

Rural Press Limited

ACN 000 010 382

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All amounts are expressed in Australian dollars unless otherwise stated.

Auditors: KPMG

The 1997 Annual Report is presented in two parts:

- Report to Shareholders 1997
- Report to Shareholders 1997 - Financial Statements

STATUTORY DIRECTORS' REPORT for the year ended June 30, 1997

Your Directors have pleasure in presenting their report, together with the financial statements of Rural Press Limited (the Company) and consolidated accounts of the economic entity (being the Company and its controlled entities) for the year ended June 30, 1997 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.

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

Qualifications and experience: Board member since February 1988 and Chairman since July 1990. Chairman of Marinya Media Pty. Limited since 1987. Deputy Chairman of John Fairfax Limited 1985-87 and Director 1979-87. Director of David Syme & Co. Ltd. 1981-87. Chairman of Media Council of Australia 1980-82. Chairman of Newspaper Advertising Bureau 1985-87. Chairman of Australian section of the Commonwealth Press Union 1987-92. Director of St. Luke's Hospital 1973-95. Trustee of National Parks and Wildlife Foundation of N.S.W. 1983-89. Councillor of Royal Agricultural Society of New South Wales since 1990. Chairman of Cambooya Investments Limited since 1991. Director of Australian Rural Leadership Foundation Limited since 1993. Councillor since 1979, and President since 1993 of Boys Brigade Inc., Councillor of AMP Foundation 1992-96. Director of G.E. Crane Holdings Limited since October 1996. Director of Westpac Banking Corporation Limited since December 1996.

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

Bruce Gowrie Smith (Non Executive Director, Age 57)

Qualifications and experience: Hon. D.Ap. Sc. (Charles Sturt). Farmer. Board member since December 1985. Canberra Junior Farmer Award 1965. Served on general council of United Farmers and Woolgrowers Association of N.S.W. Chairman Oilseed Research Committee N.S.W. 1974-80. Deputy Chairman Australian Coarse Graingrowers Association 1970-76. Deputy Chairman N.S.W. Oilseed Marketing Board 1978-81. Director of Rural Industries Research and Development Corporation 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.

Timothy Vincent Fairfax (Non Executive Director, Age 51)

Qualifications and experience: Farmer and grazier. Board member since February 1988. Director of Marinya Media Pty. Limited since 1987. Director of Primac Holdings Limited since 1991. Director of Stanbroke Pastoral Company Limited since 1993. Councillor New England Girls School since 1994. Councillor Sunshine Coast University since 1996. Trustee Queensland Art Gallery since 1996.

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

Qualifications and experience: B.Ec(Syd), Hon. D.Sc. (NSW), Hon. D.Ag.Ec. (Syd). Farmer. Board member since June 1989. Member of Australian Wool Corporation 1973-89 and Chairman 1979-89. Executive member of C.S.I.R.O. 1969-70. Chairman of International Wool Secretariat 1979-89. Member of Australian Trade Commission 1986-91. Director of Australian Eagle Insurance Limited 1988-92. Director of The Broken Hill Proprietary Company Limited since 1988. Director of I.B.J. Australian Bank Limited since 1988. Chancellor of Charles Sturt University since 1989. Director of Wesfarmers Limited since 1994. Chairman of Australian Rural Leadership Foundation Limited since 1994. Director of Delta Electricity Limited since 1996.

Special responsibilities: Member of Audit Committee.

Barry John Taplin (Non Executive Director, Age 65)

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

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

Ian George Holmes (Non Executive Director, Age 63)

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

Special responsibilities: Member of Audit Committee.

Brian Keith McCarthy (Managing Director, Age 45)

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

Special responsibilities: Managing Director. Director of all Subsidiary Companies. Trustee Director of Company's superannuation plans.

Directors' meetings

The number of meetings attended by the Company's Directors for the year ended June 30, 1997 were as follows:

	Board of Directors	Audit Committee
J. B. Fairfax, AM	12 (13)	
B. Gowrie Smith	12 (13)	
T. V. Fairfax	12 (13)	
D. J. Asimus, AO	12 (13)	2 (2)
B. J. Taplin	13 (13)	2 (2)
I. G. Holmes	10 (13)	2 (2)
B. K. McCarthy	13 (13)	

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 Company as notified by the Directors to the Australian Stock Exchange in accordance with Section 235(1)(a) of the Corporations Law at the date of this report is:

	Ordinary Shares	Preferred Shares
J. B. Fairfax, AM ⁽¹⁾	54,798,095	27,399,048
B. Gowrie Smith	9,012	4,506
T. V. Fairfax ⁽¹⁾	54,798,095	27,399,048
D. J. Asimus, AO	3,999	2,000
B. J. Taplin	45,000	22,500
I. G. Holmes	30,000	-
B. K. McCarthy	99,268	49,634

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

Since the end of the previous financial year no Director of the Company 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 Company, 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 Company which is in accordance with the Rural Press Limited Employee Share Scheme (1990) approved at a general meeting of shareholders on June 21, 1990.

Review of Operations

The mild recovery in the agricultural sector enabled the Agricultural publishing division to increase profits. Coupled with reduced newsprint prices, and the addition of the Macquarie Publishing Group for a full year's trading, Rural Press was able to post a modest 2% increase in operating profits after tax and minority interests. This represents a satisfactory performance given the stagnant economic circumstances encountered during the year. Detailed review of operations is outlined on pages 7 to 21 of the report to shareholders.

