

RURAL PRESS LIMITED

ACN 000 010 382

AND ITS CONTROLLED ENTITIES

**Half-Year Financial Statements and Reports
December 31,1995**

STATUTORY DIRECTORS' REPORT

for the half year ended December 31, 1995

Your Directors have pleasure in presenting their report together with the consolidated financial statements for the half year ended December 31, 1995 and the auditors review thereon.

Information on Directors

The names of the Directors of the chief entity in office at the date of this report are:-

J. B. Fairfax, AM, Chairman
B. Gowrie Smith
T. V. Fairfax
D. J. Asimus, AO
B. J. Taplin
I. G. Holmes
B. K. McCarthy, Managing Director

John Brehmer Fairfax, AM (Chairman, Non Executive Director, Age 53)

Qualifications and experience: Board member since February 1988 and Chairman since July 1, 1990. Chairman of Marinya Media Pty. Limited. 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. Trustee of National Parks and Wildlife Foundation of N.S.W. 1983-89. Councillor of Royal Agricultural Society of New South Wales since 1990. Chairman of Cambooya Investments Limited since 1991. Director of Australian Rural Leadership Foundation Limited since 1993. Councillor since 1979, and President since 1993 of Boys Brigade Inc., Councillor of AMP Foundation since 1992.

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

Bruce Gowrie Smith (Non Executive Director, Age 55)

Qualifications and experience: Farmer. Board member since December 1985. Canberra Junior Farmer Award 1965. Served on general council of United Farmers and Woolgrowers Association of N.S.W. Chairman Oilseed Research Committee N.S.W. 1974-80. Deputy Chairman Australian Coarse Graingrowers Association 1970-76. Deputy Chairman N.S.W. Oilseed Marketing Board 1978-81. Director of Rural Industries Research and Development Corporation since 1990. Director Australian Rural Leadership Foundation Limited since 1992. Experience in large scale irrigation development and management and the production of grains, oilseeds and vegetables.

Timothy Vincent Fairfax (Non Executive Director, Age 49)

Qualifications and experience: Farmer and grazier. Board member since February 1988. Director of Marinya Media Pty. Limited since 1987. Director of Primac Holdings Limited since 1991. Director Stanbroke Pastoral Company Limited since 1993.

David James Asimus, AO (Non Executive Director, Age 63)

Qualifications and experience: B.Ec.(Syd), D.Sc.(Honoris Causa NSW). Farmer. Board member since June 1989. Member of Australian Wool Corporation 1973-89 and Chairman 1979-89. Executive member C.S.I.R.O. 1969-70. Chairman of International Wool Secretariat 1979-89. Member Australian Trade Commission 1986-91. Director of Australian Eagle Insurance Limited 1988-92. Director of The Broken Hill Proprietary Company Limited since 1988, Director of I.B.J. Australia Bank Limited since 1988. Chancellor of Charles Sturt University since 1989. Director Wesfarmers Limited since 1993. Chairman Australian Rural Leadership Foundation Limited since 1994.

Special responsibilities: Member of Audit committee.

Barry John Taplin (Non Executive Director, Age 63)

Qualifications and experience: F.C.A. Board member since June 1989. Managing Director of Marinya Media Pty. Limited. Partner in Touche Ross & Co. (Chartered Accountants) and predecessor firms 1960-89. Formerly a member of Touche Ross & Co, International Strategic Planning Group, International Banking Group and Deputy Chairman of the Australian firm.

Special responsibilities: Chairman of Audit Committee. Trustee Director of the Chief Entity's superannuation plans.

Ian George Holmes (Non Executive Director, Age 62)

Qualifications and experience: F.A.I.M. F.A.I.C.D. Board member since August 14, 1995. Managing Director Grundy Organisation Pty Limited 1977-95. Executive Director Grundy Worldwide Limited 1988-95. Director SEA FM Limited 1986-95. Director Sunshine Broadcasting Network Limited 1991-95. Chairman Seven Network Limited in June 1995. Director Arena Management Pty Limited (Manager Sydney Entertainment Centre) since 1983. Director Convex (Ql'd) Pty Limited (Manager Brisbane Convention & Exhibition Centre) since 1993. Director Interactive Television Australia Limited since 1991.

