

Financial Reports

RURAL PRESS LIMITED
ABN 47 000 010 382

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All amounts are expressed in Australian dollars unless otherwise stated.

Directors' Report

STATUTORY DIRECTORS' REPORT

For the year ended June 30, 2001

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, 2001 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	BJ Taplin
B Gowrie Smith	SF Higgs
TV Fairfax	CB Livingstone (appointed December 13, 2000)
DJ Asimus, AO	BK McCarthy, Managing Director

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

John Brehmer Fairfax, AM (Chairman, Non Executive Director, Age 59)

Qualifications and 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 since 1991. Director of Australian Rural Leadership Foundation Limited 1993-98. Councillor since 1979, and President since 1993 of 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 61)

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 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.

Special responsibilities: Member of Audit Committee.

Timothy Vincent Fairfax (Non Executive Director, Age 55)

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 from 1991 to June 1998. Director of Stanbroke Pastoral Company Limited since 1993. Councillor New England Girls School 1994-99. Councillor University of the Sunshine Coast since 1996. 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.

David James Asimus, AO (Independent Non Executive Director, Age 69)

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 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 since 1988. Chancellor of Charles Sturt University since 1989. Director of Wesfarmers Limited since 1994. Chairman of Australian Rural Leadership Foundation Limited 1994-99. Director of Delta Electricity Limited 1996-00.

Barry John Taplin (Non Executive Director, Age 69)

Qualifications and experience: F.C.A. Board member since 1989. Managing Director of Marinya Media Pty Limited from 1989 to July 1998. 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.

Stephen Francis Higgs (Independent Non Executive Director, Age 54)

Qualifications and Experience: BEc (Syd). Board member since June 2000. Corporate financier, including 20 years with investment bank UBS Warburg Limited and its predecessors. Director of Primary Healthcare Limited since 1999. Director of Juvenile Diabetes Foundation Australia since 1992. Director of IPAC Securities Limited since June 2001. 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 (appointed December 2000).



Directors' Report

Catherine Brigid Livingstone (Independent Non Executive Director, Age 45)

Qualifications and experience: BA (Hons). CA, IMD International (Switzerland), Programme for Executive Development. Eisenhower Foundation Exchange Fellow 1999. Board member since December 2000. Managing Director of Cochlear Limited 1994-2000. Director of Export Finance and Insurance Corporation since 1995. Macquarie University Department of Accounting and Finance Advisory Board since 1997. Macquarie University Division of Economic and Financial Studies Advisory Board since 1999. Sydney Institute Board since 1998. Member of Australia-China Council 1998-2000. Director of Telstra Corporation Limited, Goodman Fielder Limited and Q-Vis Limited since 2000. Australian Business Foundation Board since 2000. Director of CSIRO since 2001.

Brian Keith McCarthy (Managing Director, Age 49)

Qualifications and Experience: BComm. Harvard Business School, Advanced Management Programme, 1994. Managing Director of Rural Press Limited since 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. Vice President Pacific Area Newspaper Publishers Association and Director since 1993.

Special Responsibilities: Managing Director. Director of all Subsidiary Companies.

Directors' Meetings

The number of meetings attended by the Company's Directors for the year ended June 30, 2001 were as follows:

	Board of Directors	Audit Committee
JB Fairfax, AM	12 (12)	
B Gowrie Smith	11 (12)	2 (2)
TV Fairfax	11 (12)	
DJ Asimus, AO	12 (12)	
BJ Taplin	12 (12)	2 (2)
SF Higgs	11 (12)	1 (1)
CB Livingstone	6 (6)	
BK McCarthy	12 (12)	

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

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⁾	60,930,510	22,376,302
B Gowrie Smith	9,050	4,527
TV Fairfax ⁽¹⁾	60,930,510	22,376,302
DJ Asimus, AO	11,722	2,248
BJ Taplin	49,808	25,306
SF Higgs	7,347	-
CB Livingstone	5,000	-
BK McCarthy	35,944	52,001

⁽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 outdoor advertising. 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 4 to 9 of the annual report.

Consolidated Result

The consolidated profit for the year ended June 30, 2001 attributable to the members of the Company was:

	2001 \$'000	2000 \$'000
Profit from ordinary activities after income tax expense	27,095	57,806
Net profit attributable to outside equity interests	(2,195)	(2,072)
Net profit attributable to members of the parent entity	24,900*	55,734

*Profit from ordinary activities after income tax expense included losses and write offs arising from discontinued activities totalling \$25,161,000.

Directors' Report

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 declared by the Company since the end of the previous financial year.

- As proposed and provided for in respect of the year ended June 30, 2000
 - A final dividend of 9.00 cents per share, fully franked to 34% on 114,521,785 ordinary shares amounting to \$10,306,960;
 - and a final dividend of 9.90 cents per share, fully franked to 34% on 76,654,671 Preferred shares amounting to \$7,588,812 both paid on November 10, 2000.
- In respect of the year ended June 30, 2001:

	\$000's
– An interim dividend of 5.00 cents per share, fully franked to 34% on 114,521,785 ordinary shares;	5,726
and an interim dividend of 5.50 cents per share, fully franked to 34% on 76,654,671 Preferred shares, both paid on March 10, 2001;	4,216
– A final dividend of 9.00 cents per share, fully franked to 34% on 114,521,785 ordinary shares;	10,307
and a final dividend of 9.90 cents per share, fully franked to 34% on 76,654,671 Preferred shares, both paid on June 25, 2001 on shares registered at 5.00pm on Tuesday, June 12, 2001.	7,589
	<u>27,838</u>

Subsequent Events

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 30 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.



Directors' Report

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 and 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.

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:

Directors	Base emolument \$	Bonuses \$ (D)	Non-cash benefits \$	Superannuation contributions \$	Retirement benefits \$	Options \$
JB Fairfax, AM (A)	118,750	-	-	9,500	-	-
B Gowrie Smith (A)	49,500	-	-	3,960	-	-
TV Fairfax (A)	47,500	-	-	3,800	-	-
DJ Asimus, AO (A)	47,500	-	-	3,800	-	-
BJ Taplin (B)	52,500	-	-	-	-	-
SF Higgs (C)	13,757	-	34,379	1,093	-	-
CB Livingstone (B)	26,092	-	-	-	-	-
BK McCarthy	531,684	115,000	20,000	13,316	-	-

(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, Mr BJ Taplin and Ms CB Livingstone have elected not to have Superannuation Guarantee contributions paid on their behalf.

(C) Non-Cash Benefits paid to Mr SF Higgs were in the form of ordinary shares in Rural Press Limited, purchased in his name by the Rural Press Deferred Employee Share Plan.

Officers of the Company and Consolidated Entity

IF Law	272,395	78,350	16,005	31,600	-	-
BC Cassell	212,397	46,000	41,003	31,600	-	-
C Roth	325,059	59,151	32,142	-	-	-
AE Williams	211,400	42,000	17,000	31,600	-	-
RA Lockley	188,817	45,500	16,318	34,865	-	-

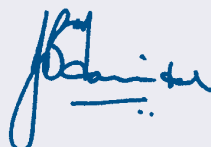
(D) Bonuses paid during the year were in respect of the achievement of goals in the previous year.

There were no options granted to the five named officers during the year and no options have been granted since the end of the financial year.

Rounding off of Amounts

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

Signed in accordance with a resolution of the Directors.



