

**RURAL PRESS LIMITED**

ACN 000 010 382

**AND ITS CONTROLLED ENTITIES**

**Half-Year Financial Statements and Reports**

**December 31, 1997**

# **STATUTORY DIRECTORS' REPORT**

**for the half year ended December 31, 1997**

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, 1997 and the auditors review report 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

Mr B.K. McCarthy is the only executive Director on the Board.

### **John Brehmer Fairfax, AM (Chairman, Non Executive Director, Age 55)**

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 1992-96. Director of G.E. 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 (Non Executive Director, Age 57)**

Qualifications and experience: Hon. D.Ap.Sc. (Charles Sturt). Farmer. Board member since 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 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.

Special responsibilities: Member of Audit Committee.

### **Timothy Vincent Fairfax (Non Executive Director, Age 51)**

Qualifications and experience: F.A.I.C.D. Farmer and grazier. Board member since 1988. Director of Marinya Media Pty. Limited since 1987. Director of Primac Holdings Limited since 1991. Director of 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. Director of Brickworks Limited since 1997.

### **David James Asimus, AO (Non Executive Director, Age 65)**

Qualifications and experience: B.Ec(Syd), Hon.D.Sc. (NSW), Hon. D.Ag.Ec.(Syd). Farmer. Board member since 1989. Member of Australian Wool Corporation 1973-89 and Chairman 1979-89. Executive

member of C.S.I.R.O. 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 since 1988. Director of I.B.J. Australian Bank Limited since 1988. Chancellor of Charles Sturt University since 1989. Director of Wesfarmers Limited since 1994. Chairman of Australian Rural Leadership Foundation Limited since 1994. Director of Delta Electricity Limited since 1996.

**Barry John Taplin (Non Executive Director, Age 66)**

Qualifications and experience: F.C.A. Board member since 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 Company's superannuation plans.

**Ian George Holmes (Non Executive Director, Age 64)**

Qualifications and experience: F.A.I.M. F.A.I.C.D. Board member since August 1995. Managing Director of Grundy Organisation Pty. Limited 1977-95. Executive Director of Grundy Worldwide Limited 1988-95. Director of SEA FM Limited 1986-95. Director of Sunshine Broadcasting Network Limited 1991-95. Chairman of Seven Network Limited in June 1995. Director of Arena Management Pty. Limited (Manager Sydney Entertainment Centre) since 1983. Director of Convex (Qld) Pty. Limited (Manager Brisbane Convention & Exhibition Centre) since 1993. Director of Interactive Television Australia Limited 1991-96. Director of Seal Rocks Victoria Australia Pty. Limited since 1996.

Special responsibilities: Member of Audit Committee.

**Brian Keith McCarthy (Managing Director, Age 46)**

Qualifications and experience: B.Comm. Managing Director of 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 Company's superannuation plans.

**Directors meetings**

The number of meetings attended by the chief entity's Directors for the half year ended December 31, 1997 were as follows:-

	Board of Directors	Audit Committee
J. B. Fairfax	5 (5)	-
B. Gowrie Smith	5 (5)	-
T. V. Fairfax	5 (5)	-
D. J. Asimus	5 (5)	1 (1)
B. J. Taplin	5 (5)	1 (1)
I. G. Holmes	5 (5)	1 (1)
B. K. McCarthy	5 (5)	-

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, AM <sup>(1)</sup>	55,021,430	27,399,048
B. Gowrie Smith	9,012	4,506
T. V. Fairfax <sup>(1)</sup>	55,021,430	27,399,048
D. J. Asimus, AO	3,999	2,000
B. J. Taplin	45,000	22,500
I. G. Holmes	30,000	-
B. K. McCarthy	99,268	49,634

(1) The relevant interests disclosed for J.B.Fairfax and T.V.Fairfax refer to shareholdings that are common to both Directors.

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.

## Consolidated Result

The consolidated profit for the half year ended December 31, 1997 attributable to members of the Chief Entity was:

	<b>1997</b>	<b>1996</b>
	<b>\$'000</b>	<b>\$'000</b>
Operating profit after income tax	37,534	17,802
Outside equity interests	<u>(1,017)</u>	<u>(844)</u>
Net profit attributable to members of the Chief Entity	<u>36,517</u>	<u>16,958</u>

## Review of Operations

The result was pleasing in view of the sombre economic environment experienced in regional and rural Australia in recent times.

