

RURAL PRESS LIMITED

A.C.N. 000 010 382
and its controlled entities

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FINANCIAL REPORT 1996

STATUTORY DIRECTORS' REPORT
for the year ended June 30, 1996

Your Directors have pleasure in presenting their report, together with the financial statements of Rural Press Limited (the Chief Entity) and consolidated accounts of the economic entity (being the Chief Entity and its controlled entities) for the year ended June 30, 1996 and the auditors' report thereon.

Information on Directors

The Directors of the Company in office at the date of this report are:-

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

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

Particulars in relation to each of the Directors' qualifications, experience and special responsibilities (if any) are set out on pages 2 and 3 of this annual report.

Directors' meetings

The number of meetings attended by the Chief Entity's Directors for the year ended June 30, 1996 were as follows:-

	Board of Directors	Audit Committee
J. B. Fairfax, AM	11 (11)	
A. McCorquodale (retired October 13, 1995)	4 (4)	
B. Gowrie Smith	11 (11)	1 (1)
T. V. Fairfax	11 (11)	
D. J. Asimus, AO	11 (11)	2 (2)
B. J. Taplin	10 (11)	2 (2)
I. G. Holmes	9 (9)	1 (1)
B. K. McCarthy	11 (11)	

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

Directors' Interests and Benefits

The relevant interest of each Director in the share capital of the Chief Entity as notified by the Directors to the securities exchange in accordance with Section 235(1)(a) of the Corporations Law at the date of this report is:

	<u>Ordinary Shares</u>	<u>Preferred Shares</u>
J. B. Fairfax, AM	54,778,095	27,389,048
B. Gowrie Smith	9,012	4,506
T. V. Fairfax	54,778,095	27,389,048
D. J. Asimus, AO	3,999	2,000
B. J. Taplin	45,000	22,500
B. K. McCarthy	99,268	49,634
I. G. Holmes	30,000	.

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

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

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

Statutory Directors' Report

Review of Operations

The review of operations is outlined on pages 9 to 28 of this annual report.

Principal Activities

The principal activities of the economic entity in the course of the financial year were newspaper and magazine publishing, printing, and radio broadcasting. There was no significant change in the nature of those activities during the financial year.

Consolidated Result

The consolidated profit for the year ended June 30, 1996 attributable to the members of the Chief Entity was:

	1996 \$000's	1995 \$000's
Operating profit after income tax	33,375	31,609
Outside equity interests	(1,846)	(1,876)
Operating profit after income tax attributable to members of the Chief Entity	<u>31,529</u>	<u>29,733</u>

State of Affairs

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

On December 11, 1995 the economic entity expanded its interests in publishing by purchasing the Macquarie Publications Group of newspapers in New South Wales. Further minor acquisitions included the Northern Argus, South Australia; Crookwell Gazette, New South Wales; and Avon Valley Advocate, Western Australia.

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

Dividends

Dividends paid or declared by the Chief Entity since the end of the previous financial year.

- As proposed and provided for in respect of the year ended June 30, 1995:
 - A final dividend of 8.5 cents per share fully franked to 39% on 106,081,929 Ordinary shares amounting to \$9,016,963, paid on November 10, 1996.
- In respect of the year ended June 30, 1996:

	\$000's
A special dividend of 10 cents per share fully franked to 39% on 106,081,929 Ordinary shares, was satisfied by a bonus issue of 1 Preferred share for every 2 Ordinary shares held.	10,608
An interim dividend of 4 cents per share, fully franked to 39% on 106,081,929 Ordinary shares; and an interim dividend of 4.4 cents per share, fully franked to 39% on 53,041,290 Preferred shares, both paid on March 15, 1996.	4,243
	2,334
As recommended by Directors, a final dividend of 6 cents per share, fully franked to 36% on 106,081,929 Ordinary shares; and a final dividend of 6.6 cents per share, fully franked to 36% on 53,041,290 Preferred shares, both payable on November 6, 1996 on shares registered at 5.00pm on Friday, October 25, 1996.	6,365
	<u>3,501</u>
	<u>\$27,051</u>

Statutory Directors' Report

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 economic entity's operations, the results of those operations or the economic entity's state of affairs in financial years after the financial year except as mentioned or stated elsewhere in this report, in the annual report and/or the accounts.

Future Developments and Results

The economic 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 economic entity and the expected results of those operations in subsequent financial years has not been included in this report because, in the opinion of the Directors, it would prejudice the interests of the economic entity.

Indemnification of Directors and Officers

The Chief Entity's Articles provide for an indemnity of Directors, Secretaries and Executive Officers (as defined in the Corporations Law), where liability is incurred in the performance of their duties in those roles unless the liability arises out of conduct involving a lack of good faith. The Articles further provide for an indemnity in respect of any costs and expenses incurred in defending proceedings in which judgement is given in their favour, they are acquitted or the Court grants them relief under the Corporations Law.

Insurance of Directors and Officers

During the financial year the Chief Entity has paid premiums in respect of a contract insuring all persons who are or have been officers of the Chief Entity or the economic entity against liabilities. The insured officers include all of the current executive and non-executive directors of the Chief Entity who are named in this report and management of the Chief Entity and other companies within the economic entity.

Rounding off of Amounts

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

Signed in accordance with a resolution
of the Directors

J. B. Fairfax AM
Director

B. K. McCarthy
Director
Kensington NSW August 29, 1996.

PROFIT AND LOSS STATEMENTS
For the year ended June 30, 1996

	NOTES	CONSOLIDATED		COMPANY	
		1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
REVENUE	2	288,460	235,398	27,179	40,409
OPERATING PROFIT	3	52,720	46,224	5,463	27,273
Income tax attributable to operating profit	4	(19,345)	(14,615)	(1,905)	(2,736)
OPERATING PROFIT AFTER INCOME TAX		33,375	31,609	3,558	24,537
Outside equity interests in operating profit after income tax		(1,846)	(1,876)	-	-
OPERATING PROFIT AFTER INCOME TAX ATTRIBUTABLE TO MEMBERS OF THE CHIEF ENTITY		31,529	29,733	3,558	24,537
Retained profits at the beginning of the financial year		60,581	45,978	28,930	19,267
Adjustment to retained profits at the beginning of the financial year due to the initial adoption of the Accounting Standard AASB 1028, "Accounting for Employee Entitlements".		-	(279)	-	(23)
Total available for appropriation		92,110	75,432	32,488	43,781
Dividends provided for or paid	17	(27,051)	(14,851)	(27,051)	(14,851)
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR		65,059	60,581	5,437	28,930
EARNINGS PER SHARE (Cents)					
Basic	31	19.8	18.7		
Diluted	31	19.8	18.7		