JB Fairfax AM
Director



BK McCarthy
Director

Sydney, NSW
August 30, 2001

Financial Statements

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended June 30, 2001

	NOTES	CONSOLIDATED		COMPANY	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Revenue from advertising, circulation and printing services		432,931	438,028	-	-
Other revenue from operating activities		5,489	3,664	65,965	87,208
	2	438,420	441,692	65,965	87,208
Employee salaries, wages and oncosts		(159,135)	(154,914)	(5,155)	(5,037)
Newsprint, plates, ink and consumables used		(70,021)	(66,045)	-	-
Outside printing		(24,898)	(24,026)	-	-
Communications and postage		(14,172)	(13,100)	(513)	(316)
Freight and distribution		(10,883)	(10,590)	-	-
Other expenses		(52,089)	(60,490)	(6,177)	(6,793)
Depreciation and amortisation		107,222	112,527	54,120	75,062
		(17,092)	(15,221)	(2,083)	(2,099)
Interest expense		90,130	97,306	52,037	72,963
Interest income		(11,746)	(13,699)	(5,932)	(7,892)
		656	903	453	625
Write off of investments and associated assets		79,040	84,510	46,558	65,696
Proceeds on sale of assets		(21,511)	-	(10,520)	-
Book value of assets sold		4,792	12,551	5,854	12,411
Share of net profits/(losses) of associates accounted for using the equity method	9	(4,622)	(8,617)	(5,610)	(12,457)
		(2,646)	1,004	-	-
PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE					
Income tax (expense)	2, 3, 4 5	55,053 (27,958)	89,448 (31,642)	36,282 (4,967)	65,650 (3,602)
PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE					
Net profit attributable to outside equity interests	22	27,095 (2,195)	57,806 (2,072)	31,315 -	62,048 -
NET PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		24,900	55,734	31,315	62,048
Non-Owner transaction changes in equity					
Increase/(Decrease) in asset revaluation reserve	20	1,974	(1,799)	888	-
Net exchange difference on translation of financial statements of self-sustaining foreign operations	20	5,707	2,538	-	-
Total revenues, expenses and valuation adjustments attributable to members of the parent entity recognised directly in equity		7,681	739	888	-
Total changes in equity other than those resulting from transactions with owners as owners		32,581	56,473	32,203	62,048
EARNINGS PER SHARE (Cents)					
Basic					
Ordinary shares	37	13.0	31.3		
Preferred shares	37	13.0	31.3		
Diluted (reflecting potential exercise of share options)					
Ordinary shares	37	12.9	31.0		
Preferred shares	37	12.9	31.0		

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



Financial Statements

STATEMENT OF FINANCIAL POSITION

As at June 30, 2001

	NOTES	CONSOLIDATED		COMPANY	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
CURRENT ASSETS					
Cash assets	6	8,917	6,463	803	771
Receivables	7	62,362	64,289	55,656	56,516
Inventories	8	13,975	11,924	4,045	2,402
Prepayments		2,047	5,185	-	1,540
TOTAL CURRENT ASSETS		87,301	87,861	60,504	61,229
NON-CURRENT ASSETS					
Receivables owing from related entities		-	-	282,069	291,753
Investments accounted for using the equity method	9	10,444	13,353	-	-
Other financial assets	10	2,353	30	71,640	71,638
Property, plant and equipment	11	131,594	146,198	26,756	30,470
Mastheads	12	433,024	409,704	-	-
Radio licences	13	6,469	6,469	-	-
Deferred tax assets	14	6,428	7,404	2,933	2,487
Other	15	3,956	5,573	-	-
TOTAL NON-CURRENT ASSETS		594,268	588,731	383,398	396,348
TOTAL ASSETS		681,569	676,592	443,902	457,577
CURRENT LIABILITIES					
Payables	16	39,561	46,733	9,113	11,143
Interest bearing liabilities	17	197	407	-	5,995
Current tax liabilities		14,255	16,947	4,461	1,800
Provisions	18	11,200	28,449	341	18,283
TOTAL CURRENT LIABILITIES		65,213	92,536	13,915	37,221
NON-CURRENT LIABILITIES					
Payables	16	1,822	1,504	-	-
Interest bearing liabilities	17	188,818	162,997	92,000	87,000
Deferred tax liabilities		4,034	3,681	-	-
Provisions	18	5,966	5,638	1,569	1,303
TOTAL NON-CURRENT LIABILITIES		200,640	173,820	93,569	88,303
TOTAL LIABILITIES		265,853	266,356	107,484	125,524
NET ASSETS		415,716	410,236	336,418	332,053
SHAREHOLDERS' EQUITY					
Contributed equity	19	284,333	284,333	284,333	284,333
Reserves	20	28,834	26,565	14,530	15,951
Retained profits	21	87,335	84,861	37,555	31,769
Total parent entity interest		400,502	395,759	336,418	332,053
Outside equity interests in controlled entities	22	15,214	14,477	-	-
TOTAL SHAREHOLDERS' EQUITY		415,716	410,236	336,418	332,053

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

Financial Statements

STATEMENT OF CASH FLOWS

For the year ended June 30, 2001

	NOTES	CONSOLIDATED		COMPANY	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		476,976	436,362	32,075	32,057
Payments to suppliers and employees		(373,742)	(320,557)	(12,851)	(42,139)
Dividends received		93	135	33,001	55,151
Interest received		687	1,046	484	766
Interest and other costs of finance paid		(11,539)	(16,623)	(5,954)	(10,055)
Income tax paid		(29,494)	(26,955)	(2,754)	(2,947)
Net cash flow from operating activities	24(a)	62,981	73,408	44,001	32,833
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of businesses and controlled entities (net cash)	24(b)	(923)	-	-	-
Proceeds from sale of business and controlled entities (net cash)	24(b)	-	8,301	-	-
Purchase of investments		(17,745)	(5,602)	(2)	(3)
Increase in investment in subsidiary		-	27	-	-
Purchase of property, plant and equipment		(12,215)	(31,333)	(3,092)	(4,414)
Proceeds from sale of property, plant & equipment		4,792	4,106	5,854	12,411
Proceeds from sale of investments		-	5	-	-
Net cash flow from investing activities		(26,091)	(24,496)	2,760	7,994
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from share issue		-	89,213	-	89,213
Proceeds from borrowings		31,878	1,200	21,000	-
Repayment of borrowings		(18,830)	(130,790)	(16,000)	(113,000)
Payment of dividends		(45,734)	(36,884)	(45,734)	(36,884)
Payment of dividends to outside equity interests		(1,562)	(1,418)	-	-
Net cash flow from financing activities		(34,248)	(78,679)	(40,734)	(60,671)
NET (DECREASE)/INCREASE IN CASH HELD					
Cash at beginning of the financial year		2,642	(29,767)	6,027	(19,844)
Exchange variance on opening cash balance		6,227	35,386	(5,224)	14,620
		48	608	-	-
CASH AT THE END OF THE FINANCIAL YEAR		8,917	6,227	803	(5,224)
Reconciliation of cash					
Cash		8,917	6,463	803	771
Bank overdraft		-	(236)	-	(5,995)
Cash at the end of the financial year		8,917	6,227	803	(5,224)

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

Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Company, being the Company, 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 and results of those entities that are controlled by the Company's 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 Debtors

Trade debtors are carried at the amounts due. The collectibility of debts is assessed at balance date and specific provision is made for any doubtful debtors. Collection terms vary between 7 and 45 days.

Short Term Deposits

Short term deposits are stated at the lower of cost and net realisable value. Interest income is recognised as it accrues.

Other Debtors

Included in other debtors are transactions outside the usual operating activities of the consolidated entity. Interest may be charged at market rates where the terms of repayment exceed six months. Collateral is not obtained.

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.

Investments

Investments in controlled entities, unlisted shares of associates and in other corporations are carried in the Company's financial statements 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 paid or declared by the controlled entities.

Dividends in unrelated corporations are brought to account as income when received/declared.

Financial Statements

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 exceed recoverable amount.

Depreciation

Operating assets such as buildings, plant and equipment, excluding freehold land, are depreciated so as to write off their net costs against revenue over their estimated useful life. The straight line method is used.

The major depreciation periods are:

	2001	2000
Freehold buildings	50 years	50 years
Leasehold property	83 years	83 years
Plant and equipment	3 to 15 years	3 to 15 years

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 paid.

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 recorded at cost. Mastheads include the composite mixture of the publication's title, content, market targeting capabilities and reputation. 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 economic 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. Goodwill is amortised by the straight line method over a period between ten and fifteen years during which benefits are expected to be received.

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.

Insurance Licence Agreements

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

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 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.

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.



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.

Contributions made to superannuation plans are charged against profits.

Foreign Currency

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

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

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

Derivative Financial Instruments

The Company is exposed to fluctuations in exchange rates from its inventory purchase commitments denominated in foreign currencies. It is company policy to only use forward foreign exchange contracts to hedge a proportion of this exposure. 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 deferred and are included as adjustments to the carrying amount of inventories when the hedged transaction occurs. 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 advertising, circulation and printing to entities outside the consolidated entity. Sales revenue from advertisers is recognised when an issue is published or when the advertising is broadcast. Subscription revenue is billed to customers at the beginning of the period of service and unearned revenue is recorded at that time. Circulation revenue from all sources is recognised as each issue is published.

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.

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.

Changes in Accounting Policy

Revaluation of non-current assets

The economic entity has adopted AASB 1041 revaluation of non-current assets effective July 1, 2000. The standard requires each class of non-current asset, other than inventories, foreign currency monetary assets, goodwill, investments valued using the equity accounting method and other assets measured at net market value where the market value movements are recognised in the statement of financial performance, to be measured on either the cost or fair value basis.

Financial Statements

The economic entity has adopted the fair value basis for freehold land, buildings and leasehold property. As at July 1, 2000 the fair value is based on an independent valuation carried out in 1998.