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, 1997 attributable to the members of the Company was:

	1997 \$'000	1996 \$'000
Operating profit after income tax	33,941	33,375
Outside equity interests	(1,743)	(1,846)
Operating profit after income tax attributable to members of the Company	<u>32,198</u>	<u>31,529</u>

State of Affairs

On December 19, 1996 the economic entity expanded its interests in web printing by purchasing the Canweb printing operations in the ACT. Further minor expansions included the acquisition of South West Property Weekly, 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, in the consolidated accounts, 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, 1996:
 - A final dividend of 6.0 cents per share fully franked to 36% on 106,081,929 ordinary shares amounting to \$6,364,916;
 - and a final dividend of 6.6 cents per share fully franked to 36% on 53,041,290 preferred shares amounting to \$3,500,725, both paid on November 6, 1996.
- In respect of the year ended June 30, 1997:

	\$'000
• An interim dividend of 4.0 cents per share, fully franked to 36% on 106,081,929 ordinary shares;	4,243
and an interim dividend of 4.4 cents per share, fully franked to 36% on 53,041,290 preferred shares, both paid on March 14, 1997.	2,334
• As recommended by Directors, a final dividend of 6.3 cents per share, fully franked to 36% on 106,081,929 ordinary shares;	6,683
and a final dividend of 6.93cents per share, fully franked to 36% on 53,041,290 preferred shares, both payable on November 5, 1997 on shares registered at 5.00pm on Friday, October 24, 1997.	<u>3,676</u>
	<u>16,936</u>

Subsequent Events

Since the end of the financial year the economic entity has further expanded its agricultural publishing interests where it had entered into a contract to purchase Farm Progress Holding Company, Inc. (America's largest agricultural information provider) for US\$56,950,000. The purchase is to be funded from cash flows and existing bank facilities.

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 Company'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 Company has paid premiums in respect of a contract insuring all persons who are or have been officers of the Company or the economic entity against liabilities. The insured officers include all of the current executive and non-executive Directors of the Company who are named in this report and management of the Company 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 28, 1997

PROFIT AND LOSS STATEMENTS
For the year ended June 30, 1997

	NOTES	CONSOLIDATED		COMPANY	
		1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000
REVENUE	2	304,689	288,460	49,088	27,179
OPERATING PROFIT BEFORE INTEREST		60,518	60,273	28,570	6,132
Net interest expense		(7,267)	(7,553)	(2,156)	(669)
OPERATING PROFIT	3	53,251	52,720	26,414	5,463
Income tax attributable to operating profit	4	(19,310)	(19,345)	(1,566)	(1,905)
OPERATING PROFIT AFTER INCOME TAX		33,941	33,375	24,848	3,558
Outside equity interests in operating profit after income tax		(1,743)	(1,846)	-	-
OPERATING PROFIT AFTER INCOME TAX ATTRIBUTABLE TO MEMBERS OF THE COMPANY		32,198	31,529	24,848	3,558
Retained profits at the beginning of the financial year		65,059	60,581	5,437	28,930
Total available for appropriation		97,257	92,110	30,285	32,488
Dividends provided for or paid	19	(16,936)	(27,051)	(16,936)	(27,051)
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR		80,321	65,059	13,349	5,437
EARNINGS PER SHARE (Cents)					
Basic	33	20.2	19.8		
Diluted	33	20.2	19.8		

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

BALANCE SHEETS

For the year ended June 30, 1997

	NOTES	CONSOLIDATED		COMPANY	
		1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000
CURRENT ASSETS					
Cash		11,368	8,780	316	518
Receivables	5	58,963	52,207	206,017	338,593
Inventories	6	9,128	13,906	2,673	2,619
Other	7	2,712	1,625	698	144
TOTAL CURRENT ASSETS		82,171	76,518	209,704	341,874
NON-CURRENT ASSETS					
Investments	8	9,762	8,206	63,841	63,841
Property, plant and equipment	9	80,175	80,529	38,969	40,025
Mastheads	10	212,902	212,799	-	-
Radio licences	11	41,105	42,493	-	-
Other	12	10,740	9,787	1,856	1,687
TOTAL NON-CURRENT ASSETS		354,684	353,814	104,666	105,553
TOTAL ASSETS		436,855	430,332	314,370	447,427
CURRENT LIABILITIES					
Accounts payable	13	31,064	30,177	28,753	172,643
Borrowings	14	10,931	11,369	-	2,073
Provisions	15	29,523	33,924	12,075	12,256
TOTAL CURRENT LIABILITIES		71,518	75,470	40,828	186,972
NON-CURRENT LIABILITIES					
Borrowings	14	113,670	119,594	112,000	107,000
Provisions	15	4,416	3,909	716	541
TOTAL NON-CURRENT LIABILITIES		118,086	123,503	112,716	107,541
TOTAL LIABILITIES		189,604	198,973	153,544	294,513
NET ASSETS		247,251	231,359	160,826	152,914
SHAREHOLDERS' EQUITY					
Share capital	16	116,690	116,690	116,690	116,690
Reserves	17	38,710	38,318	30,787	30,787
Retained profits		80,321	65,059	13,349	5,437
Shareholders' equity attributable to members of the Company		235,721	220,067	160,826	152,914
Outside equity interests in controlled entities	18	11,530	11,292	-	-
TOTAL SHAREHOLDERS' EQUITY		247,251	231,359	160,826	152,914