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

BALANCE SHEETS
As at June 30, 1996

	NOTES	CONSOLIDATED		COMPANY	
		1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
CURRENT ASSETS					
Cash		8,780	5,854	518	2
Receivables	5	52,207	42,229	338,593	262,437
Inventories	6	13,906	11,372	2,619	2,852
Other	7	1,625	2,253	144	866
TOTAL CURRENT ASSETS		76,518	61,708	341,874	266,157
NON-CURRENT ASSETS					
Investments	8	8,206	8,124	63,841	64,178
Property, plant and equipment	9	80,529	71,258	40,025	33,302
Mastheads and radio licences	10	255,292	186,340	-	-
Other	11	9,787	8,758	1,687	820
TOTAL NON-CURRENT ASSETS		353,814	274,480	105,553	98,300
TOTAL ASSETS		430,332	336,188	447,427	364,457
CURRENT LIABILITIES					
Creditors and borrowings	12	41,546	28,599	174,716	129,928
Provisions	13	33,924	30,418	12,256	12,239
TOTAL CURRENT LIABILITIES		75,470	59,017	186,972	142,167
NON-CURRENT LIABILITIES					
Creditors and borrowings	12	119,594	57,021	107,000	56,000
Provisions	13	3,909	2,968	541	491
TOTAL NON-CURRENT LIABILITIES		123,503	59,989	107,541	56,491
TOTAL LIABILITIES		198,973	119,006	294,513	198,658
NET ASSETS		231,359	217,182	152,914	165,799
SHAREHOLDERS' EQUITY					
Share capital	14	116,690	106,082	116,690	106,082
Reserves	15	38,318	39,069	30,787	30,787
Retained profits		65,059	60,581	5,437	28,930
Shareholders' equity attributable to members of the Chief Entity		220,067	205,732	152,914	165,799
Outside equity interests in controlled entities	16	11,292	11,450	-	-
TOTAL SHAREHOLDERS' EQUITY		231,359	217,182	152,914	165,799

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

STATEMENTS OF CASH FLOWS
For the year ended June 30, 1996

	NOTES	CONSOLIDATED		COMPANY	
		1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		278,915	231,472	18,263	14,642
Receipts from related entities		-	-	44,355	20,546
Payments to suppliers and employees		(221,222)	(179,748)	(27,671)	(39,262)
Dividends received		145	24	748	19,008
Interest received		515	400	7,618	6,384
Interest and other costs of finance paid		(8,068)	(3,395)	(8,287)	(3,608)
Income tax paid		(18,899)	(14,921)	(3,648)	(2,458)
Net cash flow from operating activities	18	31,386	33,832	31,378	15,252
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of businesses and controlled entities (net cash)	18	(52,483)	(43,303)	-	-
Reduction of capital in subsidiary		-	-	-	2,102
Purchase of investments		-	(1,378)	-	(181)
Purchase of property, plant and equipment		(9,309)	(8,721)	(12,586)	(8,241)
Purchase of mastheads		(336)	(29)	-	-
Proceeds from sale of property, plant & equipment		1,109	913	538	365
Proceeds from sale of investments		596	75	12	10
Net cash flow from investing activities		(60,423)	(52,443)	(12,036)	(5,945)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		66,700	69,000	64,000	69,000
Repayment of borrowings		(14,500)	(39,267)	(13,000)	(25,500)
Loans to controlled entities to finance the purchase of businesses		-	-	(52,528)	(42,919)
Payment of dividends		(15,594)	(13,790)	(15,594)	(13,790)
Payment of dividends to outside equity interests		(2,008)	(1,564)	-	-
Net cash flow from financing activities		34,598	14,379	(17,122)	(13,209)
NET INCREASE (DECREASE) IN CASH HELD		5,561	(4,232)	2,220	(3,902)
Cash at beginning of the financial year		10,068	14,140	1,125	5,027
Exchange variance on opening cash balance		(176)	160	-	-
CASH AT THE END OF THE FINANCIAL YEAR		15,453	10,068	3,345	1,125
RECONCILIATION OF CASH					
Cash		8,780	5,854	518	2
Short term deposits		6,673	4,409	4,900	3,700
Bank overdraft		-	(195)	(2,073)	(2,577)
		15,453	10,068	3,345	1,125

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

NOTES TO THE ACCOUNTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Accounting principles

The accounts have been prepared under conventional historical cost principles, in accordance with the requirements of the Australian accounting bodies and the requirements of the Corporations Law which include disclosures required by Schedule 5 of the Corporations Regulations and applicable Accounting Standards. The accounts have not been adjusted to take into account either changes in the general purchasing power of the Australian dollar or changes in the prices of specific assets, except to the extent that certain non-current assets have been revalued. The accounting policies have been consistently applied with those of the previous year, except where noted.

Principles of consolidation

The consolidated accounts comprise the accounts of the company, being the Chief Entity, and its controlled entities. Where a controlled entity has been acquired (or sold) during the year, its results are included in consolidated profit from the date of acquisition (up to the date of sale). All inter-entity balances and transactions have been eliminated. A list of controlled entities is shown in note 32.

Depreciation

Operating assets such as buildings, plant and vehicles, 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.

Mastheads & Radio Licences

Mastheads, being the titles of newspapers and magazines produced by the economic entity, are accounted for as identifiable assets and are recorded at valuation, or in the case of recent acquisitions, at cost. Valuations were determined by Directors using accepted industry practice having regard to revenue, circulation, profitability and commercial value. 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 on mastheads and radio licences as the Directors believe that as a class, they do not have a finite economic life and their value has increased over time. 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 from time to time for the maximum period allowable under the Act.

The Directors have reviewed the carrying value of mastheads and licences at June 30, 1996 and they believe that the carrying value of mastheads and licences as stated is, in total, less than their recoverable amount. In assessing the recoverable amount the Directors have reviewed all mastheads and radio licences having primary regard to the revenue and expected future net cash flows of each publication and commercial/radio business and licences. Future cash flows have not been discounted to present values in making these assessments.

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 not exceeding twenty 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 profit and loss account.

Inventories

Inventories and work-in-progress are valued at the lower of cost (including variable and fixed costs where applicable) and net realisable value. Costs are assigned on a first-in first-out basis.

Employee benefits

Long service leave is accrued in the accounts in accordance with the relevant legislation and awards. The provision for long service leave is allocated in the balance sheet 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.

Notes to the accounts

Radio Licence Fees

Licence fees, which will be paid to the Australian Broadcasting Authority, based upon current year revenues, have been accrued in the accounts in accordance with the formulae set by the Australian Broadcasting Authority.

Taxation

The economic entity adopts the liability method of tax effect accounting.

Land and buildings

Land and buildings are carried at cost or at independent valuation. This valuation is carried out every three years. Any surplus on revaluation is credited directly to the asset revaluation reserve and excluded from the profit and loss account. Land and buildings 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.

Leased assets

Finance leases which effectively transfer to the economic 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.

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 profit and loss statement.

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.

Investments

Investments in controlled entities are carried in the company's accounts at the lower of cost and recoverable amount. Dividends are brought into account in the profit and loss statement when they are paid by the controlled entities.

Investments in unrelated corporations are recorded at the lower of cost or recoverable amount and dividends are brought to account as income when received.

The economic entity's interest in a partnership is carried at cost and the share of the partnership result for the year is included in the consolidated profit. Undistributed partnership profits are included in other debtors.

Cash

For the purpose of the cash flow statements, cash includes cash on hand and at bank, short term deposits at call, bank bills receivable, net of outstanding bank overdrafts.

Derivative Financial Investments

The company is exposed to fluctuations in exchange rates from its inventories 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 36 months. At balance date the company does not have a significant exposure to any individual counterparty. All contracts are with major Australian banks.