The economic entity has adopted the cost basis for mastheads and has deemed the cost of these assets to be equal to the carrying value of the assets as at July 1, 2000. The carrying value brought forward from June 30, 2000 comprised \$334,972,000 carried at cost of acquisition and \$74,732,000 carried at directors' valuation 1990.

The change in accounting policy has no financial effect in the current or prior periods.

As a consequence of making the cost basis election on the adoption of AASB 1041, the asset revaluation reserve at July 1, 2000 related to the above class of non-current assets is no longer available for asset write downs.

Other non-current assets

The economic entity has continued to adopt the cost basis for other non-current assets such as radio licences, investments, receivables, plant and equipment and intangibles other than goodwill.

Reclassification of Financial Information

Some line items and sub-totals reported in the previous financial year have been reclassified and repositioned in the financial statements as a result of the first time application on July 1, 2000 of the revised standards AASB 1018 statement of financial performance, AASB 1034 financial report presentation and disclosures and the new AASB 1040 statement of financial position.

Adoption of these standards has resulted in the transfer of the reconciliations of opening to closing retained profits from the face of the statement of financial performance to Note 21. Bank term deposits as at June 30, 2000 amounting to \$1,665,000 (the Company: \$nil) were reclassified from current receivables to cash assets.

Revenue and expense items previously disclosed as abnormal have been reclassified and are now disclosed within proceeds on sale of assets and book value of assets sold on the face of the statement of financial performance.

The following assets and liabilities have been removed from previous classifications and are now disclosed as separate line items on the face of the statement of financial position:

- investments accounted for using the equity method, previously presented within non-current investments
- deferred tax assets, previously presented with other non-current assets
- current tax liabilities, previously presented within current provisions
- deferred tax liabilities, previously presented within non-current provisions.

	CONSOLIDATED		COMPANY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
2. REVENUE				
Revenue from advertising, circulation and printing services	432,931	438,028	-	-
Other revenue from operating activities				
Dividends from:				
controlled entities	-	-	33,000	55,150
other persons	-	48	1	1
Inter-entity charges	-	-	32,859	31,821
Other	5,489	3,616	105	236
	5,489	3,664	65,965	87,208
	438,420	441,692	65,965	87,208
Revenue from equity accounted partnership	870	909	-	-
Interest income from:				
controlled entities	-	-	90	-
other persons	656	903	363	625
Dividends from:				
associated entities	93	87	-	-
Other equity accounted revenue	7	8	-	-
Gross proceeds on sale of property, plant and equipment	4,792	4,106	5,854	12,411
Gross proceeds on sale of investments	-	5	-	-
Gross proceeds on sale of business and controlled entity	-	8,440	-	-
	444,838	456,150	72,272	100,244



Financial Statements

	CONSOLIDATED		COMPANY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'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	11,716	13,665	5,932	7,892
finance lease charges	30	34	-	-
Net (profit)/loss from sale of property, plant & equipment	(171)	(256)	(243)	46
Net loss/(profit) on sale of investments	-	21	-	-
Amortisation of:				
leased assets capitalised	105	128	-	-
leasehold property	391	390	-	-
goodwill	368	171	-	-
licence agreements	183	162	-	-
Depreciation of:				
buildings	731	648	429	344
plant & equipment	15,314	13,722	1,654	1,755
Amounts set aside to provision for:				
doubtful debts	1,903	2,546	-	-
employee entitlements	11,083	10,639	320	307
Net foreign exchange loss/(gain)	(18)	(146)	(18)	(146)
Rental expense under operating leases	6,948	6,242	275	108

4. SEGMENT INFORMATION

	Operating Revenue		Segment Assets		Profit from Ordinary Activities Before Tax	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Industry Segment						
Australasian Publishing and Printing	369,343	378,650	541,140	547,500	81,865	88,889
Australasian Radio Broadcasting	6,326	6,116	12,020	11,171	1,174	1,112
United States Magazine Publishing	67,236	61,948	124,438	106,905	9,418	8,584
	442,905	446,714	677,598	665,576	92,457	98,585
Australian Internet Investments	-	-	2,691	-	(1,153)	-
	442,905	446,714	680,289	665,576	91,304	98,585
Write offs and Discontinued Activities						
Outdoor	1,277	93	1,280	11,016	(10,658)	(40)
Internet Investments	-	-	-	-	(14,503)	-
Queensland Regional Publishing	-	8,440	-	-	-	3,699
	444,182	455,247	681,569	676,592	66,143	102,244
Net interest	656	903	-	-	(11,090)	(12,796)
	444,838	456,150	681,569	676,592	55,053	89,448
Geographical Segment						
Australia	376,946	393,299	557,131	569,687	71,228	93,660
United States	67,236	61,948	124,438	106,905	(5,085)	8,584
	444,182	455,247	681,569	676,592	66,143	102,244
Net interest	656	903	-	-	(11,090)	(12,796)
	444,838	456,150	681,569	676,592	55,053	89,448

Losses and write offs in Outdoor (\$10,658,000) and Internet Investments (\$14,503,000) totalling \$25,161,000 comprise investment and asset write offs of \$21,511,000 and trading losses during the year of \$3,650,000.

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	CONSOLIDATED		COMPANY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
5. TAXATION				
Reconciliation of prima facie tax:				
Prima facie tax expense on the profit from ordinary activities at 34% (2000 36%)	18,718	32,201	12,336	23,634
Effect of different rates on overseas entities	(525)	401	-	-
Increase (decrease) in a tax expense due to:				
non tax deductible:				
depreciation	329	340	32	34
entertainment and other expenses	318	273	183	92
write off of investments	8,047	-	3,576	-
equity share of associated entities losses	1,229	-	-	-
rebates on dividends received	(31)	(49)	(11,220)	(19,854)
difference between accounting and tax profit on disposal of controlled entity	-	(1,332)	-	-
tax losses of controlled entities not carried forward as future income tax benefits	537	-	-	-
other items	(331)	(249)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Income tax expense on profit from ordinary activities	28,291	31,585	4,907	3,906
Adjustment due to change in tax rate	(30)	966	60	497
Income tax (over) under provided in prior years	(303)	(909)	-	(801)
	<hr/>	<hr/>	<hr/>	<hr/>
Income tax expense on operating profit	27,958	31,642	4,967	3,602
	<hr/>	<hr/>	<hr/>	<hr/>
Total income tax expense comprises:				
Reductions/(additions) to future income tax benefits	983	1,904	(448)	260
Additions/(reductions) to deferred income tax liability	174	(86)	-	-
Additions to provision for income tax	26,801	29,824	5,415	3,342
	<hr/>	<hr/>	<hr/>	<hr/>
	27,958	31,642	4,967	3,602
	<hr/>	<hr/>	<hr/>	<hr/>
6. CASH ASSETS				
Cash	7,371	4,798	803	771
Short term deposits	1,546	1,665	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	8,917	6,463	803	771
	<hr/>	<hr/>	<hr/>	<hr/>
Short term deposits maturing within 60 days and paying interest rates of 4.00% (2000 5.00%) for Australia and USA, and in 2000 6.86% for New Zealand.				
7. CURRENT RECEIVABLES				
Trade debtors	61,865	63,529	-	-
Provision for doubtful debts	(4,612)	(4,677)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	57,253	58,852	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Other debtors	5,109	5,437	1,102	2,149
Amounts owing from related entities	-	-	54,554	54,367
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	62,362	64,289	55,656	56,516
	<hr/>	<hr/>	<hr/>	<hr/>
The carrying amounts of trade and other debtors approximates their net fair values.				
8. CURRENT INVENTORIES				
Raw material at cost	12,999	11,368	4,045	2,402
Finished goods at cost	271	107	-	-
Stock in transit at cost	46	-	-	-
Consumable stores at cost	659	449	-	-
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	13,975	11,924	4,045	2,402
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9. 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	
		2001	2000	2001	2000	2001	2000
		\$'000	\$'000	%	%	\$'000	\$'000
The Farmshed Pty Limited	Agricultural internet portal	2,691	-	45	-	(1,747)	-
Street Vision Pty Limited	Outdoor advertising	-	5,600	-	50	(2,463)	-
DirectAg.com Inc	Agricultural internet portal	-	-	22	-	-	-
Gippsland Regional Publications Partnership	Newspaper publishing	6,193	6,193	50	50	870	909
Other associated entities	Various	1,560	1,560	40-50	40-50	100	95
		<u>10,444</u>	<u>13,353</u>			<u>(3,240)</u>	<u>1,004</u>
Share of associates income tax						594	-
						<u>(2,646)</u>	<u>1,004</u>

Street Vision Pty Limited: The consolidated entity's interest was increased from 50% to 91.84% in April 2001. The loss of \$2,463,000 is for the period July 1, 2000 to March 31, 2001. Results from April 1, 2001 have been consolidated with the results of the consolidated entity. The investment in Street Vision Pty Limited was written off in May 2001 and on 29 June 2001, a memorandum of understanding was entered into for the sale of the company. Refer Note 4 for the net financial impact from Street Vision Pty Limited.

