

**RURAL PRESS LIMITED**

ACN 000 010 382

**AND ITS CONTROLLED ENTITIES**

**Half-Year Financial Statements and Reports  
December 31,1996**

# **STATUTORY DIRECTORS' REPORT**

## **for the half year ended December 31, 1996**

Your Directors have pleasure in presenting their report together with the consolidated financial statements of Rural Press Limited (Chief Entity) for the half year ended December 31, 1996 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 54)

Qualifications and experience: Board member since February 1988 and Chairman since July 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. 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 1992-96. Director of G.E. Crane Holdings Limited since October 1996. Director of Westpac Banking Corporation Limited since December 1996

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

#### **Bruce Gowrie Smith** (Non Executive Director, Age 56)

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 1990-96. Director Australian Rural Leadership Foundation Limited since 1992. Experience in large scale irrigation development and management and the production of grains, oilseeds and vegetables.

#### **Timothy Vincent Fairfax** (Non Executive Director, Age 50)

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. Councillor New England Girls School since 1994. Councillor Sunshine Coast University since 1996. Trustee Queensland Art Gallery since 1996.

#### **David James Asimus, AO** (Non Executive Director, Age 64)

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 1994. Chairman Australian Rural Leadership Foundation Limited since 1994. Director Delta Electricity Limited since 1996.

Special responsibilities: Member of Audit committee.

**Barry John Taplin** (Non Executive Director, Age 65)

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 63)

Qualifications and experience: F.A.I.M. F.A.I.C.D. Board member since August 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 1991-96.

Special responsibilities: Member of Audit committee.

**Brian Keith McCarthy** (Managing Director, Age 45)

Qualifications and experience: B.Comm.. Managing Director Rural Press Limited since June 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, 1996 were as follows:-

	Board of Directors	Audit Committee
J. B. Fairfax	6 (6)	
B. Gowrie Smith	6 (6)	
T. V. Fairfax	6 (6)	
D. J. Asimus	6 (6)	1 (1)
B. J. Taplin	6 (6)	1 (1)
I. G. Holmes	4 (6)	1 (1)
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	54,798,095	27,399,048
B. Gowrie Smith	9,012	4,506
T. V. Fairfax	54,798,095	27,399,048
D. J. Asimus	3,999	2,000
B. J. Taplin	45,000	22,500
I. G. Holmes	30,000	-
B. K. McCarthy	99,268	49,634

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

The result was satisfactory given the difficult economic conditions in regional and rural markets across Australia. Despite this, the company had sustained its record of profit growth. Total sales growth of 15 per cent had been assisted by acquisitions, with revenues from traditional areas at last year's levels.

Advertising volumes in the agricultural newspapers and magazines were the same as last year, while regional newspaper volumes were slightly lower than last year. Regional newspapers continued to be affected by the sluggish economy, particularly with retailing and real estate advertising. The agricultural publications continued to be impacted by the ongoing difficulties in the beef and wool sectors.

Both the Printing and Broadcasting Divisions held sales at last year's levels, in what were difficult markets, particularly in Queensland. Offshore, earnings gains in the United States agricultural publications were offset by lower returns from New Zealand.

The company was continuing its programme of introducing state-of-the-art technology for its newspapers which would lower operating costs. The costs associated with technology introduction were accounted for as normal operating expenses.

The electronic publishing service F@rming OnLine continued to provide up to the minute agricultural information for farmers, and was being constantly improved.

Trading for the first six weeks of the second half of the current financial year had been below last year, indicative of the continuing difficult economy. While we still expect the company's history of profit growth to be maintained, this may not be possible if early second half trends continue.

### **Changes in State of Affairs**

In the opinion of the Directors, there were no 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 half-year consolidated financial statements.