Notes to the accounts

	CONSOLIDATED		COMPANY	
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
2. REVENUE				
Sales revenue	282,881	231,853	-	-
Other revenue				
Dividends from:				
controlled entities	-	-	748	19,008
other persons	145	24	-	-
Interest income from:				
controlled entities	-	-	7,323	6,146
other persons	515	400	295	238
Gross proceeds on sale of property, plant and equipment	1,109	913	538	365
Gross proceeds on sale of investments	596	75	12	10
Inter-entity charges	-	-	18,105	14,578
Other	3,214	2,133	158	64
	<u>288,460</u>	<u>235,398</u>	<u>27,179</u>	<u>40,409</u>

3. OPERATING PROFIT

Included in operating profit are the following items of (income)/expense

Interest expense:				
controlled entities	-	-	529	432
other persons	7,890	3,273	7,758	3,176
finance lease charges	178	122	-	-
Profit from sale of property, plant & equipment	(349)	(179)	(146)	(61)
Loss on sale of property, plant & equipment	96	105	43	69
Profit from sale of investments	(11)	(72)	(6)	(7)
Loss on sale of investment	2	-	-	-
Foreign exchange losses	-	-	-	-
Amortisation of:				
leased assets capitalised	314	235	-	-
leasehold property	9	14	9	14
goodwill	58	-	-	-
Depreciation of property, plant & equipment	9,164	7,683	5,419	4,647
Amounts set aside to provision for:				
doubtful debts	1,599	1,126	-	-
employee benefits	8,118	6,508	261	116
Rental expense under operating leases	2,268	1,822	31	-
	<u>2,268</u>	<u>1,822</u>	<u>31</u>	<u>-</u>

Notes to the accounts

	CONSOLIDATED		COMPANY	
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
4. TAXATION				
Reconciliation of prima facie tax				
Prima facie tax expense on the operating profit at rates in the countries of source	18,947	15,247	1,967	9,000
Increase (decrease) in a tax expense due to non-tax deductible:				
depreciation	125	61	35	22
non deductible entertainment and other expenses	528	283	376	171
rebates on dividends received	(52)	(8)	(269)	(6,273)
tax losses not previously recognised	(26)	-	-	-
other items	(29)	(43)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Income tax expense on current year's operating profit	19,493	15,540	2,109	2,920
Income tax (over) under provided in prior years	(129)	(326)	(204)	(116)
	<hr/>	<hr/>	<hr/>	<hr/>
	19,364	15,214	1,905	2,804
Abnormal income tax benefit - increase in future income tax benefits due to increase in income tax rate	(19)	(599)	-	(68)
	<hr/>	<hr/>	<hr/>	<hr/>
Income tax expense on operating profit	19,345	14,615	1,905	2,736
	<hr/>	<hr/>	<hr/>	<hr/>
Total income tax expense comprises:				
(Additions)/reductions to future income tax benefits	(368)	(737)	(876)	126
(Reductions)/additions to deferred income tax liability	(13)	4	-	-
Additions to provision for income tax	19,726	15,348	2,781	2,610
	<hr/>	<hr/>	<hr/>	<hr/>
	19,345	14,615	1,905	2,736
	<hr/>	<hr/>	<hr/>	<hr/>
5. CURRENT RECEIVABLES				
Trade debtors	41,265	34,085	-	-
Provision for doubtful debts	(3,224)	(3,082)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	38,041	31,003	-	-
Short term deposits	6,673	4,409	4,900	3,700
Other debtors	7,493	6,817	5,593	5,239
Amounts owing from related entities	-	-	328,100	253,498
	<hr/>	<hr/>	<hr/>	<hr/>
	52,207	42,229	338,593	262,437
	<hr/>	<hr/>	<hr/>	<hr/>

Notes to the accounts

	CONSOLIDATED		COMPANY	
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
6. CURRENT INVENTORIES				
Raw material at cost	12,708	10,619	1,998	2,614
Work in progress at cost	-	16	-	-
Finished goods at cost	233	327	-	-
Stock in transit	807	238	621	238
Consumable stores	158	172	-	-
	<u>13,906</u>	<u>11,372</u>	<u>2,619</u>	<u>2,852</u>
7. OTHER CURRENT ASSETS				
Prepayments and accrued income	1,625	2,253	144	866
8. NON-CURRENT INVESTMENTS				
Share in controlled entities - not listed on stock exchanges				
At directors' valuation 1987	-	-	52,512	52,512
At cost	-	-	11,329	11,329
Shares in other corporations - listed on stock exchanges				
At lower of cost or recoverable amount	17	356	-	337
Shares in other corporations - not listed on stock exchanges				
At cost	1,996	1,575	-	-
Interest in business undertaking - partnership				
At cost	6,193	6,193	-	-
	<u>8,206</u>	<u>8,124</u>	<u>63,841</u>	<u>64,178</u>
Market value of listed shares	21	402	-	378

The economic entity has a 50% interest in the Gippsland Regional Publications Partnership. The principal activity of the partnership is the publication and printing of newspapers and magazines. The economic entity's interest in the net assets of the partnership as at June 30, 1996 was \$8,561,000 (1995 \$8,759,000) and the contribution to the result for the year was a profit of \$887,000 (1995 profit of \$729,000).

Notes to the accounts

	CONSOLIDATED		COMPANY	
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
9. PROPERTY, PLANT AND EQUIPMENT				
Freehold land				
At cost	2,798	-	1,622	-
At independent valuation June 30, 1995	11,631	11,741	3,193	3,193
	14,429	11,741	4,815	3,193
Buildings on freehold land				
At cost	4,344	-	3,136	-
Accumulated depreciation	(44)	-	(35)	-
	4,300	-	3,101	-
At independent valuation June 30, 1995	26,213	26,263	11,410	11,410
Accumulated depreciation	(558)	-	(228)	-
	25,655	26,263	11,182	11,410
Buildings on leasehold land				
At cost	428	428	428	428
Accumulated amortisation	(167)	(158)	(167)	(158)
	261	270	261	270
Total land and buildings	44,645	38,274	19,359	14,873
Plant and equipment				
At cost	82,015	73,992	44,136	37,474
Accumulated depreciation	(48,156)	(42,595)	(23,470)	(19,045)
	33,859	31,397	20,666	18,429
Capitalised finance leases				
Plant and equipment - at cost	2,903	2,274	-	-
Accumulated amortisation	(878)	(687)	-	-
	2,025	1,587	-	-
Total plant and equipment	35,884	32,984	20,666	18,429
	80,529	71,258	40,025	33,302

The independent valuation in 1995 was carried out as at June 30, 1995 by J R Talbot, AVLE (Val & Econ) of JLW Advisory Services Pty Limited, and is on the basis of the existing use value of the properties. The Directors are of the opinion that this basis provides a reasonable estimate of recoverable amount.

This valuation is in accordance with the Chief Entity's policy of obtaining an independent valuation of freehold land and buildings every three years.

In revaluing freehold land and buildings, the Directors have not taken into account the potential impact of capital gains tax on the grounds that such assets are an integral part of the Chief Entity's operations and there is no intention to sell the asset.

Notes to the accounts

	CONSOLIDATED		COMPANY	
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
10. MASTHEADS AND RADIO LICENCES				
Mastheads				
At Directors' valuation June 14, 1990	76,089	76,089	-	-
At Directors' valuation October 31, 1990	2,560	2,560	-	-
Additions - at cost	134,150	65,238	-	-
Radio Licences				
Additions - at cost	42,493	42,453	-	-
	255,292	186,340	-	-
Movements				
Balance at beginning of year	186,340	141,804	-	-
Acquired during the year	69,527	44,217	-	-
Translation adjustment on overseas entity	(575)	319	-	-
	255,292	186,340	-	-
11. OTHER NON-CURRENT ASSETS				
Goodwill	814	873	-	-
Future income tax benefits	8,973	7,885	1,687	820
	9,787	8,758	1,687	820
Future income tax benefits include amounts attributable to tax losses carried forward	386	449	-	-

Potential future income tax benefits in acquired companies arising from carried forward tax losses which have not been recognised as an asset because recovery is not virtually certain amount to approximately \$1,000,000 (1995 \$900,000).