Brian Keith McCarthy (Managing Director, Age 44)

Qualifications and experience: B.Comm.. Appointed Managing Director Rural Press Limited June 17, 1994. Joined Regional Publishers Pty Limited in 1976 as Group Accountant. General Manager of Upper Hunter Publishers Pty Limited, 1983. General Manager of Maitland Mercury, 1984. Joined Rural Press limited in 1987 as General Manager Special Projects. Director Pacific Area Newspaper Publishers Association since 1993.

Special responsibilities: Managing Director. Director of all subsidiary companies. Trustee Director of Chief Entity's superannuation plans.

Directors meetings

The number of meetings attended by the chief entity's Directors for the half year ended December 31, 1995 were as follows:-

	Board of Directors	Audit Committee
J. B. Fairfax	6 (6)	
A. McCorquodale (retired October 13, 1995)	4 (4)	
B. Gowrie Smith	6 (6)	1 (1)
T. V. Fairfax	6 (6)	
D. J. Asimus	6 (6)	1 (1)
B. J. Taplin	5 (6)	1 (1)
I. G. Holmes	4 (4)	
B. K. McCarthy	6 (6)	

Figures in brackets represent the maximum number of meetings the director could attend. Matters relating to Common Seals and Employee Share Scheme are attended to in Director's meetings. Matters of remuneration are also attended to in Directors' meetings and in accordance with the provisions of the Corporations Law when dealing with Directors' interest.

Directors' Interests and Benefits

The relevant interest of each Director in the share capital of the chief entity shown in the registers of Directors' at the date of this report is:

	<u>Ordinary Shares</u>	<u>Preferred Shares</u>
J. B. Fairfax	54,778,095	27,389,048
B. Gowrie Smith	9,012	4,506
T. V. Fairfax	54,778,095	27,389,048
D. J. Asimus	3,999	2,000
B. J. Taplin	45,000	22,500
B. K. McCarthy	99,268	49,634

The Directors' relevant interest in the Chief Entity changed on January 4, 1996 when Directors received their allotment of Preferred shares listed above, in accordance with the bonus issue described in this report under "Changes in State of Affairs".

Since the end of the previous financial year no Director of the Chief Entity has received or become entitled to receive any benefit (other than a fixed salary of a full-time employee or a benefit that would be included in the aggregate amount of remuneration received or due and receivable by Directors shown in the annual consolidated financial statements) because of a contract made by the Chief Entity, its controlled entities or a related body corporate with a Director or with a firm of which a Director is a member, or with an entity in which the Director has a substantial interest.

Mr. B. K. McCarthy has a loan with the Chief Entity which is in accordance with the Rural Press Limited Employee Share Scheme (1990) approved at a general meeting of shareholders on June 21, 1990.

Review of Operations

We consider the result very satisfactory, and the recent rains across much of the eastern seaboard have given new hope to the drought-affected agricultural sector.

Total sales growth of 18.5 per cent has been assisted by acquisitions, with revenues from traditional areas rising by 9 per cent. However, the company has been forced to absorb newsprint price rises of approximately 25 per cent, and company taxation at the higher rate of 36 per cent.

Advertising volumes in the agricultural newspapers has shown heartening growth, with the regional newspaper volumes being slightly lower than last year. The Printing Division lifted external sales in a competitive market, with the North Richmond heatset printing operation making an important contribution to results.

During the half year, the company significantly expanded its regional newspaper interests with the purchase of the Macquarie Publications group in New South Wales. This acquisition will provide an opportunity for growth in the years ahead. The acquisition strategy continued since December, with the purchase during January of the *Northern Argus* in Clare, South Australia and the *Crookwell Gazette* in New South Wales.

Offshore, strong growth has been achieved in the New Zealand agricultural publications, with lower returns from the United States operations.

The company is continuing its programme of introducing state-of-the-art technology for its newspapers and radio stations. The re-investment in circulation improvement and editorial enhancement activities are continuing on a number of publications.

Looking ahead, the first half financial trend might not reflect that for the full year. The results for the first few weeks of the second half of the current financial year have been below expectations, and indicative of the quiet economy and uncertainty with the imminent Federal Election.

Changes in State of Affairs

On December 7, 1995 a General Meeting of shareholders approved an alteration to the authorised share capital from \$250 million divided into 250 million Ordinary shares of \$1.00 each to \$250 million divided into 200 million Ordinary shares of \$1.00 each and 250 million Preferred shares of \$0.20 each. Shareholders also approved amendments to the company's Articles of Association for the inclusion of the Preferred share rights. Subsequent to the above General Meeting Directors completed the special dividend declared on October 13, 1995, of 10 cents per Ordinary share franked to 39% and satisfied by a bonus issue of 1 Preferred share for every 2 Ordinary shares held. Allotment of the Preferred shares was completed on January 4, 1996.