Trading conditions for the Regional Publishing Division showed some signs of recovery from about September, 1997, with volumes and turnover moderately above last year's levels. The operational adjustments in the Macquarie Publishing acquisition continued for the duration of the half year, but are reaching a conclusion.

The lower levels of rainfall were sufficient and timely enough to assist most of the grain growing areas. Until the turmoil in the Asian economies, wool prices were also at improved levels. These factors assisted the Agricultural Publishing Division's Australian operations in experiencing some recovery and improvement, particularly in the eastern States.

Overseas operations in the Agricultural Publishing Division have been significantly enhanced in the US through the acquisition of the Farm Progress Companies in September, 1997. Combined with existing operations, Rural Press has secured approximately 22 per cent of the agricultural advertising market in the US, with potential for growth. In New Zealand, trading was subdued.

The Printing Division has recovered by securing significant new contracts during the period to replace lost contracts.

In October, 1997, the group divested the Broadcasting Division at a considerable capital profit, and at a time when the radio industry, considered to be cyclical in nature, was viewed as being at the top of one of its cycles. The group still retains a 50 per cent interest in two radio stations at Port Augusta and Berri in South Australia.

The sale of the Broadcasting Division has considerably reduced the group's debt level, providing flexibility for future acquisitions and liquidity for ongoing expenditure in technology, including electronic publishing services, as well as printing plant.

Trading for the first six weeks of the second half of the current financial year has been patchy, with overall results in Australia in line with the corresponding period of last year. Results from our US operations are above expectation. It is too early to have a feel for any impact from the Asian economic crisis.

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

During the six months to December 31, 1997 the economic entity expanded its agricultural publishing interests in the USA through the purchase of all the common stock in Farm Progress Holdings Inc. for US\$ 56,950,000.

The economic entity also disposed of its radio broadcasting division through the sale of all the shares in Regional Broadcasters Australia Pty. Limited for A\$ 88,000,000.

In the opinion of the Directors, other than as mentioned, 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 12, 1998

**RURAL PRESS LIMITED**  
**and its controlled entities**  
**PROFIT AND LOSS STATEMENTS**  
**FOR THE HALF-YEAR ENDED DECEMBER 31, 1997**

	NOTES	CONSOLIDATED	
		1997	1996
		\$'000	\$'000
Sales Revenue		174,502	155,963
Other Revenue		2,662	1,785
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<b>TOTAL REVENUE</b>		<b>177,164</b>	<b>157,748</b>
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OPERATING PROFIT BEFORE INTEREST, ABNORMAL ITEM AND INCOME TAX		36,814	31,766
Net interest expense		(4,475)	(3,675)
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OPERATING PROFIT BEFORE ABNORMAL ITEM AND INCOME TAX	2	32,339	28,091
Abnormal item before income tax	3	31,177	-
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OPERATING PROFIT BEFORE INCOME TAX		63,516	28,091
Income tax attributable to operating profit		(26,517)	(10,289)
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OPERATING PROFIT AFTER INCOME TAX		36,999	17,802
Outside equity interests in operating profit after income tax		(1,017)	(844)
<hr/>			
OPERATING PROFIT AFTER INCOME TAX ATTRIBUTABLE TO MEMBERS OF THE CHIEF ENTITY		35,982	16,958
Retained profits at the beginning of the half-year		80,321	65,059
Aggregate amounts transferred from reserves		535	-
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Total available for appropriation		116,838	82,017
Dividends provided for or paid	5	(7,564)	(6,577)
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<b>RETAINED PROFITS AT THE END OF THE HALF-YEAR</b>		<b>109,274</b>	<b>75,440</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, 1997**