DirectAg.com Inc: During the financial year, \$14,503,000 was invested in the company. The investment was written off in June 2001. Refer Note 4 for the net financial impact from DirectAg.com Inc.

The amount of retained earnings attributable to associates at the beginning of the year was nil and at the end of the year was (\$1,153,000). There are no reserves at the beginning or end of the year attributable to associates.

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

	CONSOLIDATED		COMPANY	
	2001	2000	2001	2000
	\$'000	\$'000	\$'000	\$'000
Carrying amount at beginning of year	13,353	7,753		
Investments during the year	18,347	5,600		
Share of associates net profit (loss)	(2,646)	1,004		
Dividends and distributions received during the year	(970)	(1,004)		
Amounts written off during the year	(14,503)	-		
Transfer to shares in controlled entity	(3,137)	-		
	<u>10,444</u>	<u>13,353</u>		

10. OTHER FINANCIAL ASSETS

Shares in controlled entities - not listed on stock exchanges				
At directors' valuation 1987	-	-	-	52,512
At cost	-	-	71,635	19,123
Shares in other corporations - listed on stock exchanges				
At cost	19	17	5	3
Shares in other corporations - not listed on stock exchanges				
At cost	2,334	13	-	-
	<u>2,353</u>	<u>30</u>	<u>71,640</u>	<u>71,638</u>
Market value of listed shares	32	44	5	3

Financial Statements

	CONSOLIDATED		COMPANY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
11. PROPERTY, PLANT AND EQUIPMENT				
Freehold land				
At cost	-	245	-	-
At independent valuation				
June 30, 1998	-	12,504	-	5,873
June 30, 2001	12,896	-	5,657	-
	12,896	12,749	5,657	5,873
Buildings on freehold land				
At cost	-	7,514	-	6,039
Accumulated depreciation	-	(94)	-	(50)
	-	7,420	-	5,989
At independent valuation				
June 30, 1998	-	28,097	-	14,697
June 30, 2001	32,954	-	18,988	-
Accumulated depreciation	-	(1,134)	-	(588)
	32,954	26,963	18,988	14,109
	32,954	34,383	18,988	20,098
Leasehold property				
At cost	-	19,500	-	-
At independent valuation June 30, 2001	13,550	-	-	-
Accumulated amortisation	-	(762)	-	-
	13,550	18,738	-	-
Total land and buildings	59,400	65,870	24,645	25,971
Plant and equipment				
At cost	135,153	137,482	6,858	17,545
Accumulated depreciation	(63,419)	(57,570)	(4,747)	(13,046)
	71,734	79,912	2,111	4,499
Capitalised finance leases				
Plant and equipment - at cost	713	747	-	-
Accumulated amortisation	(253)	(331)	-	-
	460	416	-	-
Total plant and equipment	72,194	80,328	2,111	4,499
	131,594	146,198	26,756	30,470

The independent valuations carried out as at June 30, 1998 and June 30, 2001 are on the basis of market value for existing use of the properties, except where a small number of properties 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	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'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	12,749	13,369	5,873	5,901
Disposals	(1,782)	(347)	(1,200)	(28)
Disposal of entity	-	(170)	-	-
Net amount of revaluation increments less decrements	1,929	(103)	984	-
	<u>12,896</u>	<u>12,749</u>	<u>5,657</u>	<u>5,873</u>
Buildings				
Carrying amount at beginning of year	34,383	32,300	20,098	17,424
Additions	889	3,018	886	3,018
Disposals	(1,719)	(116)	(1,470)	-
Disposal of entity	-	(171)	-	-
Depreciation	(731)	(648)	(429)	(344)
Net amount of revaluation increments less decrements	132	-	(97)	-
	<u>32,954</u>	<u>34,383</u>	<u>18,988</u>	<u>20,098</u>
Leasehold property				
Carrying amount at beginning of year	18,738	19,350	-	222
Amortisation	(391)	(390)	-	-
Disposal of entity	-	(222)	-	(222)
Restatement of fair value at date of acquisition (1998)	(4,797)	-	-	-
	<u>13,550</u>	<u>18,738</u>	<u>-</u>	<u>-</u>
Plant and equipment				
Carrying amount at beginning of year	79,912	69,250	4,499	17,065
Additions	11,326	28,204	2,206	1,737
Acquisition through entity acquired	718	-	-	-
Disposals	(5,280)	(3,277)	(2,940)	(12,548)
Disposal of entity	-	(562)	-	-
Depreciation	(15,314)	(13,722)	(1,654)	(1,755)
Transfer from capitalised finance leases	-	25	-	-
Net foreign currency differences on translation of self-sustaining operation	372	(6)	-	-
	<u>71,734</u>	<u>79,912</u>	<u>2,111</u>	<u>4,499</u>
Capitalised finance leases				
Carrying amount at beginning of year	416	544	-	-
Additions	192	135	-	-
Disposals	(43)	(110)	-	-
Transfer to plant and equipment	-	(25)	-	-
Amortisation	(105)	(128)	-	-
	<u>460</u>	<u>416</u>	<u>-</u>	<u>-</u>

Financial Statements

	CONSOLIDATED		COMPANY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
12. MASTHEADS				
At Directors' valuation				
June 14, 1990	-	72,172	-	-
At Directors' valuation				
October 31, 1990	-	2,560	-	-
At cost	433,024	334,972	-	-
	<u>433,024</u>	<u>409,704</u>	-	-
13. RADIO LICENCES				
At cost	6,469	6,469	-	-
14. DEFERRED TAX ASSETS				
Future income tax benefits	6,428	7,404	2,933	2,487
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 \$2,858,000 (2000 \$948,000). 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.				
15. OTHER NON-CURRENT ASSETS				
Goodwill				
At cost	1,447	1,814	-	-
Accumulated amortisation	(593)	(682)	-	-
	<u>854</u>	<u>1,132</u>	-	-
Insurance licence agreements				
At cost	1,773	1,493	-	-
Accumulated amortisation	(641)	(370)	-	-
	<u>1,132</u>	<u>1,123</u>	-	-
Sundry receivables	1,970	3,318	-	-
	<u>3,956</u>	<u>5,573</u>	-	-
The carrying amount of sundry receivables approximate their net fair values.				
16. PAYABLES				
Current				
Trade creditors and accruals	39,561	46,733	9,113	11,143
Amounts owing to related entities	-	-	-	-
	<u>39,561</u>	<u>46,733</u>	<u>9,113</u>	<u>11,143</u>
Non Current				
Magazine subscriptions	1,822	1,504	-	-
The carrying amounts of trade creditors and accruals approximate their net fair values.				



Financial Statements

		CONSOLIDATED		COMPANY	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
17. INTEREST-BEARING LIABILITIES					
Current					
Bank overdraft - unsecured		-	236	-	5,995
Liabilities under finance leases	29	197	171	-	-
		<u>197</u>	<u>407</u>	<u>-</u>	<u>5,995</u>
Non-Current					
Bank bills and borrowings - unsecured		178,682	151,698	92,000	87,000
Bank bills and borrowings - secured*		9,840	11,020	-	-
Liabilities under finance leases	29	296	279	-	-
		<u>188,818</u>	<u>162,997</u>	<u>92,000</u>	<u>87,000</u>

* 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.

18. PROVISIONS

Current					
Dividends		745	18,364	-	17,896
Employee entitlements		10,455	10,085	341	387
		<u>11,200</u>	<u>28,449</u>	<u>341</u>	<u>18,283</u>
Non-Current					
Employee entitlements		5,966	5,638	1,569	1,303
		<u>5,966</u>	<u>5,638</u>	<u>1,569</u>	<u>1,303</u>
The carrying amount of the provisions approximate net fair value.					
Total employee entitlements		<u>16,421</u>	<u>15,723</u>	<u>1,910</u>	<u>1,690</u>

Included in other debtors are amounts owing from employees, under the Rural Press Limited Employee Share Scheme (1990), of \$1,001,000 (2000 \$1,808,000).