On December 11, 1995 the company expanded its interests in publishing by purchasing the Macquarie Publications Group of newspapers in New South Wales. Companies acquired were Snowy Mountains Publications Pty Limited and Cudgegong Newspapers Pty Limited.

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

Rounding off of Amounts

The amounts contained in this report have been rounded off to the nearest one thousand dollars under the option available to the company under Section 311 and Regulation 3.6.05 of the Corporations Law and Regulations.

Signed in accordance with a resolution
of the Directors

J. B. Fairfax AM
Director

B. K. McCarthy
Director
Kensington NSW February 8, 1996.

RURAL PRESS LIMITED
and its controlled entities
PROFIT AND LOSS STATEMENTS
FOR THE HALF-YEAR ENDED DECEMBER 31, 1995

	NOTES	CONSOLIDATED	
		1995 \$'000	1994 \$'000
Sales Revenue		135,174	114,047
Other Revenue		1,243	1,367
REVENUE		136,417	115,414
OPERATING PROFIT	2	27,155	22,737
Income tax attributable to operating profit		(9,921)	(7,475)
OPERATING PROFIT AFTER INCOME TAX		17,234	15,262
Outside equity interests in operating profit after income tax		(967)	(913)
OPERATING PROFIT AFTER INCOME TAX ATTRIBUTABLE TO MEMBERS OF THE CHIEF ENTITY		16,267	14,349
Retained profits at the beginning of the half-year		60,582	45,978
Total available for appropriation		76,849	60,327
Dividends provided for or paid	5	(17,185)	(5,835)
RETAINED PROFITS AT THE END OF THE HALF-YEAR		59,664	54,492

To be read in conjunction with the annexed notes which form part of these accounts.

**RURAL PRESS LIMITED
and its controlled entities
BALANCE SHEETS
AS AT DECEMBER 31, 1995**

	NOTES	CONSOLIDATED		
		Dec 31 1995 \$'000	Jun 30 1995 \$'000	Dec 31 1994 \$'000
CURRENT ASSETS				
Cash and bank deposits		6,936	5,854	5,777
Receivables		54,166	42,229	38,882
Inventories		17,074	11,372	7,648
Other		3,493	2,253	1,422
TOTAL CURRENT ASSETS		81,669	61,708	53,729
NON-CURRENT ASSETS				
Investments		10,051	8,124	7,215
Property, plant and equipment		84,879	71,258	60,698
Mastheads and radio licences		248,606	186,340	160,509
Other		10,532	8,758	6,680
TOTAL NON- CURRENT ASSETS		354,068	274,480	235,102
TOTAL ASSETS		435,737	336,188	288,831
CURRENT LIABILITIES				
Accounts payable & borrowings	3	39,778	28,599	54,116
Provisions		38,871	30,418	23,030
TOTAL CURRENT LIABILITIES		78,649	59,017	77,146
NON-CURRENT LIABILITIES				
Accounts payable & borrowings	3	137,522	57,021	955
Provisions		3,783	2,968	2,804
TOTAL NON-CURRENT LIABILITIES		141,305	59,989	3,759
TOTAL LIABILITIES		219,954	119,006	80,905
NET ASSETS		215,783	217,182	207,926
SHAREHOLDERS' EQUITY				
Share capital	4	106,082	106,082	106,082
Reserves		38,681	39,069	36,363
Retained profits		59,664	60,581	54,492
Shareholders' equity attributable to members of the chief entity		204,427	205,732	196,937
Outside equity interests in controlled entities		11,356	11,450	10,989
TOTAL SHAREHOLDERS' EQUITY		215,783	217,182	207,926

To be read in conjunction with the annexed notes which form part of these accounts.