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, 1997

	NOTES	CONSOLIDATED		COMPANY	
		1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		303,042	278,915	20,509	18,263
Receipts from related entities		-	-	-	44,355
Payments to suppliers and employees		(228,970)	(221,222)	(11,892)	(27,671)
Dividends received		169	145	21,916	748
Interest received		832	515	6,190	7,618
Interest and other costs of finance paid		(8,099)	(8,068)	(8,346)	(8,287)
Income tax paid		(24,102)	(18,899)	(2,473)	(3,648)
Net cash flow from operating activities	20	42,872	31,386	25,904	31,378
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of businesses and controlled entities (net cash)	20	(2,922)	(52,483)	-	-
Proceeds from sale of business and controlled entities (net cash)	20	1,441	-	-	-
Purchase of investments		(1,558)	-	-	-
Purchase of property, plant and equipment		(7,516)	(9,309)	(4,963)	(12,586)
Purchase of mastheads		(103)	(336)	-	-
Proceeds from sale of property, plant & equipment		1,004	1,109	473	538
Proceeds from sale of investments		2	596	-	12
Net cash flow from investing activities		(9,652)	(60,423)	(4,490)	(12,036)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		31,700	66,700	31,000	64,000
Repayment of borrowings		(26,850)	(14,500)	(26,000)	(13,000)
Repayment of deferred vendor finance		(10,000)	-	-	-
Loans to controlled entities to finance the purchase of businesses		-	-	-	(52,528)
Payment of dividends		(16,443)	(15,594)	(16,443)	(15,594)
Payment of dividends to outside equity interests		(1,500)	(2,008)	-	-
Net cash flow from financing activities		(23,093)	34,598	(11,443)	(17,122)
NET INCREASE IN CASH HELD		10,127	5,561	9,971	2,220
Cash at beginning of the financial year		15,453	10,068	3,345	1,125
Exchange variance on opening cash balance		107	(176)	-	-
CASH AT THE END OF THE FINANCIAL YEAR		25,687	15,453	13,316	3,345
Reconciliation of cash					
Cash		11,368	8,780	316	518
Short term deposits		14,319	6,673	13,000	4,900
Bank overdraft		-	-	-	(2,073)
		25,687	15,453	13,316	3,345

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

Basis of Preparation

The financial statements are a general purpose financial report which has been prepared in accordance with Accounting Standards and the Corporations Law. They have been prepared on the basis of historical costs and except where stated, do not take into account changing money values or current valuations of non-current assets. These accounting policies have been consistently applied by each entity in the economic entity and, except where there is a change in accounting policy, are consistent with those of the previous year.

Principles of consolidation

The consolidated accounts comprise the accounts 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. A list of controlled entities is shown in Note 35.

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, 1997 and they believe that the carrying value of mastheads and licences as stated is less than their total 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.

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 and 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 24 months. At balance date the Company does not have a significant exposure to any individual counterparty. All contracts are with major Australian banks.

	CONSOLIDATED		COMPANY	
	1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000
2. REVENUE				
Sales revenue	299,353	282,881	-	-
Other revenue				
Dividends from:				
controlled entities	-	-	21,916	748
other persons	169	145	-	-
Interest income from:				
controlled entities	-	-	5,678	7,323
other persons	832	515	512	295
Gross proceeds on sale of property, plant and equipment	1,004	1,109	473	538
Gross proceeds on sale of investments	2	596	-	12
Inter-entity charges	-	-	20,225	18,105
Other	3,329	3,214	284	158
	<u>304,689</u>	<u>288,460</u>	<u>49,088</u>	<u>27,179</u>

3. OPERATING PROFIT

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

Interest expense:				
controlled entities	-	-	507	529
other persons	7,998	7,890	7,839	7,758
finance lease charges	101	178	-	-
Net (profit)/loss from sale of property, plant & equipment	(131)	(253)	(41)	(103)
Profit from sale of investments	-	(11)	-	(6)
Loss on sale of investment	-	2	-	-
Amortisation of:				
leased assets capitalised	238	314	-	-
leasehold property	14	9	14	9
goodwill	108	58	-	-
Depreciation of property, plant & equipment	9,413	9,164	5,573	5,419
Amounts set aside to provision for:				
doubtful debts	1,787	1,599	-	-
employee benefits	9,152	8,118	317	261
Rental expense under operating leases	3,196	2,268	-	31