19. CONTRIBUTED EQUITY

Issued and paid up capital					
114,521,785 (2000 114,521,785) ordinary shares fully paid		162,098	162,098	162,098	162,098
76,654,671 (2000 76,654,671) Preferred shares fully paid		122,235	122,235	122,235	122,235
		<u>284,333</u>	<u>284,333</u>	<u>284,333</u>	<u>284,333</u>

(a) Preferred Share Issue

On November 29, 1999 the Company allotted from a capital raising 18,750,000 Preferred shares fully paid to \$4.80. The proceeds less expenses raised \$89,213,031.

(b) Exempt Employee Share Plan ("EESP")

On November 15, 1999 the EESP, as approved by shareholders on October 9, 1998, allotted 195 ordinary shares fully paid.

(c) Dividend Reinvestment Plan ("DRP")

On June 23, 2000 under the DRP, as approved by shareholders on October 9, 1998, the Company allotted, after roundings, 3,428,454 ordinary shares fully paid at \$4.873826 per share (\$16,712,912) and 2,131,431 preferred shares fully paid at \$4.702866 per share (\$10,026,313) from the Special Dividend approved by the directors.

(d) Share Options : Executive Option Plan (the "Plan")

On December 17, 1999 the Company granted 320,000 options to acquire Preferred shares on a one for one basis to senior executives. The exercise price was set at \$4.83 as determined under the rules of the Plan as approved by shareholders on October 9, 1998. Each option is exercisable once the performance hurdles are met and if exercised will be between December 18, 2002 and December 18, 2005.

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CONSOLIDATED		COMPANY	
2001	2000	2001	2000
\$'000	\$'000	\$'000	\$'000

On December 22, 2000 the Company granted 95,000 options to acquire Preferred shares on a one for one basis to senior executives. The exercise price was set at \$5.00 as determined under the rules of the Plan as approved by shareholders on October 9, 1998. Each option is exercisable once the performance hurdles are met and if exercised will be between December 23, 2003 and December 23, 2006.

At June 30, 2001 the total number of options outstanding from the above, and from grants in the previous years, were 2,095,000. The options are exercisable once the performance hurdles are met and if exercised will be between December 18, 2001 and December 23, 2006.

(e) Terms and Condition 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 Preference 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 Preference 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; wind up the Company; disposal of all of the Company's property, businesses and undertakings; in respect of a dividend in arrears; determine the terms of a buy-back agreement and during the wind up of the Company.

20. RESERVES

Asset revaluation	17,617	15,643	14,530	13,642
Capital profits	-	3,412	-	309
General	-	2,000	-	2,000
Foreign currency translation	11,217	5,510	-	-
	28,834	26,565	14,530	15,951
Movements in asset revaluation reserve				
Balance at beginning of year	15,643	17,442	13,642	13,642
Revaluation of land and buildings	1,974	-	888	-
Sale of land and buildings	-	(58)	-	-
Write down of carrying value of mastheads	-	(1,741)	-	-
	17,617	15,643	14,530	13,642
Movements in foreign currency translation				
Balance at beginning of year	5,510	2,972	-	-
Translation adjustment on financial statements of overseas controlled entities	5,707	2,538	-	-
	11,217	5,510	-	-

The balance of the capital profits reserve (Consolidated \$3,412,000 and Company \$309,000) and the general reserve (Consolidated and Company \$2,000,000) have been transferred to retained earnings during 2001.

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.

Capital Profits

The capital profits reserve is used to accumulate realised capital profits. The reserve can be used to pay dividends or issue bonus shares.

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.

General

The general reserve contains amounts of retained profits that have been set aside by directors for the purpose of funding specific projects that are announced from time to time.



Financial Statements

	CONSOLIDATED		COMPANY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
21. RETAINED PROFITS				
Retained profits at beginning of year	84,861	96,679	31,769	37,273
Net profit attributable to members of the parent entity	24,900	55,734	31,315	62,048
Transfer from capital profits reserve	3,412	-	309	-
Transfer from general reserve	2,000	-	2,000	-
Dividend provided for or paid	23	(27,838)	(27,838)	(67,552)
	87,335	84,861	37,555	31,769
22. OUTSIDE EQUITY INTERESTS				
Analysis of outside equity interests in				
Controlled entities:				
Share capital	5,521	4,815		
Reserves	5,870	5,782		
Retained profits	3,823	3,880		
	15,214	14,477		
Reconciliation of outside equity interests				
in controlled entities:				
Opening balance	14,477	13,895		
Share of operating profit	2,195	2,072		
Dividends provided for or paid	(1,839)	(1,516)		
Revaluation of land and buildings as at June 30, 2001	88	-		
Shares allotted	293	26		
	15,214	14,477		
23. DIVIDENDS				
Dividends provided for or paid				
Special Dividend paid on June 23, 2000 of 20.72 cents fully franked to 36% per ordinary share	-	23,018	-	23,018
Special Dividend paid on June 23, 2000 of 22.79 cents fully franked to 36% per Preferred share	-	16,984	-	16,984
Interim dividend paid of 5.0 cents fully franked to 34% (2000 5.0 cents fully franked to 36%) per ordinary share	5,726	5,555	5,726	5,555
Interim dividend paid of 5.50 cents fully franked to 34% (2000 5.50 cents fully franked to 36%) per Preferred share	4,216	4,099	4,216	4,099
Final dividend provided for of 9.00 cents fully franked to 34% (2000 9.00 cents fully franked to 34%) per ordinary share	10,307	10,307	10,307	10,307
Final dividend provided for of 9.90 cents fully franked to 34% (2000 9.90 cents fully franked to 34%) per Preferred share	7,589	7,589	7,589	7,589
	27,838	67,552	27,838	67,552
Dividend imputation				
All dividends paid were 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 (after the proposed dividend) out of existing franking credits and franking credits arising from the payment of income tax in the forthcoming period.				
- at 30% (2000 34%)	102,026	50,985	25,330	23,925
Consolidated amounts assumes all controlled entities' retained profits and reserves are distributed to the Company.				

Financial Statements

24. NOTES TO THE STATEMENT OF CASH FLOWS

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

	CONSOLIDATED		COMPANY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Profit from ordinary activities after income tax	27,095	57,806	31,315	62,048
Add/(less) non-cash items:				
Share of associated entities losses	3,616	-	-	-
Services provided for shares	(2,915)	-	-	-
Amount written off - investments and associated assets	21,511	-	10,520	-
Depreciation	16,045	14,370	2,083	2,099
Amortisation	1,047	851	-	-
Provision for doubtful debts	1,903	2,546	-	-
Profit on sale of property, plant & equipment	(443)	(511)	(271)	(91)
Loss on sale of property, plant & equipment	272	255	28	137
Profit on sale of investments and Queensland Regional Publishing business	-	(3,701)	-	-
Loss on sale of investments	-	23	-	-
Increase/(decrease) in income taxes payable	(2,693)	2,869	2,661	396
Decrease/(increase) in future income tax benefits	977	1,918	(446)	256
(Decrease)/increase in deferred taxes payable	352	(3)	-	-
Changes in assets and liabilities				
(Increase)/decrease in debtors	(219)	(9,713)	-	-
Decrease/(increase) in other debtors	1,296	1,295	1,047	1,694
(Increase)/decrease in amounts owing from related entities	-	-	(1,023)	(35,841)
Decrease/(increase) in inventories	(2,051)	1,512	(1,643)	638
(Increase)/decrease in prepayments	3,146	(1,308)	1,540	(1,244)
Decrease in sundry receivables	1,021	794	-	-
Increase/(decrease) in trade creditors and accruals	(7,504)	4,218	(2,030)	2,538
(Decrease) in lease liabilities	(149)	(122)	-	-
Increase/(decrease) in employee leave provisions	674	309	220	203
Net cash provided by operating activities	62,981	73,408	44,001	32,833



Financial Statements

	CONSOLIDATED ACQUISITIONS		CONSOLIDATED DISPOSALS	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
(b) Businesses acquired/disposed of				
Consideration				
Cash	1,820	-	-	8,440
Outside equity interest at date of acquisition/disposal	294	-	-	-
Shares in investment at date of acquisition	3,137	-	-	-
	<u>5,251</u>	<u>-</u>	<u>-</u>	<u>8,440</u>
Fair value of net assets of businesses acquired/disposed				
Cash	897	-	-	139
Trade debtors	85	-	-	1,459
Other debtors	44	-	-	12
Inventories	-	-	-	316
Prepayments	8	-	-	3
Investments	-	-	-	-
Property, plant and equipment	718	-	-	1,153
Mastheads	1,300	-	-	2,209
Radio licences	-	-	-	-
Goodwill	2,905	-	-	-
Future income tax benefits	1	-	-	139
Trade creditors and accruals	(683)	-	-	(119)
Income tax payable	-	-	-	(143)
Employee leave provisions	(24)	-	-	(311)
Lease liabilities	-	-	-	-
Deferred income tax liability	-	-	-	-
Employee leave provisions- non-current	-	-	-	(116)
	<u>5,251</u>	<u>-</u>	<u>-</u>	<u>4,741</u>
Profit on sale	-	-	-	3,699
	<u>5,251</u>	<u>-</u>	<u>-</u>	<u>8,440</u>
Outflow/inflow of cash, net of cash acquired/disposed				
Cash consideration	1,820	-	-	8,440
Less Cash at bank	897	-	-	139
	<u>923</u>	<u>-</u>	<u>-</u>	<u>8,301</u>