RURAL PRESS LIMITED
and its controlled entities
STATEMENTS OF CASH FLOWS
FOR THE HALF-YEAR ENDED DECEMBER 31, 1995

	NOTES	CONSOLIDATED	
		1995 \$'000	1994 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		127,766	108,196
Payments to suppliers and employees		(101,312)	(81,017)
Dividends received		74	-
Interest received		85	204
Interest and other costs of finance paid		(2,802)	(783)
Income tax paid		(12,124)	(9,826)
Net cash flow from operating activities		11,687	16,774
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of businesses and controlled entities (net cash)		(49,031)	(23,001)
Purchase of investments		-	(181)
Purchase of property, plant and equipment		(5,951)	(4,016)
Purchase of mastheads & radio licences		(296)	(29)
Proceeds from sale of property, plant & equipment		566	291
Proceeds from sale of investments		3	75
Net cash flow from investing activities		(54,709)	(26,861)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		61,500	22,500
Repayment of borrowings		(2,000)	(9,800)
Payment of dividends		(9,017)	(7,956)
Payment of dividends to outside equity interests		(1,060)	(716)
Net cash flow from financing activities		49,423	4,028
NET INCREASE (DECREASE) IN CASH HELD		6,401	(6,059)
Cash at beginning of the half-year		10,068	14,140
Exchange variance on opening cash balance		(101)	(18)
CASH AT THE END OF THE HALF-YEAR	7	16,368	8,063

To be read in conjunction with the annexed notes which form part of these accounts.

**RURAL PRESS LIMITED
and its controlled entities
NOTES TO THE ACCOUNTS
FOR THE HALF-YEAR ENDED DECEMBER 31, 1995**

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

The general purpose half-year consolidated financial statements have been prepared in accordance with the requirements of the Corporations Law and Accounting Standard 1029 "Half-Year Accounts and Consolidated Accounts". It is recommended that these half-year financial statements and reports be read in conjunction with the June 30, 1995 Annual Financial Statements and Reports and any public announcements by Rural Press Limited and its Controlled Entities during the half-year in accordance with continuous disclosure obligations arising under the Corporations Law.

The Accounting policies have been consistently applied by the entities in the economic entity and except where there is a change in accounting policy, are consistent with those of the previous financial year and corresponding half-year.

The carrying amount of non-current assets are reviewed to determine whether they are in excess of their recoverable amount at the end of the half-year. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

CONSOLIDATED	
1995	1994
\$'000	\$'000

2. OPERATING PROFIT

Operating profit before abnormal items and income tax has been arrived at after including:		
Interest received or due and receivable	85	204
Interest paid or due and payable (including lease finance charges)	2,802	783
Depreciation including all forms of amortisation	4,097	3,618
	4,097	3,618

**RURAL PRESS LIMITED
and its controlled entities
NOTES TO THE ACCOUNTS
FOR THE HALF-YEAR ENDED DECEMBER 31, 1995**

	CONSOLIDATED		
	Dec 31	Jun 30	Dec 31
	1995	1995	1994
	\$'000	\$'000	\$'000
3. ACCOUNTS PAYABLE & BORROWINGS			
Current			
Accounts payable	38,003	27,978	26,713
Borrowings	1,775	621	27,403
	<u>39,778</u>	<u>28,599</u>	<u>54,116</u>
Non-Current			
Accounts payable	-	-	-
Borrowings	137,522	57,021	955
	<u>137,522</u>	<u>57,021</u>	<u>955</u>
4. SHARE CAPITAL			
Authorised capital			
200,000,000 ordinary shares at \$1.00 each (June 1995 and December 1994 250,000,000 ordinary shares at \$1.00 each)	200,000	250,000	250,000
250,000,000 preferred shares at \$0.20 each (June 1995 and December 1994 Nil)	50,000	-	-
	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Issued capital			
Ordinary shares of \$1 each fully paid Balance at end of year	106,082	106,082	106,082

At the General Meeting of the company the shareholders approved the conversion of 50,000,000 \$1.00 ordinary shares to 250,000,000 preferred shares at \$0.20 each. Also refer to Note 10.

	CONSOLIDATED	
	1995	1994
	\$'000	\$'000
5. DIVIDENDS		
Dividends provided for or paid		
Interim dividend declared of 4 cents per ordinary share (1994 5.5 cents per share)	4,243	5,835
Interim dividend declared of 4.4 cents per preferred share (1994 Nil)	2,334	-
Special interim dividend declared of 10 cents per ordinary share	10,608	-
	<u>17,185</u>	<u>5,835</u>

**RURAL PRESS LIMITED
and its controlled entities
NOTES TO THE ACCOUNTS
FOR THE HALF-YEAR ENDED DECEMBER 31, 1995**

	CONSOLIDATED	
	1995	1994
	\$'000	\$'000
6. EARNINGS PER SHARE		
(a) Basic earnings per share (dollars per share)	0.153	0.135
(b) Diluted earnings per share (dollars per share)	0.153	0.135
(c) Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	106,081,929	106,081,929

7. NOTES TO THE STATEMENTS OF CASH FLOW

(a) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank, short term deposits at call, bank bills receivable, net of outstanding bank overdrafts. Cash as at the end of the financial period as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:

Cash	6,936	5,777
Short term deposits	9,752	2,431
Bank overdraft	(320)	(145)
	16,368	8,063

8. SEGMENT REPORTING

The company and its controlled entities operate predominantly in the publishing and printing industry within Australasia.