### **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 13, 1997.

**RURAL PRESS LIMITED**  
**and its controlled entities**  
**PROFIT AND LOSS STATEMENTS**  
**FOR THE HALF-YEAR ENDED DECEMBER 31, 1996**

	NOTES	CONSOLIDATED	
		1996 \$'000	1995 \$'000
Sales Revenue		155,963	135,174
Other Revenue		1,785	1,243
<b>REVENUE</b>		<b>157,748</b>	<b>136,417</b>
OPERATING PROFIT	2	28,091	27,155
Income tax attributable to operating profit		(10,289)	(9,921)
<b>OPERATING PROFIT AFTER INCOME TAX</b>		<b>17,802</b>	<b>17,234</b>
Outside equity interests in operating profit after income tax		(844)	(967)
<b>OPERATING PROFIT AFTER INCOME TAX ATTRIBUTABLE TO MEMBERS OF THE CHIEF ENTITY</b>		<b>16,958</b>	<b>16,267</b>
Retained profits at the beginning of the half-year		65,059	60,582
<b>Total available for appropriation</b>		<b>82,017</b>	<b>76,849</b>
Dividends provided for or paid	5	(6,577)	(17,185)
<b>RETAINED PROFITS AT THE END OF THE HALF-YEAR</b>		<b>75,440</b>	<b>59,664</b>

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, 1996**

	NOTES	CONSOLIDATED		
		Dec 31 1996 \$'000	Jun 30 1996 \$'000	Dec 31 1995 \$'000
<b>CURRENT ASSETS</b>				
Cash and bank deposits		7,132	8,780	6,936
Receivables		60,239	52,207	54,166
Inventories		9,466	13,906	17,074
Other		5,384	1,625	3,493
<b>TOTAL CURRENT ASSETS</b>		<b>82,221</b>	<b>76,518</b>	<b>81,669</b>
<b>NON-CURRENT ASSETS</b>				
Investments		8,206	8,206	10,051
Property, plant and equipment		81,855	80,529	84,879
Mastheads and radio licences		255,378	255,292	248,606
Other		9,694	9,787	10,532
<b>TOTAL NON- CURRENT ASSETS</b>		<b>355,133</b>	<b>353,814</b>	<b>354,068</b>
<b>TOTAL ASSETS</b>		<b>437,354</b>	<b>430,332</b>	<b>435,737</b>
<b>CURRENT LIABILITIES</b>				
Accounts payable & borrowings	3	53,694	41,546	39,778
Provisions		24,437	33,924	38,871
<b>TOTAL CURRENT LIABILITIES</b>		<b>78,131</b>	<b>75,470</b>	<b>78,649</b>
<b>NON-CURRENT LIABILITIES</b>				
Accounts payable & borrowings	3	113,576	119,594	137,522
Provisions		3,880	3,909	3,783
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>117,456</b>	<b>123,503</b>	<b>141,305</b>
<b>TOTAL LIABILITIES</b>		<b>195,587</b>	<b>198,973</b>	<b>219,954</b>
<b>NET ASSETS</b>		<b>241,767</b>	<b>231,359</b>	<b>215,783</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	4	116,690	116,690	106,082
Reserves		38,346	38,318	38,681
Retained profits		75,440	65,059	59,664
Shareholders' equity attributable to members of the chief entity		230,476	220,067	204,427
Outside equity interests in controlled entities		11,291	11,292	11,356
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>241,767</b>	<b>231,359</b>	<b>215,783</b>

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, 1996**

	NOTES	CONSOLIDATED	
		1996 \$'000	1995 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		155,114	127,766
Payments to suppliers and employees		(118,652)	(101,312)
Dividends received		114	74
Interest received		284	85
Interest and other costs of finance paid		(3,960)	(2,802)
Income tax paid		(15,203)	(12,124)
<b>Net cash flow from operating activities</b>		<b>17,697</b>	<b>11,687</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of businesses and controlled entities (net cash)		(2,377)	(49,031)
Purchase of investments		-	-
Purchase of property, plant and equipment		(4,290)	(5,951)
Purchase of mastheads & radio licences		(15)	(296)
Proceeds from sale of property, plant & equipment		457	566
Proceeds from sale of investments		-	3
<b>Net cash flow from investing activities</b>		<b>(6,225)</b>	<b>(54,709)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		20,700	61,500
Repayment of borrowings		(16,400)	(2,000)
Payment of dividends		(9,866)	(9,017)
Payment of dividends to outside equity interests		(846)	(1,060)
<b>Net cash flow from financing activities</b>		<b>(6,412)</b>	<b>49,423</b>
<b>NET INCREASE (DECREASE) IN CASH HELD</b>		<b>5,060</b>	<b>6,401</b>
Cash at beginning of the half-year		15,454	10,068
Exchange variance on opening cash balance		28	(101)
<b>CASH AT THE END OF THE HALF-YEAR</b>	<b>7</b>	<b>20,542</b>	<b>16,368</b>

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, 1996**

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, 1996 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.