Financial Statements

CONSOLIDATED		COMPANY	
2001	2000	2001	2000
\$'000	\$'000	\$'000	\$'000

25. FINANCING ARRANGEMENTS

The consolidated entity has access to the following financing arrangements:

Bill acceptance and cash advance facilities

maturing within 12 months 30,000 30,000 30,000 30,000
 maturing after 12 months 281,090 283,200 270,000 270,000

311,090 313,200 300,000 300,000

amount unused

122,568 150,482 208,000 213,000

Bank overdraft facilities

maturing within 12 months 2,000 2,000 2,000 2,000
 maturing after 12 months - - - -

2,000 2,000 2,000 2,000

amount unused

2,000 2,000 2,000 2,000

These arrangements do not include leasing arrangements as disclosed in Note 29.

The Company has an unsecured bank overdraft. Interest on the bank overdraft is charged at prevailing market rates. The effective interest rate is 8.50% (2000 9.25%).

The Company has an unsecured bank loan denominated in Australian dollars covering borrowings by the Company and an overseas subsidiary. The loan bears interest at the Bank Bill Rate or LIBOR rates plus the consolidated entity's credit margin. The effective annual interest rate is 4.75% (2000 6.74%) at June 30, 2001.

26. REMUNERATION OF AUDITORS

Amounts received or due and receivable for audit services by:

Auditors of the Company - KPMG 737,758 639,780 129,657 89,700
 Other auditors 31,187 30,552 3,850 3,050

768,945 670,332 133,507 92,750

Amounts received or due and receivable for other services by:

Auditors of the Company - KPMG 62,177 - 43,291 -
 KPMG related practices 323,515 883,945 126,341 603,991
 Other auditors 29,116 31,053 - -

414,808 914,998 169,632 603,991



Financial Statements

	CONSOLIDATED		COMPANY	
	2001	2000	2001	2000
	\$	\$	\$	\$
27. 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	2,948,527	2,275,984	1,092,131	981,843
Number of Directors of Rural Press Limited whose income is received from that entity and its controlled entities fell within the following bands:				
\$0 - \$10,000			-	1
\$20,001 - \$30,000			1	-
\$30,001 - \$40,000			-	1
\$40,001 - \$50,000			1	-
\$50,001 - \$60,000			4	4
\$120,001 - \$130,000			1	1
\$600,001 - \$610,000			-	1
\$670,001 - \$680,000			1	-
Directors of the Company during the year were:				
JB Fairfax, AM				
B Gowrie Smith				
TV Fairfax				
DJ Asimus, AO				
BJ Taplin				
SF Higgs				
CB Livingstone (appointed December 13, 2000)				
BK McCarthy				
28. REMUNERATION OF EXECUTIVES				
Amounts received, or due and receivable by executives whose remuneration was \$100,000 or greater	5,727,529	5,232,613	2,583,349	2,456,870
Number of executives whose remuneration was within the following bands:				
\$100,001 - \$110,000	6	7	-	1
\$110,001 - \$120,000	6	6	-	1
\$120,001 - \$130,000	5	4	2	-
\$130,001 - \$140,000	3	3	1	1
\$140,001 - \$150,000	-	2	-	-
\$150,001 - \$160,000	3	2	-	1
\$160,001 - \$170,000	1	1	-	-
\$170,001 - \$180,000	1	1	-	-
\$180,001 - \$190,000	2	1	-	1
\$190,001 - \$200,000	1	-	1	-
\$240,001 - \$250,000	-	1	-	1
\$250,001 - \$260,000	-	1	-	1
\$280,001 - \$290,000	1	-	1	-
\$290,001 - \$300,000	-	1	-	1
\$300,001 - \$310,000	1	-	1	-
\$330,001 - \$340,000	1	1	1	1
\$390,001 - \$400,000	1	-	1	-
\$600,001 - \$610,000	-	1	-	1
\$670,001 - \$680,000	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	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
29. LEASE COMMITMENTS				
Operating leases				
Amounts due:				
Not later than 1 year	6,521	4,547	2,293	2,099
Later than 1 year and not later than 5 years	13,733	7,531	2,775	2,119
Later than 5 years	2,281	2,600	-	-
	<u>22,535</u>	<u>14,678</u>	<u>5,068</u>	<u>4,218</u>
Finance leases				
Amounts due:				
Not later than 1 year	223	198	-	-
Later than 1 year and not later than 5 years	320	305	-	-
	<u>543</u>	<u>503</u>	<u>-</u>	<u>-</u>
Total minimum lease payments	543	503	-	-
Future finance charges	(50)	(53)	-	-
	<u>493</u>	<u>450</u>	<u>-</u>	<u>-</u>
Lease liability	493	450	-	-
Current	197	171	-	-
Non-current	296	279	-	-
	<u>493</u>	<u>450</u>	<u>-</u>	<u>-</u>

30. SUBSEQUENT EVENT

On August 7, 2001 the Federal Court handed down its judgement on an action taken by the Australian Competition and Consumer Commission for breach of the Trade Practices Act, 1974 by the Company, Bridge Printing Office Pty Limited and named group executives. Penalties totalling \$670,000 were imposed on the group entities and the executives. Accrual had been made for these penalties in previous years.

31. CAPITAL COMMITMENTS

The Company and its controlled entities are committed to purchase plant and equipment totalling \$5,812,000 (2000 \$2,633,000). These amounts will be expended during the year ending June 30, 2002.

Consolidated entities are committed to further cash calls on shares held in The Farmshed Ventures Pty Limited and The Farmshed Pty Limited of \$3,599,000 and \$689,211 respectively.

32. CONTINGENT LIABILITIES AND GUARANTEES

- The Company and its controlled entities are defendants in a number of legal actions arising from 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 financial statements.
- A wholly-owned entity has guaranteed on a several basis with another entity bank loans to a partially-owned entity to the value of \$2,755,500 (2000 \$2,755,500).
- The Company has guaranteed certain performance obligations of a partially-owned entity to the value of \$1,035,000 (2000 \$750,000).



33. 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.

34. RELATED PARTY TRANSACTIONS

During the year there have been transactions between Rural Press Limited and its wholly owned 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 Notes 7 and 16.

Transactions with Director Related Entities

Companies of the consolidated entity have acquired printing, inventories and distribution services from Hannanprint and Newsagents Direct Distribution, and supplied inventories to Hannanprint, entities over which JB Fairfax and TV Fairfax have a significant influence. These services acquired on normal terms and conditions amounted to \$566,000 (2000 \$636,682) and those supplies provided on normal terms and conditions amounted to \$588,701 in 2000.

Companies of the consolidated entity have acquired goods and services from, and provided advertising to, Wesfarmers Limited and its subsidiaries, of which DJ Asimus is 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 Delta Electricity Limited, of which DJ Asimus is 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 is a Director. All services were on normal terms and conditions.

	CONSOLIDATED		COMPANY	
	2001	2000	2001	2000
	\$	\$	\$	\$
Loans to Executive Directors				
Pursuant to the Rural Press Limited Employee Loan Scheme and Rural Press Limited Employee Share Scheme (Established 1990)				
Amounts outstanding	170,803	221,073	-	-
Interest received	-	-	-	-
New loans advanced				
Rural Press Limited Employee Loan Scheme	-	-	-	-
Rural Press Limited Employee Share Scheme (Established 1990)	-	-	-	-
Repayments received				
Rural Press Limited Employee Loan Scheme	-	-	-	-
Rural Press Limited Employee Share Scheme (Established 1990)	50,269	30,634	-	-

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 are no loans outstanding under this scheme (2000 no loans outstanding).

Rural Press Limited Employee Share Scheme approved by shareholders on June 21, 1990: Loans varying between \$17,347 and \$104,202 (2000 \$23,855 and \$137,680) to 3 (2000 3) Directors of the consolidated entity. Repayments were received from BC Cassell, R Mackie and AE Williams (2000 BC Cassell, 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 27.