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.

Notes to the accounts

	CONSOLIDATED		COMPANY	
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
12. CREDITORS AND BORROWINGS				
Current				
Bank overdraft - unsecured	-	195	2,073	2,577
Trade creditors and accruals	30,177	27,978	7,544	6,536
Deferred vendor finance	10,000	-	-	-
Liabilities under finance leases	1,369	426	-	-
Amounts owing to related entities	-	-	165,099	120,815
	<u>41,546</u>	<u>28,599</u>	<u>174,716</u>	<u>129,928</u>
Non-Current				
Bank bills and borrowings - unsecured	107,000	56,000	107,000	56,000
Bank bills - secured*	1,200	-	-	-
Deferred vendor finance	10,000	-	-	-
Liabilities under finance leases	1,394	1,021	-	-
	<u>119,594</u>	<u>57,021</u>	<u>107,000</u>	<u>56,000</u>
* Secured by a floating charge over the assets and undertaking of the relevant controlled entities.				
13. PROVISIONS				
Current				
Dividends	9,866	9,017	9,866	9,017
Income tax	15,366	14,531	1,873	2,740
Employee benefits	8,692	6,870	517	482
	<u>33,924</u>	<u>30,418</u>	<u>12,256</u>	<u>12,239</u>
Non-Current				
Deferred income tax liability	-	13	-	-
Employee benefits	3,909	2,955	541	491
	<u>3,909</u>	<u>2,968</u>	<u>541</u>	<u>491</u>

Notes to the accounts

	CONSOLIDATED		COMPANY	
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
14. SHARE CAPITAL				
Authorised capital				
200,000,000 ordinary shares at \$1 each (1995 250,000,000 ordinary shares at \$1 each)	200,000	250,000	200,000	250,000
250,000,000 preferred shares at \$0.20 each (1995 Nil)	50,000	-	50,000	-
	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Issued capital				
106,081,929 ordinary shares of \$1 each fully paid (1995 106,081,929 ordinary shares at \$1 each)	106,082	106,082	106,082	106,082
53,041,290 preferred shares at \$0.20 each (1995 Nil)	10,608	-	10,608	-
	<u>116,690</u>	<u>106,082</u>	<u>116,690</u>	<u>106,082</u>

At the General Meeting held on December 7, 1995 of the Chief Entity, the shareholders approved the conversion of 50,000,000 \$1.00 ordinary shares to 250,000,000 preferred shares at \$0.20 each. On January 4, 1996 the company made a bonus issue of preferred shares on the basis of one preferred share for two ordinary shares held. The bonus issue was made from retained profits by way of the special dividend declared on October 13, 1995.

15. RESERVES

Asset revaluation	15,781	15,781	11,784	11,784
Share premium	16,694	16,694	16,694	16,694
Capital profits	3,599	3,599	309	309
General	2,000	2,000	2,000	2,000
Foreign currency translation	244	995	-	-
	<u>38,318</u>	<u>39,069</u>	<u>30,787</u>	<u>30,787</u>
Movements in asset revaluation reserve				
Balance at beginning of year	15,781	13,854	11,784	12,418
Revaluation of land and buildings	-	1,927	-	(634)
	<u>15,781</u>	<u>15,781</u>	<u>11,784</u>	<u>11,784</u>
Movements in foreign currency translation reserve				
Balance at beginning of year	995	516	-	-
Translation adjustment on financial statements of overseas controlled entities	(751)	479	-	-
	<u>244</u>	<u>995</u>	<u>-</u>	<u>-</u>

Notes to the accounts

	CONSOLIDATED		COMPANY	
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
16. OUTSIDE EQUITY INTERESTS				
Analysis of outside equity interests in controlled entities:				
Share capital	2,401	2,401		
Reserves	5,675	5,675		
Retained profits	3,216	3,374		
	<u>11,292</u>	<u>11,450</u>		
Reconciliation of outside equity interests in controlled equities:				
Opening balance	11,450	10,793		
Share of operating profit	1,846	1,876		
Dividends paid	(2,008)	(1,564)		
Share of acquisition of controlled entity	4	-		
Revaluation of land and buildings as at June 30, 1995	-	345		
	<u>11,292</u>	<u>11,450</u>		
17. DIVIDENDS				
Dividends provided for or paid				
Special interim dividend of 10.0 cents per ordinary share paid by the issue of bonus preferred shares	10,608	-	10,608	-
Interim dividend paid of 4.0 cents per ordinary share (1995 5.5 cents per share)	4,243	5,834	4,243	5,834
Interim dividend paid of 4.4 cents per preferred share (1995 Nil)	2,334	-	2,334	-
Final dividend provided for of 6.0 cents per ordinary share (1995 8.5 cents per share)	6,365	9,017	6,365	9,017
Final dividend provided for at 6.6 cents per preferred share (1995 Nil)	3,501	-	3,501	-
	<u>27,051</u>	<u>14,851</u>	<u>27,051</u>	<u>14,851</u>
Dividend imputation				
All dividends paid or proposed are fully franked out of existing franking credits or out of franking credits arising from the payment of income tax in the forthcoming period.				
Amount of retained profits and reserves that could be distributed as franked dividends (before the proposed dividend) out of existing franking credits and franking credits arising from the payment of income tax in the forthcoming year.				
Franked at 39%	-	29,603		
Franked at 36%	82,241	-		
Franked at 33%	-	60,269		
		<u>90,072</u>		

Notes to the accounts

	CONSOLIDATED		COMPANY	
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
18. NOTES TO THE STATEMENTS OF CASH FLOWS				
(a) Reconciliation of operating profit after income tax to net cash provided by operating activities				
Operating profit after income tax	33,375	31,609	3,558	24,537
Add/(less) non-cash items:				
Depreciation	9,164	7,683	5,419	4,647
Amortisation	381	249	9	14
Provision of doubtful debts	1,599	1,174	-	-
Profit on sale of property, plant & equipment	(349)	(179)	(146)	(61)
Loss on sale of property, plant & equipment	96	105	43	69
Profit on sale of investments	(11)	(72)	(6)	(7)
Loss of sale of investment	2	-	-	-
Increase/(decrease) in income taxes payable	827	428	(867)	152
(Increase)/decrease in future income tax benefits	(311)	(917)	(867)	76
(Decrease)/increase in deferred taxes payable	(13)	4	-	-
Changes in assets and liabilities				
(Increase)/decrease in debtors	(8,028)	(3,644)	-	-
(Increase)/decrease in other debtors	(671)	1,714	(354)	1,763
(Increase) in amounts owing from related entities	-	-	(21,498)	(29,557)
(Increase)/decrease in inventories	(1,351)	(2,523)	233	(1,524)
Decrease/(increase) in prepayments	646	(389)	722	(699)
(Decrease)/increase in trade creditors and accruals	(3,922)	(1,291)	763	393
Increase in amounts owing to related entities	-	-	44,284	15,263
(Decrease) in lease liabilities	(655)	(564)	-	-
Increase in employee leave provisions	607	445	85	186
Net cash provided by operating activities	31,386	33,832	31,378	15,252
(b) Businesses Acquired				
Consideration				
Cash	52,528	42,919		
Pre-existing group interest at date of acquisition	-	50		
Outside equity interest at date of acquisition	4	-		
	52,532	42,969		