	NOTES	CONSOLIDATED		
		Dec 31 1997 \$'000	Jun 30 1997 \$'000	Dec 31 1996 \$'000
<b>CURRENT ASSETS</b>				
Cash and bank deposits		13,402	11,368	7,132
Receivables		53,116	58,963	60,239
Inventories		11,998	9,128	9,466
Other		5,071	2,712	5,384
<b>TOTAL CURRENT ASSETS</b>		<b>83,587</b>	<b>82,171</b>	<b>82,221</b>
<b>NON-CURRENT ASSETS</b>				
Investments		8,213	9,762	8,206
Property, plant and equipment		68,747	80,175	81,855
Mastheads		301,318	212,902	212,886
Radio licences		-	41,105	42,492
Other		10,525	10,740	9,694
<b>TOTAL NON- CURRENT ASSETS</b>		<b>388,803</b>	<b>354,684</b>	<b>355,133</b>
<b>TOTAL ASSETS</b>		<b>472,390</b>	<b>436,855</b>	<b>437,354</b>
<b>CURRENT LIABILITIES</b>				
Accounts payable		46,624	31,064	32,173
Borrowings		901	10,931	21,521
Provisions		40,266	29,523	24,437
<b>TOTAL CURRENT LIABILITIES</b>		<b>87,791</b>	<b>71,518</b>	<b>78,131</b>
<b>NON-CURRENT LIABILITIES</b>				
Borrowings		100,574	113,670	113,576
Provisions		4,964	4,416	3,880
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>105,538</b>	<b>118,086</b>	<b>117,456</b>
<b>TOTAL LIABILITIES</b>		<b>193,329</b>	<b>189,604</b>	<b>195,587</b>
<b>NET ASSETS</b>		<b>279,061</b>	<b>247,251</b>	<b>241,767</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	4	116,690	116,690	116,690
Reserves		41,159	38,710	38,346
Retained profits		109,274	80,321	75,440
Shareholders' equity attributable to members of the chief entity		267,123	235,721	230,476
Outside equity interests in controlled entities		11,938	11,530	11,291
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>279,061</b>	<b>247,251</b>	<b>241,767</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, 1997**

	NOTES	CONSOLIDATED	
		1997 \$'000	1996 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		166,678	155,114
Payments to suppliers and employees		(125,524)	(118,652)
Dividends received		85	114
Interest received		785	284
Interest and other costs of finance paid		(5,260)	(3,960)
Income tax paid		(11,072)	(15,203)
<b>Net cash flow from operating activities</b>		<b>25,692</b>	<b>17,697</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of businesses and controlled entities (net cash)		(78,264)	(2,377)
Purchase of investments		(20)	-
Purchase of property, plant and equipment		(4,686)	(4,290)
Purchase of mastheads & radio licences		(173)	(15)
Proceeds from sale of property, plant & equipment		261	457
Proceeds from sale of investments		-	-
Proceeds from sale of business and controlled entities (net cash)		87,479	-
<b>Net cash flow from investing activities</b>		<b>4,597</b>	<b>(6,225)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		78,893	20,700
Repayment of borrowings		(98,650)	(16,400)
Repayment of deferred vendor finance		(10,000)	-
Payment of dividends		(10,359)	(9,866)
Payment of dividends to outside equity interests		(760)	(846)
<b>Net cash flow from financing activities</b>		<b>(40,876)</b>	<b>(6,412)</b>
<b>NET INCREASE (DECREASE) IN CASH HELD</b>		<b>(10,587)</b>	<b>5,060</b>
Cash at beginning of the half-year		25,687	15,454
Exchange variance on opening cash balance		173	28
<b>CASH AT THE END OF THE HALF-YEAR</b>	<b>7</b>	<b>15,273</b>	<b>20,542</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, 1997**

**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, 1997 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.

They have been prepared on the basis of historical cost and except where stated, do not take into account changing money values or current valuations of non-current assets.

The accounting policies have been consistently applied by the entities in the economic entity except where there is a change in accounting policy disclosed in these accounts.