	Ordinary Shares	Preferred Shares
JB Fairfax, AM ⁽¹⁾	60,930,510	22,376,302
B Gowrie Smith	9,050	4,527
TV Fairfax ⁽¹⁾	60,930,510	22,376,302
DJ Asimus, AO	11,722	2,248
BJ Taplin	49,808	25,306
SF Higgs	7,347	-
CB Livingstone	5,000	-
BK McCarthy	35,944	52,001

(1) The relevant interests disclosed for J.B.Fairfax and T.V.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 partnerships are set out in Note 9.

Details of the consolidated entity's employee superannuation plans are set out in Note 33.

There were no options to acquire shares in the Company issued to Directors of the Company during the year. BK McCarthy holds options to acquire 200,000 Preferred shares under the terms of the Rural Press Limited Executive Options Plan approved by shareholders on October 9, 1998.

35. ULTIMATE PARENT ENTITY

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

36. 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	
	2001 \$'000	2000 \$'000
NEW ZEALAND DOLLARS		
Assets		
Current	539	1,203
Non-current	144	231
Total	683	1,434
Liabilities		
Current	1,330	849
Non-current	-	3
Total	1,330	852
UNITED STATES DOLLARS		
Assets		
Current	9,925	8,326
Non-current	114,513	97,447
Total	124,438	105,773
Liabilities		
Current	10,300	8,648
Non-current	89,441	66,202
Total	99,741	74,850

The Company has forward exchange contracts to buy foreign currency for newsprint purchases of \$US1,541,000 due and payable within three months with a weighted average rate of \$0.520 (2000 \$US1,547,000 due and payable within three months with a weighted average rate of \$0.667) and sell foreign currency amounting to \$US200,000 (2000 \$US500,000) due within two months with a weighted average rate of \$0.505 (2000 \$0.5968). The Company had in the prior year forward exchange contracts to buy foreign currency for equipment purchases of CHF 450,000 due and payable within two months with a weighted average rate of CHF 0.97780 respectively.



37. EARNINGS PER SHARE

Weighted average number of shares on issue used in the calculation of basic earnings per share was 191,176,456 (2000 178,002,370) and the weighted average number of shares on issue used in the calculation of diluted earnings per share was 193,281,881 (2000 180,026,386).

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

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, at June 30, 2001 is set out below.

	2001 \$'000	2000 \$'000
STATEMENT OF FINANCIAL POSITION		
Cash assets	4,016	1,750
Receivables	47,489	54,340
Inventories	13,689	11,041
Prepayments	452	3,418
TOTAL CURRENT ASSETS	65,646	70,549
Investments accounted for using the equity method	10,122	11,793
Other financial assets	37,687	37,426
Property, plant and equipment	113,862	128,653
Mastheads	291,837	290,091
Deferred tax assets	6,118	6,941
Other	351	481
TOTAL NON-CURRENT ASSETS	459,977	475,385
TOTAL ASSETS	525,623	545,934
Payables	22,676	35,388
Interest bearing liabilities	13	9
Current tax liabilities	12,497	15,655
Provisions	9,638	27,225
TOTAL CURRENT LIABILITIES	44,824	78,277
Interest bearing liabilities	92,055	87,000
Deferred tax liabilities	3,097	2,536
Provisions	5,295	5,018
TOTAL NON-CURRENT LIABILITIES	100,447	94,554
TOTAL LIABILITIES	145,271	172,831
NET ASSETS	380,352	373,103
Contributed equity	284,333	284,333
Reserves	16,374	19,387
Retained profits	79,645	69,383
TOTAL SHAREHOLDERS' EQUITY	380,352	373,103

Financial Statements

	2001 \$'000	2000 \$'000
STATEMENT OF FINANCIAL PERFORMANCE		
Profit from ordinary activities before income tax	60,452	79,683
Income tax attributable to profit from ordinary activities	(22,352)	(26,433)
Profit from ordinary activities after income tax	38,100	53,250
Retained profits at the beginning of the financial year	69,383	83,685
Dividend provided for or paid	107,483 (27,838)	136,935 (67,552)
Retained profits at the end of the financial year	79,645	69,383

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 assets 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, however 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.

	2001 \$'000	2000 \$'000
Interest rate swaps	(2,983)	3,032
Forward foreign exchange contracts	76	237
	(2,907)	3,269

In securing certainty over future cash flows by hedging certain transactions, the consolidated entity has obtained a net notional loss of \$2,907,000 (2000 profit of \$3,269,000). This notional profit/(loss) will be offset by an equivalent unfavourable/(favourable) movement on the underlying transactions.

Interest Rate Risk

(i) Interest rate swaps

Interest rate swaps allow the consolidated entity to swap floating rate borrowings into fixed rates. Each contract involves quarterly payment or receipt of the net amount of interest. The fixed rates varied from 4.90% to 6.34% (2000 4.90% 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 at June 30 was 5.79% (2000 6.39%).

(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
2001							
Financial assets							
Cash	6	8,917	-	-	-	-	8,917
Receivables	7	-	-	-	-	62,362	62,362
Other financial assets	10	-	-	-	-	2,353	2,353
Sundry receivables	15	-	-	-	-	1,970	1,970
		<u>8,917</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,685</u>	<u>75,602</u>
Weighted average interest rate		3.91					
Financial liabilities							
Bank overdrafts and loans	17	184,182	-	4,340	-	-	188,522
Payables	16	-	-	-	-	41,383	41,383
Liabilities under finance leases	17	-	197	296	-	-	493
Dividends payable	18	-	-	-	-	745	745
		<u>184,182</u>	<u>197</u>	<u>4,636</u>	<u>-</u>	<u>42,128</u>	<u>231,143</u>
Interest rate swaps		(99,102)	10,000	89,102			
Weighted average interest rate		4.40	5.17	5.36			
2000							
Financial assets							
Cash	6	6,463	-	-	-	-	6,463
Receivables	7	-	-	-	-	64,289	64,289
Other financial assets	10	-	-	-	-	30	30
Sundry receivables	15	-	-	-	-	3,318	3,318
		<u>6,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>67,637</u>	<u>74,100</u>
Weighted average interest rate		3.52					
Financial liabilities							
Bank overdrafts and loans	17	157,434	-	5,520	-	-	162,954
Payables	16	-	-	-	-	48,237	48,237
Liabilities under finance leases	17	-	171	279	-	-	450
Dividends payable	18	-	-	-	-	18,364	18,364
		<u>157,434</u>	<u>171</u>	<u>5,799</u>	<u>-</u>	<u>66,601</u>	<u>230,005</u>
Interest rate swaps		(89,817)	-	89,817	-	-	-
Weighted average interest rate		7.16	7.25	5.65			