Notes to the accounts

	CONSOLIDATED		COMPANY	
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
Fair value of net assets of businesses acquired				
Cash	39	23		
Short term deposits	6	-		
Trade debtors	608	2,456		
Other debtors	5	53		
Inventories	1,184	42		
Prepayments	18	436		
Investments	423	-		
Property, plant and equipment	10,304	12,138		
Mastheads	69,191	11,236		
Radio Licences	-	32,952		
Goodwill	-	873		
Future income tax benefits	777	411		
Bank overdraft	-	(407)		
Trade creditors and accruals	(5,876)	(3,396)		
Income tax payable	(8)	(183)		
Employee leave provisions	(1,449)	(246)		
Lease liabilities	(735)	(735)		
Bank bills	-	(12,267)		
Deferred vendor finance	(20,000)	-		
Employee leave provisions - non-current	(719)	(204)		
Lease liabilities - non-current	(1,236)	(213)		
	52,532	42,969		
Outflow of cash, net of cash acquired				
Cash consideration	52,528	42,919		
Less cash at bank	39	23		
Short term deposits	6	-		
Bank overdraft	-	(407)		
	52,483	43,303		

19. FINANCING ARRANGEMENTS

The economic entity has access to the following financing arrangements:

Bill acceptance and revolving credit facilities				
maturing within 12 months	-	23,000	-	20,000
maturing after 12 months	121,500	60,000	120,000	60,000
	121,500	83,000	120,000	80,000
amount unused	13,300	27,000	13,000	24,000
Bank overdraft facilities				
maturing within 12 months	1,000	-	1,000	-
maturing after 12 months	-	-	-	-
	1,000	-	1,000	-
amount unused	1,000	-	1,000	-

Does not include leasing arrangements as disclosed in Note 23.

Notes to the accounts

	CONSOLIDATED		COMPANY	
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
20. REMUNERATION OF AUDITORS				
Amounts received or due and receivable for audit of the statutory accounts by:				
Auditors of the Chief Entity	443	363	17	15
Other auditors	83	89	-	-
Amounts received or due and receivable for other services by:				
Auditors of the Chief Entity	176	139	157	131
Other auditors	36	20	5	-
	<u>738</u>	<u>611</u>	<u>179</u>	<u>146</u>

21. REMUNERATION OF DIRECTORS

Aggregate income received or due and receivable by all Directors in connection with management of the affairs of Rural Press Limited and its controlled entities	1,747	1,324	726	593
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Income received by the Directors of Rural Press Limited from that entity and its controlled entities fell within the following bands:-

\$1 - \$10,000	-	1
\$30,001 - \$40,000	4	5
\$40,001 - \$50,000	1	-
\$70,001 - \$80,000	-	1
\$80,001 - \$90,000	1	-
\$90,001 - \$100,000	1	-
\$330,001 - \$340,000	-	1
\$350,001 - \$360,000	1	-

Not included in the above is \$542,000 (1995 \$430,000) paid by the ultimate chief entity, Marinya Holdings Pty Limited, to its Directors, who are also Directors of Rural Press Limited, in connection with the management of affairs of Marinya Holdings Pty Limited.

The above amounts (including comparatives) are disclosed in accordance with ASC Class Order 95/741, dated June 27, 1995. The amounts include superannuation contributions, together with statutory leave entitlements and retiring allowances paid to retiring Directors.

Directors of the Chief Entity during the year were:

J. B. Fairfax, AM	D. J. Asimus, AO
A. McCorquodale*	B.J. Taplin
B. Gowrie Smith	I. G. Holmes
T. V. Fairfax	B.K. McCarthy

* retired during the year.

Notes to the accounts

	CONSOLIDATED		COMPANY	
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
22. REMUNERATION OF EXECUTIVES				
Amounts received, or due and receivable by executives whose remuneration was \$100,000 or greater	3,216	2,919	2,164	1,906
Number of executives whose remuneration was within the following bands:-				
\$100,001 - \$110,000	7	9	3	3
\$110,001 - \$120,000	2	1	-	1
\$120,001 - \$130,000	2	2	1	-
\$130,001 - \$140,000	1	1	1	-
\$140,001 - \$150,000	3	2	1	2
\$160,001 - \$170,000	1	-	1	-
\$170,001 - \$180,000	-	1	-	1
\$180,001 - \$190,000	1	-	1	-
\$220,001 - \$230,000	-	2	-	2
\$230,001 - \$240,000	2	-	2	-
\$240,001 - \$250,000	-	1	-	1
\$250,001 - \$260,000	1	-	1	-
\$330,001 - \$340,000	-	1	-	1
\$350,001 - \$360,000	1	-	1	-

The above amounts (including comparatives) are disclosed in accordance with ASC Class Order 94/1529, dated October 13, 1994. The amounts include superannuation contributions, together with statutory leave entitlements.

23. LEASE COMMITMENTS

Operating leases and amounts:				
Due within 1 year	1,945	1,235	595	170
Due later than 1 year and not later than 2 years	1,563	1,025	588	168
Due later than 2 years and not later than 5 years	2,025	1,406	912	200
Due later than 5 years.	190	322	2	-
	5,723	3,988	2,097	538
Finance leases and amounts:				
Due within 1 year	1,577	545	-	-
Due later than 1 year and not later than 2 years	996	491	-	-
Due later than 2 years and not later than 5 years	500	654	-	-
Total minimum lease payments	3,073	1,690	-	-
Future finance charges	(310)	(243)	-	-
Lease liability	2,763	1,447	-	-
Current	1,369	426	-	-
Non-current	1,394	1,021	-	-
	2,763	1,447	-	-

Notes to the accounts

24. SEGMENT REPORTING

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

25. CAPITAL COMMITMENTS

The Chief Entity and its controlled entities are committed to purchase plant, equipment and buildings totalling \$867,000. These amounts will be expended during the year ending June 30, 1997.

26. CONTINGENT LIABILITIES AND GUARANTEES

- (a) The Chief Entity and its controlled entities are defendants in a number of legal actions arising from their operations. The Directors believe that these actions can be successfully defended and therefore no material losses will be incurred. The costs expected in defending these actions have been allowed for in the accounts.
- (b) The Chief Entity and controlled entities have guaranteed on a joint and several basis with other entities bank loans to partially-owned entities to the value of \$2,750,000.

27. SUPERANNUATION COMMITMENTS

The economic entity participates in twelve main superannuation plans, of which two have members with defined benefits, both sponsored by the Chief Entity, and the remainder with accumulation benefits. The majority of employees of the economic entity participate in the superannuation plans providing 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.

For defined benefit plans employer contributions are based on the advice of the respective plan's actuary. All employees are entitled to benefits on retirement, disability or death.

The plans provide defined benefits based on years of service and final average salary. The Chief Entity and other controlled entities are under no legal obligation to make up any shortfall in the plans assets to meet payments due to employees.

The accrued benefits, plan assets at net market value and vested benefits of the plans are set out in the table below. The amounts included in this table are the total assets, accrued benefits and vested benefits of each of the plans.