	CONSOLIDATED		COMPANY	
	1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000
4. TAXATION				
Reconciliation of prima facie tax				
Prima facie tax expense on the operating profit at rates in the countries of source	19,154	18,947	9,509	1,967
Increase (decrease) in a tax expense due to non tax deductible:				
depreciation	133	125	45	35
non deductible entertainment and other expenses	384	528	73	376
rebates on dividends received	(70)	(52)	(7,890)	(269)
tax losses not previously recognised	(19)	(26)	-	-
other items	(3)	(29)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Income tax expense on current year's operating profit	19,579	19,493	1,737	2,109
Income tax (over) under provided in prior years	(269)	(129)	(171)	(204)
	<hr/>	<hr/>	<hr/>	<hr/>
	19,310	19,364	1,566	1,905
Abnormal income tax benefit - increase in future income tax benefits due to increase in income tax rate	-	(19)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Income tax expense on operating profit	19,310	19,345	1,566	1,905
	<hr/>	<hr/>	<hr/>	<hr/>
Total income tax expense comprises:				
Reductions/(additions) to future income tax benefits	155	(368)	(187)	(876)
Additions/(reductions) to deferred income tax liability	37	(13)	-	-
Additions to provision for income tax	19,118	19,726	1,753	2,781
	<hr/>	<hr/>	<hr/>	<hr/>
	19,310	19,345	1,566	1,905
	<hr/>	<hr/>	<hr/>	<hr/>
5. CURRENT RECEIVABLES				
Trade debtors	40,905	41,265	-	-
Provision for doubtful debts	(3,487)	(3,224)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	37,418	38,041	-	-
Short term deposits	14,319	6,673	13,000	4,900
Other debtors	7,226	7,493	5,099	5,593
Amounts owing from related entities	-	-	187,918	328,100
	<hr/>	<hr/>	<hr/>	<hr/>
	58,963	52,207	206,017	338,593
	<hr/>	<hr/>	<hr/>	<hr/>

	CONSOLIDATED		COMPANY	
	1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000
6. CURRENT INVENTORIES				
Raw material at cost	8,061	12,708	2,137	1,998
Finished goods at cost	324	233	-	-
Stock in transit at cost	536	807	536	621
Consumable stores at cost	207	158	-	-
	<u>9,128</u>	<u>13,906</u>	<u>2,673</u>	<u>2,619</u>
7. OTHER CURRENT ASSETS				
Prepayments and accrued income	2,712	1,625	698	144
8. NON-CURRENT INVESTMENTS				
Shares 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	17	-	-
Shares in other corporations - not listed on stock exchanges				
At cost	3,552	1,996	-	-
Interest in business undertaking - partnership				
At cost	6,193	6,193	-	-
	<u>9,762</u>	<u>8,206</u>	<u>63,841</u>	<u>63,841</u>
Market value of listed shares	23	21	-	-

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, 1997 was \$8,479,000 (1996 \$8,561,000,) and the contribution to the result for the year was a profit of \$773,000 (1996 profit of \$887,000).

	CONSOLIDATED		COMPANY	
	1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000
9. PROPERTY, PLANT AND EQUIPMENT				
Freehold land				
At cost	2,983	2,798	1,622	1,622
At independent valuation June 30, 1995	11,619	11,631	3,193	3,193
	<u>14,602</u>	<u>14,429</u>	<u>4,815</u>	<u>4,815</u>
Buildings on freehold land				
At cost	4,782	4,344	3,196	3,136
Accumulated depreciation	(205)	(44)	(98)	(35)
	<u>4,577</u>	<u>4,300</u>	<u>3,098</u>	<u>3,101</u>
At independent valuation June 30, 1995	26,171	26,213	11,410	11,410
Accumulated depreciation	(1,039)	(558)	(456)	(228)
	<u>25,132</u>	<u>25,655</u>	<u>10,954</u>	<u>11,182</u>
Buildings on leasehold land				
At cost	428	428	428	428
Accumulated amortisation	(181)	(167)	(181)	(167)
	<u>247</u>	<u>261</u>	<u>247</u>	<u>261</u>
Total land and buildings	<u>44,558</u>	<u>44,645</u>	<u>19,114</u>	<u>19,359</u>
Plant and equipment				
At cost	90,493	82,015	47,575	44,136
Accumulated depreciation	(56,249)	(48,156)	(27,720)	(23,470)
	<u>34,244</u>	<u>33,859</u>	<u>19,855</u>	<u>20,666</u>
Capitalised finance leases				
Plant and equipment - at cost	2,397	2,903	-	-
Accumulated amortisation	(1,024)	(878)	-	-
	<u>1,373</u>	<u>2,025</u>	<u>-</u>	<u>-</u>
Total plant and equipment	<u>35,617</u>	<u>35,884</u>	<u>19,855</u>	<u>20,666</u>
	<u>80,175</u>	<u>80,529</u>	<u>38,969</u>	<u>40,025</u>

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 Company'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 Company's operations and there is no intention to sell the asset.

	CONSOLIDATED		COMPANY	
	1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000
10. MASTHEADS				
At Directors' valuation June 14, 1990	76,089	76,089	-	-
At Directors' valuation October 31, 1990	2,560	2,560	-	-
At cost	134,253	134,150	-	-
	<u>212,902</u>	<u>212,799</u>	-	-
Movements				
Balance at beginning of year	212,799	143,887	-	-
Acquired during the year	95	69,487	-	-
Closures during the year	(307)	-	-	-
Translation adjustment on overseas entity	315	(575)	-	-
	<u>212,902</u>	<u>212,799</u>	-	-
11. RADIO LICENCES				
At cost	41,105	42,493	-	-
Movements				
Balance at beginning of year	42,493	42,453	-	-
Acquired during the year	80	40	-	-
Disposed of during the year	(1,468)	-	-	-
	<u>41,105</u>	<u>42,493</u>	-	-
12. OTHER NON-CURRENT ASSETS				
Goodwill				
At cost	1,607	872	-	-
Accumulated amortisation	(166)	(58)	-	-
	<u>1,441</u>	<u>814</u>	-	-
Future income tax benefits	9,299	8,973	1,856	1,687
	<u>10,740</u>	<u>9,787</u>	<u>1,856</u>	<u>1,687</u>
Future income tax benefits include amounts attributable to tax losses carried forward				
	<u>886</u>	<u>386</u>	-	-

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 \$1,935,000 (1996 \$1,000,000). 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.