Financial Statements

40. PARTICULARS RELATING TO CONTROLLED ENTITIES

Entity and Place of Incorporation	Beneficial Interest %		Entity and Place of Incorporation	Beneficial Interest %	
	2001	2000		2001	2000
Company					
Rural Press Limited - NSW			Whyalla News Properties Pty Limited - SA	100	• + 100 •
Controlled entities operating within Australia			The Examiner Newspaper Pty Limited - TAS	60	• 60 •
Rural Publishers Pty Limited - NSW	100	+ 100	Examiner Properties Pty Limited - TAS	60	• 60 •
Agricultural Publishers Pty Limited- NSW	100	+ 100	Regional Publishers (VIC) Pty Limited - VIC	100	• + 100 •
Rural Press Printing Pty Limited - QLD	100	+ 100	Regional Publishers (Western Victoria) Pty Limited - VIC	100	• + 100 •
Hawkesbury River Typesetters Pty Limited - VIC	100	• + 100 •	Rural Press Regional Media (WA) Pty Limited-WA	100	• + 100 •
Canweb Printing Pty Limited - ACT	100	• + 100 •	Merredin Advertiser Pty Limited - WA	100	• + 100 •
J & R Graphics Pty Limited - ACT	100	• + 100 •	Esperance Holdings Pty Limited - WA	100	• + 100 •
RP Interactive Pty Limited - NSW	100	+ 100	The Printing Press Pty Limited - WA	100	• + 100 •
F@rming Online Pty Limited - NSW	100	II • + 100 •	Golden Mail Pty Limited (formerly Golden Post Pty Limited) - WA	# 50	• -
Rural Press QLD Pty Limited - QLD	100	+ 100	The Queanbeyan Age Pty Limited - ACT	100	• + 100 •
Rural Press (North Queensland) Pty Limited -QLD	100	• 100 •	The Federal Capital Press of Australia Pty Limited - ACT	100	• ◦ +100 •
Stock Journal Publishers Pty Limited - SA	100	+ 100	Tofua Holdings Pty Limited - ACT	100	• ◦ +100 •
Hunter Distribution Network Pty Limited (formerly Ramsay Ware Stockland Pty Limited) - VIC	100	+ 100	Regional Printers Pty Limited - NSW	100	• -
West Australian Rural Media Pty Limited- WA	100	+ 100	Media Investments Pty Limited - SA	100	+ 100
Western Australian Primary Industry Press Pty Limited - WA	100	• + 100 •	Star Broadcasting Network Pty Limited - QLD	50.1	• □50.1 •
Regional Publishers Pty Limited - NSW	100	+ 100	Lanson Investments Pty Limited - SA	50.1	• □50.1 •
Queensland Community Newspapers Pty Limited - QLD	100	• + 100 •	5AU Broadcasters Pty Limited - SA	50.1	• □50.1 •
Mountain Press Pty Limited - NSW	88	• 88 •	Outdoor Media Solutions Pty Limited - NSW	100	II+ 100
RPL Technology Pty Limited - NSW	100	• + 100 •	Street Vision Pty Limited - NSW	#91.84	• 50 •
Hibiscus Happynings Pty Limited - NSW	‡100	• 100 •	Controlled entities operating within New Zealand		
Pro-Ag Pty Limited - NSW	100	• ◦+100 •	Communication Associates Limited - NZ	100	100
Cudgegong Newspapers Pty Limited - NSW	100	• + 100 •	N.Z. Rural Press Limited - NZ	100	• 100 •
Snowy Mountains Publications Pty Limited -NSW	100	• + 100 •	Controlled entities operating within United States		
Western Magazine Pty Limited - NSW	75	• 75 •	Rural Press (USA) Limited - USA	100	100
Western Magazine Settlement Trust - NSW	75	• 75 •	Rural Press USA Inc. - USA	100	• 100 •
Macleay Valley Happynings Pty Limited - NSW	100	• 75 •	Farm Progress Holding Co., Inc. - USA	100	• 100 •
Milton Ulladulla Publishing Co. Pty Limited -NSW	60	• 60 •	The Miller Publishing Co., Inc. - USA	100	• 100 •
Bridge Printing Office Pty Limited - SA	100	• + 100 •	Farm Progress Companies, Inc. - USA	100	• 100 •
Port Lincoln Times Pty Limited - SA	100	• + 100 •	Farm Progress Insurance Services, Inc.-USA	100	• 100 •
S.A. Regional Media Pty Limited - SA	100	• + 100 •	Indiana Prairie Farmer Insurance Services, Inc. - USA	100	• 100 •
Northern Newspapers Pty Limited - SA	100	• + 100 •			
The Barossa News Pty Limited - SA	100	• + 100 •			
Country Publishers Pty Limited - SA	100	• + 100 •			

- Investment by controlled entity
- + Controlled Entities included in Class Order 98/1418. Also refer to Note 38
- Controlled Entities added to Class Order 98/1418 on June 16, 1999
- II Controlled Entities added to Class Order 98/1418 on June 8, 2000
- Controlled Entities included in Class Order 98/1418 dated June 23, 2000
- ‡ Deregistered or in process of deregistration

Name of controlled entities acquired for cash

Golden Mail Pty Limited 50% acquired on February 15, 2001 for \$345,000 with net assets of \$690,000

Regional Printers Pty Limited 100% acquired on March 28, 2001 for \$1 with net assets of \$1

Street Vision Pty Limited 41.84% acquired on April 6, 2001 for \$46,000 with net assets of \$776,726

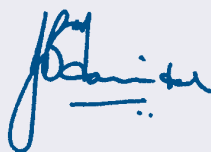


DIRECTORS' DECLARATION

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 20 to 46 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, 2001 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 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 30, 2001

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, 2001, 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 20 to 47. 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 and statutory requirements in Australia 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, 2001 and of their performance for the year ended on that date; and
 - ii) complying with Accounting Standards and the Corporations Regulations, 2001; and
- b) other mandatory professional reporting requirements.



KPMG



BK Phillips
Partner

Sydney, NSW
August 30, 2001



Shareholder Information

Substantial Shareholders

The number of shares held by the substantial shareholders holding ordinary shares as at August 16, 2001 were as follows:

Shareholder	Ordinary Shares
JB Fairfax (held in trust for Marinya Media Pty Limited)	4,881
TV Fairfax (held in trust for Marinya Media Pty Limited)	4,881
Marinya Media Pty Limited	60,186,080
	<hr/>
	60,195,842
	<hr/>
Commonwealth Bank of Australia Limited (held by nominee companies)	10,674,325

Distribution of Shareholders and Totals in each class
as at August 16, 2001

(a) Category	Ordinary Shares	Preferred Shares
1-1000	2,280	1,016
1001-5000	1,798	962
5001-10000	437	280
10,001-100,000	500	281
100,001 and over	48	41
	<hr/>	<hr/>
Total Shareholders	5,063	2,580
	<hr/>	<hr/>
(b) Holding less than a marketable parcel of 100 ordinary shares	65	

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 16, 2001

Ordinary Shares

Shareholder	No. of Ordinary Shares	% of Total Ordinary Shares
Marinya Media Pty Limited	60,186,080	52.56
Westpac Custodian Nominees Limited	4,829,279	4.22
Citicorp Nominees Pty Limited (CFS WSLE Imputation Fund Account)	3,627,479	3.17
Chase Manhattan Nominees Limited	2,889,976	2.52
Citicorp Nominees Pty Limited (CFS Imputation Fund Account)	2,382,779	2.08
New South Wales Farmers Association	2,144,239	1.87
NRMA Nominees Pty Limited	2,089,124	1.82
Citicorp Nominees Pty Limited (CFS WSLE Aust Share Fund Account)	1,916,414	1.67
Mrs Caroline EO Simpson	1,560,999	1.36
Citicorp Nominees Pty Limited (CFS WSLE Industrial Share Account)	1,197,810	1.05
AMP Life Limited	996,750	0.87
New South Wales Farmers Superannuation Company Limited	852,147	0.74
RBC Global Services Australia Nominees Pty Limited (PIPOOLED Account)	848,158	0.74
National Nominees Limited	809,320	0.71
Bridgestar Pty Limited	417,005	0.36
Mrs Eileen Mary Robertson (Estate late H S Robertson)	389,766	0.34
Commonwealth Custodial Services Limited (No 17 Account)	321,367	0.28
Bassett Downs Pty Limited	291,529	0.25
Cogent Nominees Pty Limited	282,724	0.25
Miss Laura Beryl Jolly	270,212	0.24
TOTAL	88,303,157	77.10

Preferred Shares

Shareholder	No. of Preferred Shares	% of Total Preferred Shares
Marinya Media Pty Limited	22,144,384	28.89
Citicorp Nominees Pty Limited (CFS WSLE Imputation Fund Account)	6,159,823	8.04
Permanent Trustees Nominees Limited	5,672,435	7.40
Chase Manhattan Nominees Limited	5,628,809	7.34
Citicorp Nominees Pty Limited (CFS Imputation Fund Account)	3,977,511	5.19
Citicorp Nominees Pty Limited (CFS WSLE Aust Share Fund Account)	2,666,405	3.48
RBC Global Services Australia Nominees Pty Limited (PIPOOLED Account)	2,203,316	2.87
Citicorp Nominees Pty Limited (CFS WSLE Industrial Share Account)	1,630,675	2.13
National Nominees Limited	1,450,819	1.89
Commonwealth Custodial Services Limited	1,412,992	1.84
New South Wales Farmers Association	1,149,972	1.50
Westpac Custodian Nominees Limited	1,078,052	1.41
NRMA Nominees Pty Limited	1,029,669	1.34
Queensland Investment Corporation	996,036	1.30
Mrs Caroline EO Simpson	778,000	1.01
Commonwealth Custodial Services Limited (No 100 Account)	665,252	0.87
Citicorp Nominees Pty Limited (CFS Future Leaders Fund Account)	656,484	0.86
New South Wales Farmers Superannuation Company Limited	649,457	0.85
AMP Life Limited	505,981	0.66
Commonwealth Custodial Services Limited (No 17 Account)	451,126	0.59
TOTAL	60,907,198	79.46



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

B.H.G. Stofberg

COMPANY DIARY

	2001
Distribution of 2001 Annual Report	September 19
2001 Annual General Meeting (at 159 Bells Line of Road North Richmond NSW 10:30am)	October 19
2001 Final Dividend Record June 25, 2001	
	2002
Announcement of 2002 Half Year Results	February 14
2002 Interim Dividend Record Date	February 22
2002 Interim Dividend Payment	March 8
Announcement of 2002 Full Year Results	August 29

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.