Defined Benefit Plans	Total Plan at Net Market Value (i)		Total Accrued Benefits (ii)		Excess/ (Deficit)		Total Vested Benefits (iii)	
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
Plans sponsored by the Chief Entity (either individually or jointly with other entities in the economic entity):								
Rural Press Limited Staff Superannuation Plan	2,743	2,651	2,389	2,270	354	381	1,730	1,709
Rural Press Limited Executive Superannuation Plan	1,312	1,321	1,470	1,468	(158)	(147)	1,067	894
Total for plans sponsored by the Chief Entity	4,055	3,972	3,859	3,738	196	234	2,797	2,603
Plans sponsored by other entities in the economic entity:								
The Examiner Senior Executive Superannuation Fund	-	640	-	617	-	23	-	556
Total for plans sponsored by the economic entity	4,055	4,612	3,859	4,355	196	257	2,797	3,159

Notes to the accounts

- (i) Plan assets at net market value have been calculated at June 30, 1995, being the date of the most recent approved financial statements of the plans.
- (ii) Accrued benefits have been obtained from the most recent approved financial statements of the plans being 30 June, 1995. They are based on the following actuarial reviews:
- Rural Press Limited Staff Superannuation Plan - conducted as at July 1, 1995 by P.W. May BSc, FIAA of Buck Consultants Pty Ltd.
 - Rural Press Limited Executive Superannuation Plan - conducted as at July 1, 1993 by D.G. McNeill BEc, BSc, FIAA of Australian Mutual Provident Society.
- (iii) Vested benefits have been calculated at June 30, 1995, being the date of the most recent approved financial statements of the plans.

The Directors, based on the advice of the trustees of the above plans, are not aware of any changes in circumstances since the date of the most recent financial statements of the plans which would have a material impact on the overall financial position of the above plans.

Details of contributions to the above plans during the year and contributions payable at June 30, 1996 are as follows:

	CONSOLIDATED		COMPANY	
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
Employer contributions to the plans	413	239	413	239
Employer contributions payable to the plans	-	-	-	-

Accrued benefits are benefits which the plans are presently obliged to pay at some future date, as a result of membership of the plans.

Vested benefits are benefits which are not conditional upon the continued membership of the plans or any factor, other than resignation from the plans.

28. RELATED PARTY TRANSACTIONS

During the year there have been transactions between Rural Press Limited and its controlled entities which have been eliminated on consolidation. Rural Press Limited supplies newsprint, accounting and administrative assistance to members of the economic entity on commercial terms and conditions. The amounts outstanding at balance date are set out in Notes 5 and 12.

Transactions with Director Related Entities

Companies of the economic entity had provided in the prior year printing services to Gore & Osment Publications Pty Limited, over which J. B. Fairfax and T.V. Fairfax have a significant influence. Companies of the economic entity have provided advertising to Primac Holdings Limited of which T.V. Fairfax is a Director. Companies of the economic entity have provided advertising to Wesfarmers Limited and its subsidiaries, of which D. J. Asimus is a Director. In total these services, provided on normal terms and conditions, amounted to \$2,594,773 (1995 \$2,386,265).

Companies of the economic entity have acquired printing and distribution services from Hannanprint and Newsagents Direct Distribution, entities over which J. B. Fairfax and T.V. Fairfax have a significant influence. Companies of the economic entity have acquired goods and services from Wesfarmers Limited and its subsidiaries, of which D. J. Asimus is a Director. These services, acquired on normal terms and conditions amounted to \$1,228,265 (1995 \$1,071,832).

Notes to the accounts

	CONSOLIDATED		COMPANY	
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
Loans to Executive Directors				
Pursuant to the Rural Press Limited Senior Staff Share Scheme, Rural Press Limited Employee Loan Scheme and Rural Press Limited Employee Share Scheme (Established 1990)				
Amounts outstanding	921	656	209	126
Interest received	-	-	-	-
New loans advanced				
Rural Press Limited Employee Loan Scheme	-	-	-	-
Rural Press Limited Employee Share Scheme (Established 1990)	98	1	98	1
Repayments received				
Rural Press Limited Senior Staff Share Scheme	-	5	-	-
Rural Press Limited Employee Loan Scheme	-	523	-	523
Rural Press Limited Employee Share Scheme (Established 1990)	67	187	14	13

All executive directors are full time employees of the Company who, except for the Managing Director, act as Directors of controlled entities on behalf of the Company.

Rural Press Limited Senior Staff Share Scheme approved by shareholders on May 30, 1985: There are no loans outstanding under this scheme during the year. Repayments were received from P. M. Myers in the prior year.

Rural Press Limited Employee Loan Scheme approved by shareholders on November 3, 1988: There is 1 loan of \$100,000 outstanding under this scheme (1995: no loans outstanding) to a full time employee of the Company appointed as an Executive Director of a subsidiary during the year.

Rural Press Limited Employee Share Scheme approved by shareholders on June 21, 1990: Loans varying between \$112,000 and \$218,000 (1995 \$126,500 and \$233,000) to 5 (1995 4) Directors of the economic entity. There was one (1995 1) new loan were made during the year to B.K. McCarthy (1995 B.K. McCarthy). Repayments were received from D.W. Austin, B.C. Cassell, I.F. Law, B.K. McCarthy, L. Whish-Wilson (1995 D.W. Austin, B.C. Cassell, B.K. McCarthy, P.M. Myers, L. Whish-Wilson).

Directors' Shareholdings

During the year a Director of the economic entity in the full time employment of the Chief Entity acquired 20,000 ordinary fully paid shares in terms of the Rural Press Limited Employee Share Scheme (Established 1990). During the year, 5 Directors of the economic entity acquired 189,632 preferred shares by way of the bonus issue made in satisfaction of the special dividend paid on January 4, 1996.

Details of the shareholdings of Directors of the chief entity are set out in the Directors Report; 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 21.

Details of interests in controlled entities are set out in note 32.

Details of the interest in partnerships are set out in notes 1 and 8.

Details of the economic entity's employee superannuation plans are set out in note 27.

Notes to the accounts

29. ULTIMATE CHIEF ENTITY

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

30. FOREIGN CURRENCY

The domestic currency equivalent of foreign currency assets and liabilities of overseas controlled entities are in the accounts as follows:-

	CONSOLIDATED	
	1996 \$'000	1995 \$'000
New Zealand dollars		
Assets		
Current	2,386	1,740
Non-current	2,468	2,760
	<hr/>	<hr/>
Total	4,854	4,500
	<hr/>	<hr/>
Liabilities		
Current	1,350	1,370
	<hr/>	<hr/>
United States dollars		
Assets		
Current	1,332	1,353
Non-current	4,962	5,468
	<hr/>	<hr/>
Total	6,294	6,821
	<hr/>	<hr/>
Liabilities		
Current	1,049	1,149
	<hr/>	<hr/>

The company has forward exchange contracts to cover future foreign currency requirements for newsprint purchases amounting to \$US 3,421,000 due and payable within three months.

31. EARNINGS PER SHARE

Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share was 159,123,219 (1995 159,123,219).

On January 4, 1996 the company made a bonus issue of 1 preferred share for each 2 ordinary shares held. This increased the total number of shares from 106,081,929 to 159,123,219.