	CONSOLIDATED		COMPANY	
	1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000
13. ACCOUNTS PAYABLE				
Current				
Trade creditors and accruals	31,064	30,177	8,043	7,544
Amounts owing to related entities	-	-	20,710	165,099
	<u>31,064</u>	<u>30,177</u>	<u>28,753</u>	<u>172,643</u>
14. BORROWINGS				
Current				
Bank overdraft - unsecured	-	-	-	2,073
Deferred vendor finance	10,000	10,000	-	-
Liabilities under finance leases	931	1,369	-	-
	<u>10,931</u>	<u>11,369</u>	<u>-</u>	<u>2,073</u>
Non-Current				
Bank bills and borrowings - unsecured	112,000	107,000	112,000	107,000
Bank bills - secured*	1,050	1,200	-	-
Deferred vendor finance	-	10,000	-	-
Liabilities under finance leases	620	1,394	-	-
	<u>113,670</u>	<u>119,594</u>	<u>112,000</u>	<u>107,000</u>
* Secured by a floating charge over the assets and undertaking of the relevant controlled entities.				
15. PROVISIONS				
Current				
Dividends	10,359	9,866	10,359	9,866
Income tax	10,380	15,366	1,154	1,873
Employee benefits	8,784	8,692	562	517
	<u>29,523</u>	<u>33,924</u>	<u>12,075</u>	<u>12,256</u>
Non-Current				
Deferred income tax liability	37	-	-	-
Employee benefits	4,379	3,909	716	541
	<u>4,416</u>	<u>3,909</u>	<u>716</u>	<u>541</u>

	CONSOLIDATED		COMPANY	
	1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000
16. SHARE CAPITAL				
Authorised capital				
200,000,000 ordinary shares at \$1 each	200,000	200,000	200,000	200,000
250,000,000 preferred shares at \$0.20 each	50,000	50,000	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	106,082	106,082	106,082	106,082
53,041,290 preferred shares at \$0.20 each fully paid	10,608	10,608	10,608	10,608
	<u>116,690</u>	<u>116,690</u>	<u>116,690</u>	<u>116,690</u>
17. RESERVES				
Asset revaluation	15,754	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	663	244	-	-
	<u>38,710</u>	<u>38,318</u>	<u>30,787</u>	<u>30,787</u>
Movements in asset revaluation reserve				
Balance at beginning of year	15,781	15,781	11,784	11,784
Revaluation of land and building to sale price	(27)	-	-	-
	<u>15,754</u>	<u>15,781</u>	<u>11,784</u>	<u>11,784</u>
Movements in foreign currency translation reserve				
Balance at beginning of year	244	995	-	-
Translation adjustment on financial statements of overseas controlled entities	419	(751)	-	-
	<u>663</u>	<u>244</u>	<u>-</u>	<u>-</u>

	CONSOLIDATED		COMPANY	
	1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000
18. OUTSIDE EQUITY INTERESTS				
Analysis of outside equity interests in controlled entities:				
Share capital	2,401	2,401		
Reserves	5,675	5,675		
Retained profits	3,454	3,216		
	<u>11,530</u>	<u>11,292</u>		
Reconciliation of outside equity interests in controlled entities:				
Opening balance	11,292	11,450		
Share of operating profit	1,743	1,846		
Dividends paid	(1,500)	(2,008)		
Share of acquisition of controlled entity	-	4		
Share of disposal of controlled entity	(5)	-		
	<u>11,530</u>	<u>11,292</u>		
19. 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 (1996 4.0 cents per share)	4,243	4,243	4,243	4,243
Interim dividend paid of 4.4 cents per preferred share (1996 4.4 cents per share)	2,334	2,334	2,334	2,334
Final dividend provided for of 6.3 cents per ordinary share (1996 6.0 cents per share)	6,683	6,365	6,683	6,365
Final dividend provided for of 6.93 cents per preferred share (1996 6.6 cents per share)	3,676	3,501	3,676	3,501
	<u>16,936</u>	<u>27,051</u>	<u>16,936</u>	<u>27,051</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:				
- Pre-acquisition profits at 36%	33,580	7,316		
- Post-acquisition profits at 36%	90,961	74,925		