9. CONTINGENT LIABILITIES AND GUARANTEES

- (a) The chief entity and its controlled entities are defendants in a number of legal actions arising from their operations. The directors believe that these actions can be successfully defended and therefore no material losses will be incurred. The costs expected in defending these actions have been allowed for in the accounts.
- (b) In the previous year the chief entity and a controlled entity have guaranteed on a joint and several basis with other entities bank loans to a partially-owned controlled entity to the value of \$1,500,000.

10. POST BALANCE DATE EVENTS

On January 4, 1996 the company made a bonus issue of preferred shares on the basis of one preferred share for two ordinary shares held. The bonus issue was made from Retained Earnings by way of the special dividend declared on October 12, 1995 which is provided for in the accounts. After the bonus issue the Shareholders Funds will increase from \$215,782,000 to \$226,390,000.

**RURAL PRESS LIMITED
STATEMENT BY DIRECTORS
FOR THE HALF-YEAR ENDED DECEMBER 31, 1995**

Statement by Directors on the accounts set out on pages 5 to 10 . 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 accounts set out on pages 5 to 10 are drawn up so as to give a true and fair view of the results and cash flows for the half year ended December 31, 1995, and the state of affairs at December 31, 1995, of the Company and the economic entity;
 - (b) the half-year consolidated accounts have been made out in accordance with Divisions 4A and 4B of Part 3.6 of the Corporations Law; and
- (2) The half-year consolidated accounts have been made out in accordance with Accounting Standard AASB 1029 "Half-Year Accounts and Consolidated Accounts".

On behalf of the Board

J. B. Fairfax, AM
Director

B.K.McCarthy
Director

Kensington N.S.W. February 8, 1996

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF RURAL PRESS LIMITED

Scope

We have reviewed the consolidated financial statements of Rural Press Limited for the half-year ended December 31, 1995, consisting of the profit and loss account, balance sheet, statement of cash flows, accompanying notes and the statement by directors set out on pages 5 to 11. The half-year consolidated financial statements are the consolidated accounts of the economic entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year. The company's directors are responsible for the preparation and presentation of the half-year consolidated financial statements and the information contained therein. The half-year consolidated financial statements have been prepared for lodgement with the Australian Securities Commission in accordance with section 317A(1) of the Corporations Law.

We have performed the review on the half-year consolidated financial statements in order to enable us to state whether, on the basis of procedures which do not provide all the evidence that would be required in an audit, anything has come to our attention that causes us to believe that the half-year consolidated financial statements are not presented fairly in accordance with Accounting Standard AASB 1029 "Half-Year Accounts and Consolidated Accounts", other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and statutory requirements.

Our review has been conducted in accordance with Statement of Auditing Practice/Related Services AUP/RS 1 "Review Engagements". A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. Our review has not involved a study and evaluation of internal accounting controls, tests of accounting records or tests of responses to inquiries by obtaining corroborative evidence from inspection, observation or confirmation. The procedures conducted do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

The names of the controlled entities audited by overseas KPMG member firms and other auditors are:-

Mountain Press Pty Limited	Rural Press (USA) Limited
Communication Associates Limited	Rural Press (USA) Inc.
N.Z. Rural Press Limited	The Examiner Newspaper Pty Limited
Collingwood Publishing Limited	Examiner Properties Pty Limited

Statement

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the consolidated financial statements of Rural Press Limited for the half-year ended 31 December, 1995 are not properly drawn up:

- (a) so as to give a true and fair view of:
 - i) the state of affairs of the economic entity at 31 December 1995, and the results and cash flows of the economic entity for the half-year ended on that date; and
 - ii) the other matters required by Divisions 4, 4A and 4B of Part 3.6 of the Corporations Law to be dealt with in the half-year consolidated financial statements;
- (b) in accordance with the provisions of the Corporations Law, and
- (c) in accordance with Accounting Standard AASB 1029 "Half-Year Accounts and Consolidated Accounts".

KPMG
Chartered Accountants

R. J. Gray
Partner

Sydney
Date