801	1.35
Estate of the late Mrs Caroline EO Simpson	1,560,999	1.33
Citicorp Nominees Pty Limited (CFS WSLE Australian Share Fund Account)	1,506,724	1.28
AMP Life Limited	1,083,295	0.92
Citicorp Nominees Pty Limited (CFS WSLE Industrial Share Account)	992,945	0.84
RBC Global Services Australia Nominees Pty Limited (PIIC Account)	954,698	0.81
JP Morgan Nominees Australia Limited	738,853	0.63
National Nominees Limited	721,794	0.61
Commonwealth Custodial Services Limited	673,783	0.57
Sandhurst Trustees Limited (SISF Account)	529,134	0.45
Cogent Nominees Pty Limited	444,172	0.38
Bridgestar Pty Limited	417,005	0.35
Invia Custodian Pty Limited	389,766	0.33
Milton Corporation Limited	309,900	0.26
Queensland Investment Corporation	293,494	0.25
TOTAL	90,958,075	77.29

Shareholder	No. of Preferred Shares	% of Total Preferred Shares
Marinya Media Pty Limited	23,120,546	29.61
RBC Global Services Australia Nominees Pty Limited (PIPOOLED Account)	7,971,838	10.21
JP Morgan Nominees Australia Limited	6,312,127	8.08
Citicorp Nominees Pty Limited (CFS WSLE Imputation Fund Account)	4,999,931	6.40
Citicorp Nominees Pty Limited (CFS Imputation Fund Account)	2,844,319	3.64
RBC Global Services Australia Nominees Pty Limited (RA Account)	2,330,181	2.98
RBC Global Services Australia Nominees Pty Limited (PIIC Account)	1,523,206	1.95
Citicorp Nominees Pty Limited (CFS WSLE Australian Share Fund Account)	1,340,708	1.72
Commonwealth Custodial Services Limited	1,205,222	1.54
RBC Global Services Australia Nominees Pty Limited (BKCUST Account)	1,161,704	1.49
Queensland Investment Corporation	1,144,350	1.47
National Nominees Limited	1,051,654	1.35
Citicorp Nominees Pty Limited (CFS WSLE Industrial Share Account)	886,330	1.13
Carramar Pty Limited	825,000	1.06
Estate of the late Mrs Caroline EO Simpson	778,000	1.00
Wilmar Enterprises Pty Limited	750,000	0.96
Westpac Custodian Nominees Limited	694,354	0.89
AMP Life Limited	636,843	0.82
Cogent Nominees Pty Limited	517,534	0.66
Citicorp Nominees Pty Limited (CFS WSLE 452 Australian Share Account)	350,437	0.45
TOTAL	60,444,284	77.41

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
45 Clarence Street
Sydney NSW 2000

Bankers & Financiers

Westpac Banking Corporation
National Australia Bank Limited
Toronto Dominion Australia Limited

Solicitors

Deacons
1 Alfred Street
Circular Quay, Sydney NSW 2000

Company Secretary

BHG Stofberg

Company Diary

	2003
Distribution of 2003 Annual Report	September 17
2003 Annual General Meeting (at 159 Bells Line of Road North Richmond NSW 10:30am)	October 17
2003 Final Dividend Record Date	October 28
2003 Final Dividend Payment	November 7
	2004
Announcement of 2004 Half Year Results	February 12
2004 Interim Dividend Record Date	February 20
2004 Interim Dividend Payment	March 5
Announcement of 2004 Full Year Results	August 26

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
- do not wish to receive the annual report*

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

* Shareholders will continue to receive all other shareholder information except the annual report.