<b>CONSOLIDATED</b>	
<b>1996</b>	<b>1995</b>
<b>\$'000</b>	<b>\$'000</b>

2. OPERATING PROFIT

Operating profit before abnormal items and income tax		
has been arrived at after including:		
Interest received or due and receivable	284	85
Interest paid or due and payable (including lease finance charges)	3,960	2,802
Depreciation including all forms of amortisation	4,905	4,097
	4,905	4,097

**RURAL PRESS LIMITED**  
**and its controlled entities**  
**NOTES TO THE ACCOUNTS**  
**FOR THE HALF-YEAR ENDED DECEMBER 31, 1996**

	<b>CONSOLIDATED</b>		
	<b>Dec 31</b>	<b>Jun 30</b>	<b>Dec 31</b>
	<b>1996</b>	<b>1996</b>	<b>1995</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>3. ACCOUNTS PAYABLE &amp; BORROWINGS</b>			
Current			
Accounts payable	32,173	30,177	38,003
Borrowings	21,521	11,369	1,775
	<u>53,694</u>	<u>41,546</u>	<u>39,778</u>
Non-Current			
Accounts payable	-	-	-
Borrowings	113,576	119,594	137,522
	<u>113,576</u>	<u>119,594</u>	<u>137,522</u>
<b>4. SHARE CAPITAL</b>			
Authorised capital			
200,000,000 ordinary shares at \$1.00 each (June 1996 and December 1995 200,000,000 ordinary shares at \$1.00 each)	200,000	200,000	200,000
250,000,000 preferred shares at \$0.20 each (June 1996 and December 1995 250,000,000 preferred shares at \$1.00 each)	50,000	50,000	50,000
	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Issued capital			
106,081,929 ordinary shares at \$1.00 each (June 1996 and December 1995 106,081,929 ordinary shares at \$1.00 each)	106,082	106,082	106,082
53,041,290 preferred shares at \$0.20 each (June 1996 53,041,290 preferred shares at \$1.00 each and December 1995 Nil)	10,608	10,608	-
	<u>116,690</u>	<u>116,690</u>	<u>106,082</u>
	<b>CONSOLIDATED</b>	<b>CONSOLIDATED</b>	
	<b>1996</b>	<b>1995</b>	
	<b>\$'000</b>	<b>\$'000</b>	
<b>5. DIVIDENDS</b>			
Dividends provided for or paid			
Interim dividend declared of 4.0 cents per ordinary share (1995 4.0 cents )	4,243	4,243	
Interim dividend declared of 4.4 cents per preferred share (1995 4.4 cents)	2,334	2,334	
Special interim dividend declared of 10 cents per ordinary share	-	10,608	
	<u>6,577</u>	<u>17,185</u>	

**RURAL PRESS LIMITED  
and its controlled entities  
NOTES TO THE ACCOUNTS  
FOR THE HALF-YEAR ENDED DECEMBER 31, 1996**

	<b>CONSOLIDATED</b>	
	<b>1996</b>	<b>1995</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>6. EARNINGS PER SHARE</b>		
(a) Basic earnings per share (dollars per share)	.107	0.102
(b) Diluted earnings per share (dollars per share)	.107	0.102
(c) Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	159,123,219	159,123,219

**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	7,132	6,936
Short term deposits	13,736	9,752
Bank overdraft	(326)	(320)
	20,542	16,368

**8. SEGMENT REPORTING**

The chief entity 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 \$625,000.

**RURAL PRESS LIMITED  
STATEMENT BY DIRECTORS  
FOR THE HALF-YEAR ENDED DECEMBER 31, 1996**

In the opinion of the Directors of Rural Press Limited:

- (1) (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, 1996, and the state of affairs at December 31, 1996, of 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".

Signed in accordance with a resolution of the Board of Directors.

J. B. Fairfax, AM  
Director

B.K.McCarthy  
Director

Kensington N.S.W. February 13, 1997

## **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 31 December, 1996, 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 Australian Auditing Standards applicable to 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.

### **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, 1996 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 1996, 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" and other mandatory professional reporting requirements.

KPMG  
Chartered Accountants

R. J. Gray  
Partner

Sydney  
Date