	CONSOLIDATED		COMPANY	
	1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000
20. 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	33,941	33,375	24,848	3,558
Add/(less) non-cash items:				
Depreciation	9,413	9,164	5,573	5,419
Amortisation	360	381	14	9
Provision for doubtful debts	1,169	1,599	-	-
Profit on sale of property, plant & equipment	(220)	(349)	(104)	(146)
Loss on sale of property, plant & equipment	88	96	63	43
Profit on sale of investments	-	(11)	-	(6)
Loss of sale of investment	-	2	-	-
Write-off of mastheads	307	-	-	-
(Decrease)/increase in income taxes payable	(4,984)	827	(720)	(867)
Decrease/(increase) in future income tax benefits	127	(311)	(168)	(867)
Increase/(decrease) in deferred taxes payable	37	(13)	-	-
Changes in assets and liabilities				
(Increase)/decrease in debtors	(185)	(8,028)	-	-
Decrease/(increase) in other debtors	251	(671)	494	(354)
Decrease/(increase) in amounts owing from related entities	-	-	140,182	(21,498)
Decrease/(increase) in inventories	4,961	(1,351)	(54)	233
(Increase)/decrease in prepayments	(1,054)	646	(554)	722
(Decrease)/increase in trade creditors and accruals	(334)	(3,922)	499	763
(Decrease)/increase in amounts owing to related entities	-	-	(144,389)	44,284
(Decrease) in lease liabilities	(1,252)	(655)	-	-
Increase in employee leave provisions	247	607	220	85
Net cash provided by operating activities	42,872	31,386	25,904	31,378

	CONSOLIDATED ACQUISITIONS		CONSOLIDATED DISPOSALS	
	1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000
(b) Businesses acquired/disposed of				
Consideration				
Cash	2,924	52,528	1,477	-
Outside equity interest at date of acquisition/disposal	-	4	5	-
	<u>2,924</u>	<u>52,532</u>	<u>1,482</u>	<u>-</u>
Fair value of net assets of businesses acquired/disposed				
Cash	32	39	36	-
Short term deposits	-	6	-	-
Trade debtors	362	608	-	-
Other debtors	33	5	50	-
Inventories	182	1,184	-	-
Prepayments	46	18	12	-
Investments	-	423	-	-
Property, plant and equipment	2,702	10,304	4	-
Mastheads	72	69,191	-	-
Radio Licences	-	-	1,468	-
Goodwill	735	-	-	-
Future income tax benefits	457	777	4	-
Bank overdraft	(30)	-	-	-
Trade creditors and accruals	(1,304)	(5,876)	(83)	-
Income tax payable	-	(8)	(2)	-
Employee leave provisions	(141)	(1,449)	(7)	-
Lease liabilities	(10)	(735)	-	-
Bank bills	-	-	-	-
Deferred vendor finance	-	(20,000)	-	-
Employee leave provisions - non-current	(182)	(719)	-	-
Lease liabilities - non-current	(30)	(1,236)	-	-
	<u>2,924</u>	<u>52,532</u>	<u>1,482</u>	<u>-</u>
Outflow/inflow of cash, net of cash acquired/disposed				
Cash consideration	2,924	52,528	1,477	-
Less Cash at bank	32	39	36	-
Short term deposits	-	6	-	-
Bank overdraft	(30)	-	-	-
	<u>2,922</u>	<u>52,483</u>	<u>1,441</u>	<u>-</u>

	CONSOLIDATED		COMPANY	
	1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000
21. FINANCING ARRANGEMENTS				
The economic entity has access to the following financing arrangements:				
Bill acceptance and revolving credit facilities maturing within 12 months	30,000	-	30,000	-
maturing after 12 months	121,500	121,500	120,000	120,000
	<hr/>		<hr/>	
	151,500	121,500	150,000	120,000
	<hr/>		<hr/>	
amount unused	38,450	13,300	38,000	13,000
	<hr/>		<hr/>	
Bank overdraft facilities				
maturing within 12 months	2,000	1,000	2,000	1,000
maturing after 12 months	-	-	-	-
	<hr/>		<hr/>	
	2,000	1,000	2,000	1,000
	<hr/>		<hr/>	
amount unused	2,000	1,000	2,000	1,000
	<hr/>		<hr/>	

Does not include leasing arrangements as disclosed in Note 25.

22. REMUNERATION OF AUDITORS

Amounts received or due and receivable for audit of the statutory accounts by:

Auditors of the Company	470	510	95	84
Other auditors	96	83	-	-

Amounts received or due and receivable for other services by:

Auditors of the Company	80	109	62	90
Other auditors	13	36	3	5

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	659	738	160	179
	<hr/>		<hr/>	

	CONSOLIDATED		COMPANY	
	1997	1996	1997	1996
	\$'000	\$'000	\$'000	\$'000
23. 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	2,164	1,747	703	726
Income received by the Directors of Rural Press Limited from that entity and its controlled entities fell within the following bands:				
\$30,001 - \$40,000			5	4
\$40,001 - \$50,000			-	1
\$80,001 - \$90,000			-	1
\$90,001 - \$100,000			-	1
\$100,001 - \$110,000			1	-
\$350,001 - \$360,000			-	1
\$380,001 - \$390,000			1	-

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 for 1996, retiring allowances paid to retiring Directors.

Directors of the Company during the year were:

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

24. REMUNERATION OF EXECUTIVES

Amounts received, or due and receivable by executives whose remuneration was \$100,000 or greater

	4,083	3,216	1,943	2,164
Number of executives whose remuneration was within the following bands:				
\$100,001 - \$110,000	10	7	3	3
\$110,001 - \$120,000	4	2	-	-
\$120,001 - \$130,000	1	2	-	1
\$130,001 - \$140,000	-	1	-	1
\$140,001 - \$150,000	-	3	-	1
\$150,001 - \$160,000	4	-	2	-
\$160,001 - \$170,000	2	1	-	1
\$180,001 - \$190,000	1	1	-	1
\$200,001 - \$210,000	2	-	2	-
\$230,001 - \$240,000	-	2	-	2
\$250,001 - \$260,000	2	1	2	1
\$350,001 - \$360,000	-	1	-	1
\$380,001 - \$390,000	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.