Notes to the accounts

32. PARTICULARS RELATING TO CONTROLLED ENTITIES

Entity and Place of Incorporation	Contribution to Consolidated Profit		Book Value of Investments		Beneficial Interest %
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000	
Chief Entity					
Rural Press Limited - NSW	2,810	5,529	-	-	-
Controlled entities operating within Australia					
Rural Publishers Pty Limited - NSW	708	706	330	330	100
Agricultural Publishers Pty Limited - NSW	6,610	4,940	12,572	12,572	100
Rural Press Printing Pty Limited - QLD	-	-	2**	2**	100
Hawkesbury River Typesetters Pty Limited - VIC	119	89	2**	2**	100 *
Rural Press QLD Pty Limited - QLD	1,967	1,640	6,684	6,684	100
Queensland Country Life Pty Limited - QLD	-	-	-	2**	‡100 *
Rural Press (North Queensland) Pty Limited - QLD	-	38	2**	2**	100 *
Western Publishers Pty Limited - QLD	-	-	613	613	¶100 *
Stock Journal Publishers Pty Limited - S.A.	937	839	12,707	12,707	100
Ramsay Ware Stockland Pty Limited - VIC	34	(221)	3,768	3,768	100
West Australian Rural Media Pty Limited - WA	65	12	2**	2**	100
Western Australian Primary Industry Press Pty Limited - WA	437	421	2**	2**	100 *
Regional Publishers Pty Limited - NSW	2,118	1,034	16,375	16,375	100
Queensland Community Newspapers Pty Limited - QLD	827	1,006	2**	2**	100 *
Gympie Times Pty Limited - QLD	634	864	3,025	3,025	100 *
Noosa Citizen Pty Limited - QLD	-	-	-	86	‡100 *
Mountain Press Pty Limited - NSW	771	690	1,998	1,998	88 *
Nornews Pty Limited - NSW	808	532	5,124	5,124	100 *
Tamworth Newspaper Co. Pty Limited - NSW	28	8	2,581	2,581	100 *
Tamworth Times Unit Trust - NSW	-	2	-	-	\$100 *
Upper Hunter Publishers Pty Limited - NSW	1	5	2**	2**	100 *
RPL Technology Pty Limited (previously Port Macquarie Newspapers Pty Limited) - NSW	4	65	455	455	100 *
Hibiscus Happynings Pty Limited - NSW	-	-	100**	100**	‡100 *
Port Offset & Letterset Pty Limited - NSW	179	177	596	596	100 *
J.A. Bradley Holdings Pty Limited - NSW	173	186	1,382	1,382	100 *
Harden Murrumburrah Express Pty Limited - NSW	14	20	10	10	100 *
Carrow Pty Limited - NSW	206	154	452	452	100 *
Cudgong Newspapers Pty Limited - NSW	118	-	2,166	-	#100 *
Snowy Mountains Publications Pty Limited - NSW	(8)	-	108	-	#100 *

Notes to accounts

Entity and Place of Incorporation	Contribution to Consolidated Profit		Book Value of Investments		Beneficial Interest %	
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000		
Regional Press Australia Pty Limited - NSW	-	-	9	-	#67	*
Western Magazine Pty Limited - NSW	-	-	20**	-	#74	*
Western Magazine Settlement Trust - NSW	-	-	20**	-	#74	*
Bridge Printing Office Pty Limited - SA	506	662	1,868	1,868	100	*
Port Lincoln Times Pty Limited - SA	346	289	1,408	1,408	100	*
S.A. Regional Media Limited - SA	217	231	7,264	7,264	100	*
Media Investments Pty Limited - SA	(70)	13	500	500	100	*
Northern Newspapers Pty Limited - SA	631	489	2,996	2,996	100	*
The Barossa News Pty Limited - SA	(52)	13	471	471	100	*
Country Publishers Pty Limited - SA	63	170	1,000	1,000	100	*
Whyalla News Properties Pty Limited - SA	6	6	97	97	100	*
The Examiner Newspaper Pty Limited - TAS	2,574	2,659	10,800	10,800	60	*
Examiner Properties Pty Limited - TAS	37	42	6**	6**	60	*
Regional Publishers (VIC) Pty Limited - VIC	539	478	50	50	100	*
Ringlow Pty Limited - VIC	-	-	2**	2**	100	*
The Ballarat Courier Pty Limited - VIC	1,854	1,765	46,321	46,321	100	*
The Gateway Publishing Company Pty Limited - VIC	387	379	519	519	100	*
Ballarat Publishing Company Pty Limited - VIC	-	-	-	5**	‡100	*
Rural Press Regional Media (WA) Pty Limited (previously Collie Mail Newspapers Limited) - WA	713	630	1,987	1,987	100	*
Merredin Advertiser Pty Limited - WA	41	57	792	792	100	*
Esperance Holdings Pty Limited - WA	238	173	1,637	1,637	100	*
The Printing Press Pty Limited - WA	35	26	25	25	100	*
The Queanbeyan Age Pty Limited - ACT	(2)	31	886	886	100	*
Regional Broadcasters Australia Pty Limited - WA	698	871	6,000	6,000	100	
Radio West Broadcasters Pty Limited - WA	486	417	5,172	5,172	100	*
Elldale Pty Limited - WA	(1)	2	661	661	100	*
West Australian Radio Network Pty Ltd - WA	-	1	467	467	100	*
Radio 6AM Pty Limited - WA	(4)	(11)	732	732	100	*
Belcap Investments Pty Limited - WA	157	145	1,405	1,405	100	*
Mid-Districts Radio Pty Limited - WA	4	52	95	95	100	*
Esperance Broadcasters Pty Limited - WA	52	121	389	389	100	*

Notes to accounts

Entity and Place of Incorporation	Contribution to Consolidated Profit		Book Value of Investments		Beneficial Interest %	
	1996	1995	1996	1995		
	\$'000	\$'000	\$'000	\$'000		
Greater Cairns Radio Pty Limited - ACT	775	265	15,645	15,645	100	*
Townsville Broadcasters Pty Limited- ACT	(63)	167	108	108	100	*
Barrier Reef Broadcasting Pty Limited - Qld	262	101	2,063	2,063	100	*
Nessan Pty Limited - NSW	847	113	217	217	100	*
North West Broadcasters Pty Limited - Qld	2	(2)	1,012	1,012	100	*
North Queensland Broadcasting Corporation Pty Limited - Qld	(7)	18	623	623	100	*
Controlled entities operating within New Zealand						
Communication Associates Limited - N.Z.	16	59	545	545	100	
N.Z. Rural Press Limited - N.Z.	607	513	833	833	100	*
Collingwood Publishing Limited - N.Z.	-	-	294	294	100	*
Controlled entities operating within United States						
Rural Press (USA) Limited - USA	(45)	(34)	4,860	4,860	100	
Rural Press USA Inc. - USA	120	86	3,210	3,210	100	*
	31,529	29,733	193,907	191,710		
Investments held by Chief Entity			63,841	63,841		
Investments held by controlled entities			130,066	127,869		
			193,907	191,710		

* Investment by controlled entity.

** Details of group investment eliminated when rounded to the nearest thousand dollars are shown in whole dollars.

Name of controlled entities acquired for cash.

Cudgegong Newspapers Pty Limited 100% acquired for \$2,166,234 with net assets of \$2,166,234

Snowy Mountains Publications Pty Limited 100% acquired for \$108,258 with net assets of \$108,258

Regional Press Australia Pty Limited 67% acquired for \$8,939 with net assets of \$13,404

Western Magazine Pty Limited 74% acquired for \$20 with net assets of \$27

Western Magazine Settlement Trust 74% acquired for \$20 with net assets of \$27

§ Trusts wound up during the prior year to the unit holders.