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>1997</b>	<b>1996</b>
<b>\$'000</b>	<b>\$'000</b>

**2. OPERATING PROFIT**

Operating profit before abnormal item and income tax has been arrived at after including:		
Interest received or due and receivable	785	284
Interest paid or due and payable (including lease finance charges)	5,260	3,960
Depreciation including all forms of amortisation	4,481	4,905
Amortisation of goodwill	125	58
	<u>125</u>	<u>58</u>

**3. ABNORMAL ITEM**

Profit on sale of Regional Broadcasters Australia Pty. Limited and its subsidiaries	31,717	-
Income tax effect	(14,834)	-
	<u>16,343</u>	<u>-</u>

The above abnormal item is included in Operating Profit before Income Tax

**RURAL PRESS LIMITED  
and its controlled entities  
NOTES TO THE ACCOUNTS  
FOR THE HALF-YEAR ENDED DECEMBER 31, 1997**

	CONSOLIDATED		
	Dec 31 1997 \$'000	Jun 30 1997 \$'000	Dec 31 1996 \$'000
<b>4. SHARE CAPITAL</b>			
Authorised capital			
200,000,000 ordinary shares at \$1.00 each	200,000	200,000	200,000
250,000,000 preferred shares at \$0.20 each	50,000	50,000	50,000
	250,000	250,000	250,000
Issued capital			
106,081,929 ordinary shares at \$1.00 each fully paid	106,082	106,082	106,082
53,041,290 preferred shares at \$0.20 each fully paid	10,608	10,608	10,608
	116,690	116,690	116,690
	CONSOLIDATED		
	1997	1996	
	\$'000	\$'000	
<b>5. DIVIDENDS</b>			
Dividends provided for or paid			
Interim dividend declared of 4.60 cents per ordinary share (1996 4.0 cents )	4,880	4,243	
Interim dividend declared of 5.06 cents per preferred share (1996 4.4 cents)	2,684	2,334	
	7,564	6,577	
Dividend imputation			
All dividends paid or proposed are fully franked out of existing franking credits or out of franking credits arising from the payment of income tax in the forthcoming period.			
Amount of retained profits and reserves that could be distributed as franked dividends (before the proposed dividend) out of existing franking credits and franking credits arising from the payment of income tax in the forthcoming year:			
- Pre-acquisition profits at 36%	15,240	32,018	
- Post acquisition profits at 36%	114,635	57,757	
<b>6. EARNINGS PER SHARE</b>			
(a) Basic earnings per share (dollars per share)	.226	.107	
(b) Diluted earnings per share (dollars per share)	.226	.107	
(c) Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	159,123,219	159,123,219	

**RURAL PRESS LIMITED**  
**and its controlled entities**  
**NOTES TO THE ACCOUNTS**  
**FOR THE HALF-YEAR ENDED DECEMBER 31, 1997**

**CONSOLIDATED**  
**1997**      **1996**  
**\$'000**      **\$'000**

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	13,402	7,132
Short term deposits	1,871	13,736
Bank overdraft	-	(326)
	15,273	20,542

8. SEGMENT REPORTING

	Operating Revenue		Segment Assets		Earnings before Tax	
	1997	1996	1997	1996	1997	1996
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Australia	142,022	137,819	354,437	365,361	30,162	27,324
Overseas	27,078	6,150	117,953	11,450	4,952	622
	169,100	143,969	472,390	376,811	35,114	27,946
Discontinued segment						
– Radio Division	7,279	13,495	-	60,543	1,700	3,820
Abnormal item	-	-	-	-	31,177	-
Net interest	785	284	-	-	(4,475)	(3,675)
	177,164	157,748	472,390	437,354	63,516	28,091

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

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 bank loans to a partially-owned controlled entity to the value of \$625,000.

10. CONTROL GAINED/LOST OVER ENTITIES

Control Gained

The economic entity gained the control of the Farm Progress Holding Company, Inc. and its subsidiaries (US) on September 5, 1997. The contribution to consolidated profit after tax was \$2,793,000.

Control Lost

The economic entity disposed of Regional Broadcasters Australia Pty. Limited and its subsidiaries on October 9, 1997. The contribution to consolidated profits after tax was \$1,107,000 (1996, \$2,413,000). The profit from the disposal is shown as an abnormal item in the profit and loss.

**RURAL PRESS LIMITED  
STATEMENT BY DIRECTORS  
FOR THE HALF-YEAR ENDED DECEMBER 31, 1997**

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, 1997, and the state of affairs at December 31, 1997, 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 12, 1998

## **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 1997, 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 1997 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 1997, 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