	CONSOLIDATED		COMPANY	
	1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000
25. LEASE COMMITMENTS				
Operating leases and amounts:				
Due within 1 year	2,744	1,945	1,140	595
Due later than 1 year and not later than 2 years	2,116	1,563	838	588
Due later than 2 years and not later than 5 years	1,605	2,025	557	912
Due later than 5 years	109	190	-	2
	<u>6,574</u>	<u>5,723</u>	<u>2,535</u>	<u>2,097</u>
Finance leases and amounts:				
Due within 1 year	1,022	1,577	-	-
Due later than 1 year and not later than 2 years	400	996	-	-
Due later than 2 years and not later than 5 years	233	500	-	-
	<u>1,655</u>	<u>3,073</u>	<u>-</u>	<u>-</u>
Total minimum lease payments	1,655	3,073	-	-
Future finance charges	(104)	(310)	-	-
	<u>1,551</u>	<u>2,763</u>	<u>-</u>	<u>-</u>
Lease liability				
Current	931	1,369	-	-
Non-current	620	1,394	-	-
	<u>1,551</u>	<u>2,763</u>	<u>-</u>	<u>-</u>

26. SEGMENT REPORTING

	Operating Revenue		Segment Assets		Earnings Before Tax	
	1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000
Printing and Publishing	278,000	261,862	333,178	335,962	52,307	53,621
Broadcasting	25,419	25,594	60,045	59,846	6,568	6,283
Corporate	1,270	1,004	43,632	34,524	1,643	369
	<u>304,689</u>	<u>288,460</u>	<u>436,855</u>	<u>430,332</u>	<u>60,518</u>	<u>60,273</u>
Net interest	-	-	-	-	(7,267)	(7,553)
	<u>304,689</u>	<u>288,460</u>	<u>436,855</u>	<u>430,332</u>	<u>53,251</u>	<u>52,720</u>

The company and its controlled entities operate predominantly within Australasia.

27. CAPITAL COMMITMENTS

The Company and its controlled entities are committed to purchase plant, equipment and buildings totalling \$2,322,000. These amounts will be expended during the year ending June 30, 1998.

A subsidiary of the Company has signed a contract on June 27, 1997 to purchase Farm Progress Holding Company, Inc. for US\$56,950,000. This will be settled by September 15, 1997.

28. CONTINGENT LIABILITIES AND GUARANTEES

- (a) The Company 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 Company and controlled entities have guaranteed on a joint and several basis with other entities bank loans to partially-owned entities to the value of \$2,625,000.

29. SUPERANNUATION COMMITMENTS

The economic entity participates in twelve main superannuation plans, of which one has members with defined benefits, which is sponsored by the Company, 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 the defined benefit plan employer contributions are based on the advice of the plan's actuary. All employees are entitled to benefits on retirement, and if elected, disability or death.

The plan provides defined benefits based on years of service and final average salary. The Company and other controlled entities are under no legal obligation to make up any shortfall in the plan's 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)	
	1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'000
Plans sponsored by the Company (either individually or jointly with other entities in the economic entity):								
Rural Press Limited Staff Superannuation Plan	2,849	2,743	2,460	2,389	389	354	1,919	1,730
Rural Press Limited Executive Superannuation Plan	-	1,312	-	1,470	-	(158)	-	1,067
Total for plans sponsored by the Company	2,849	4,055	2,460	3,859	389	196	1,919	2,797

- (i) Plan assets at net market value have been calculated at June 30, 1996, 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 plan being 30 June, 1996. It is based on the following actuarial review:
 - Rural Press Limited Staff Superannuation Plan - conducted as at July 1, 1995 by P.W. May BSc, FIAA of Buck Consultants Pty Ltd.
- (iii) Vested benefits have been calculated at June 30, 1996, being the date of the most recent approved financial statements of the plan.

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, 1997 are as follows:

	CONSOLIDATED		COMPANY	
	1997	1996	1997	1996
	\$'000	\$'000	\$'000	\$'000
Employer contributions to the plans	39	413	39	413
Employer contributions payable to the plans	-	-	-	-

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

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

30. 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 13.

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. Companies of the economic entity have provided advertising and received interest on deposits with Westpac Banking Corporation, of which J.B.Fairfax is a Director. In total these services, provided on normal terms and conditions, amounted to \$2,439,569 (1996 \$2,594,773).

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. Companies of the economic entity have paid interest on borrowings and have acquired services from Westpac Banking Corporation, of which J.B.Fairfax is a Director. These services, acquired on normal terms and conditions amounted to \$4,676,177 (1996 \$1,228,265).