¶ Liquidated or in liquidation

‡ Deregistered or in process of deregistration

STATEMENT BY DIRECTORS

Statement by Directors on the accounts set out on pages 34 to 60. In accordance with a resolution of the Directors of Rural Press Limited, we state that:

- (1) In the opinion of the directors of Rural Press Limited:
 - (a) the accounts set out on pages 34 to 60 are drawn up so as to give a true and fair view of the results and cash flows for the financial year ended 30 June 1996, and the state of affairs at June 30, 1996, of the Company and the economic entity;
 - (b) the consolidated accounts have been made out in accordance with Divisions 4A and 4B of Part 3.6 of the Corporations Law; and
 - (c) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.
- (2) The financial statements have been made out in accordance with applicable Accounting Standards.

On behalf of the Board

J. B. Fairfax, AM
Director

B.K. McCarthy
Director

Kensington N.S.W. August 29, 1996

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RURAL PRESS LIMITED

Scope

We have audited the financial statements of Rural Press Limited for the financial year ended June 30, 1996, consisting of the profit and loss statements, balance sheets, statements of cash flows, accompanying notes, and the statement by Directors set out on pages 34 to 61. The financial statements comprise the accounts of the Company and the consolidated accounts of the economic entity, being the company and its controlled entities. The Company's Directors are responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the Company.

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

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

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

We have received sufficient information and explanations concerning these controlled entities to enable us to form an opinion on the consolidated accounts.

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

Audit opinion

In our opinion, the financial statements of Rural Press Limited are properly drawn up:

- a) so as to give a true and fair view of:
 - i) the state of affairs of the Company and the economic entity as at June 30, 1996, and the results and cash flows of the Company and the economic entity for the financial year ended on that date; and
 - ii) the other matters required by Divisions 4, 4A and 4B of Part 3.6 of the Corporations Law to be dealt with in the financial statements;
- b) in accordance with the provisions of the Corporations Law; and
- c) in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

KPMG
Chartered Accountants

R.J. Gray
Partner

Sydney
August 29, 1996

SHAREHOLDER INFORMATION

SUBSTANTIAL SHAREHOLDERS

The number of shares held by the substantial shareholders as at August 15, 1996 were as follows:-

Shareholder	Ordinary Shares
J. B. Fairfax (held in trust for Marinya Media Pty. Limited)	4,410
T. V. Fairfax (held in trust for Marinya Media Pty. Limited)	4,410
Marinya Media Pty. Limited	54,375,687
	<hr/>
	54,384,507
	<hr/>
Perpetual Trustees Australia Limited	5,674,683
	<hr/>

DISTRIBUTION OF SHAREHOLDERS AND TOTALS IN EACH CLASS AS AT AUGUST 15, 1996

(a) Category	Ordinary Shares	Preferred Shares
1-1000	1,150	1,448
1001-5000	1,417	1,045
5001-10000	360	252
10001 and over	586	327
Total Shareholders	<hr/> 3,513	<hr/> 3,072
(b) Holding less than a marketable parcel of 100 Ordinary Shares	22	

CLASS OF SHARES AND VOTING RIGHTS

Voting rights on all shares are governed by Article 63 of the Company's Articles of Association.

- "(1) Subject to any rights or restrictions for the time being attached to any class, votes may be given either personally or by proxy or by attorney under power or in the case of a corporation by its duly authorised representative.
- (2) No person shall be entitled to vote unless he is a Member and present in person or by proxy or attorney or is the representative of a corporation which is a Member duly authorised in accordance with the Law.
- (3) Subject to the rights or restrictions attached to any class of shares, on a show of hands every Member present shall have one vote.
- (4) On a poll every Member present shall have one vote for each share held by him in the Company provided that in respect of partly paid shares the voting rights of a Member shall be pro rata to the proportion of the total issue price paid up on such shares."

The particular voting rights attached to the Preferred shares are governed by Article 5AA(1):

"The preferred shares shall entitle the holder or holders to receive notice of meetings and shall confer upon the holder or holders the right to cast one vote upon a show of hands and upon a poll one vote for each share held, but only at meetings convened for the purpose of reducing the capital, or winding up, or sanctioning a sale of the undertaking of the Company, or where the proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividend on the preferred shares is in arrears more than 6 months. The preferred shares shall carry no other voting rights."

Shareholder Information

TWENTY LARGEST SHAREHOLDERS AS AT AUGUST 15, 1996

Ordinary Shares Shareholder	No. of Ordinary Shares	% of Total Ordinary Shares
Marinya Media Pty. Limited	54,375,687	51.26
National Mutual Trustees Ltd	4,770,957	4.50
Australian Mutual Provident Society	2,217,347	2.09
New South Wales Farmers Association	1,973,091	1.86
NRMA Investments Pty. Limited	1,724,400	1.63
Mrs Caroline E. O. Simpson	1,555,999	1.47
Permanent Trustee Australia Limited (FSIMP A/c)	1,305,198	1.23
Mercantile Mutual Life Insurance Company Limited	1,000,000	0.94
MLC Limited	996,466	0.93
Westpac Custodian Nominees Limited	962,270	0.91
Permanent Trustee Australia Limited	898,600	0.85
New South Wales Farmers Superannuation Company Limited	769,882	0.72
State Authorities Superannuation Board	749,328	0.71
National Nominees Limited	627,186	0.59
Commonwealth Superannuation Board of Trustees No.2	581,506	0.55
Chase Manhattan Nominees Limited	502,697	0.47
Permanent Trustee Australia Limited (FSWHOL A/c)	495,781	0.46
Wallundry Nominees Pty Limited	443,961	0.42
SBSBS Pty. Limited	425,400	0.40
Mrs. Eileen Mary Robertson	389,766	0.37
TOTAL	76,765,522	72.36

Preferred Shares Shareholder	No. of Ordinary Shares	% of Total Ordinary Shares
Marinya Media Pty. Limited	27,187,844	51.26
National Mutual Trustees Ltd	2,339,660	4.41
Australian Mutual Provident Society	1,249,710	2.36
New South Wales Farmers Association	986,546	1.86
NRMA Investments Pty. Limited	862,200	1.63
Mrs. Caroline E. O. Simpson	778,000	1.47
Permanent Trustee Australia Limited (FSIMP A/c)	723,349	1.36
New South Wales Farmers Superannuation Company Limited	577,412	1.09
MLC Limited	515,783	0.97
Mercantile Mutual Life Insurance Company Limited	500,000	0.94
Permanent Trustee Australia Limited	490,400	0.92
State Authorities Superannuation Board	379,700	0.72
Westpac Custodian Nominees Limited	367,569	0.69
Commonwealth Superannuation Board of Trustees No.2	320,073	0.60
State Bank of NSW Limited (SBN Super Scheme A/c)	242,700	0.46
Wallundry Nominees Pty. Limited	232,106	0.44
Permanent Trustee Australia Limited (FSEQU A/c)	197,350	0.37
Mrs. Eileen Mary Robertson	194,883	0.37
Associated Newspapers North America Inc.	189,000	0.36
National Nominees Limited	186,949	0.35
TOTAL	38,521,234	72.63

CHANGES IN SHAREHOLDER DETAILS

Shareholders who:

- have changed their address
- wish to consolidate two or more separate shareholdings
- do not wish to receive the annual report*

should advise Rural Press' share registrar by completing the enclosed request form and returning it in the self addressed envelope provided.

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

PROFIT AND LOSS STATEMENTS
For the year ended June 30, 1996