	CONSOLIDATED		COMPANY	
	1997 \$'000	1996 \$'000	1997 \$'000	1996 \$'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	704	921	191	209
Interest received	9	-	-	-
New loans advanced				
Rural Press Limited Employee Loan Scheme		-		-
Rural Press Limited Employee Share Scheme (Established 1990)	88	98	-	98
Repayments received				
Rural Press Limited Employee Loan Scheme	29	-		-
Rural Press Limited Employee Share Scheme (Established 1990)	171	67	18	14

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 Employee Loan Scheme approved by shareholders on November 3, 1988: There is 1 loan of \$80,000 outstanding under this scheme (1996: 1 loan outstanding of \$100,000) to a full time employee of the Company appointed as an Executive Director of a subsidiary.

Rural Press Limited Employee Share Scheme approved by shareholders on June 21, 1990: Loans varying between \$10,000 and \$204,000 (1996 \$112,000 and \$218,000) to 7 (1996 5) Directors of the economic entity. There were 3 (1996 1) new loans made during the year to A.E. Williams, P. Caton and J. Jier (1996 B.K. McCarthy). Repayments were received from D.W. Austin, B.C. Cassell, I.F. Law, B.K. McCarthy, A.E. Williams, P. Caton and J. Jier (1996 D.W. Austin, B.C. Cassell, I.F. Law, B.K. McCarthy, L. Whish-Wilson).

Directors' Shareholdings

During the prior year a Director of the economic entity in the full time employment of the Company acquired 20,000 ordinary fully paid shares in terms of the Rural Press Limited Employee Share Scheme (Established 1990). During the prior 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 Company 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 23.

Details of interests in controlled entities are set out in Note 35.

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 29.

31. ULTIMATE CHIEF ENTITY

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

32. FOREIGN CURRENCY

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

	CONSOLIDATED	
	1997	1996
	\$'000	\$'000
New Zealand dollars		
Assets		
Current	2,157	2,386
Non-current	2,482	2,468
	<hr/>	<hr/>
Total	4,639	4,854
	<hr/>	<hr/>
Liabilities		
Current	1,638	1,350
	<hr/>	<hr/>
United States dollars		
Assets		
Current	1,155	1,332
Non-current	5,068	4,962
	<hr/>	<hr/>
Total	6,223	6,294
	<hr/>	<hr/>
Liabilities		
Current	518	1,049
	<hr/>	<hr/>

The company has forward exchange contracts to cover future foreign currency requirements for newsprint purchases amounting to \$US1,119,000 due and payable within three months.

33. EARNINGS PER SHARE

Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share was 159,123,219 (1996 159,123,219).

34. DEED OF CROSS GUARANTEE

Pursuant to an ASC Class Order 95/1530 dated 10 November 1995, relief was granted on June 30, 1997 to the wholly owned subsidiaries listed in Note 35 from the Corporations Law requirements for preparation, audit and publication of accounts.

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 Law. If a winding up occurs under other provisions of the Law, 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.

At balance date the Company and subsidiaries which are a party to the Deed have aggregate assets of \$406,441,000; aggregate liabilities of \$172,305,000; and their contribution to the consolidated operating profit and extraordinary items after income tax for the year was \$28,502,000.

35. PARTICULARS RELATING TO CONTROLLED ENTITIES

Entity and Place of Incorporation	Contribution to Consolidated Profit		Book Value of Investments		Beneficial Interest %	
	1997	1996	1997	1996		
	\$'000	\$'000	\$'000	\$'000		
Company						
Rural Press Limited - NSW	2,958	2,810	-	-	-	+
Controlled entities operating within Australia						
Rural Publishers Pty Limited - NSW	767	708	330	330	100	+
Agricultural Publishers Pty Limited- NSW	5,052	6,610	12,572	12,572	100	+
Rural Press Printing Pty Limited - QLD	-	-	2**	2**	100	+
Hawkesbury River Typesetters Pty Limited - VIC	126	119	2**	2**	100	* +
Canweb Printing Pty Limited - ACT	(212)	-	2,221	-	#100	* +
J&R Graphics Pty Limited - ACT	54	-	100**	-	#100	* +
Rural Press QLD Pty Limited - QLD	1,849	1,967	6,684	6,684	100	+
Rural Press (North Queensland) Pty Limited - QLD	-	-	2**	2**	100	* +
Western Publishers Pty Limited - QLD	(4)	-	-	613	#100	* +
Stock Journal Publishers Pty Limited - SA	1,217	937	12,707	12,707	100	+
Ramsay Ware Stockland Pty Limited- VIC	-	34	3,768	3,768	100	+
West Australian Rural Media Pty Limited- WA	159	65	2**	2**	100	+
Western Australian Primary Industry Press Pty Limited - WA	604	437	2**	2**	100	* +
Regional Publishers Pty Limited - NSW	4,224	2,118	16,375	16,375	100	+
Queensland Community Newspapers Pty Limited - QLD	678	827	2**	2**	100	* +
Gympie Times Pty Limited - QLD	453	634	3,025	3,025	100	* +
Mountain Press Pty Limited - NSW	809	771	1,998	1,998	88	* +
Nornews Pty Limited - NSW	539	808	5,124	5,124	100	* +
Tamworth Newspaper Co. Pty Limited - NSW	17	28	2,581	2,581	100	* +
Upper Hunter Publishers Pty Limited- NSW	26	1	2**	2**	100	* +
RPL Technology Pty Limited - NSW	-	4	455	455	100	* +
Hibiscus Happynings Pty Limited - NSW	-	-	100**	100**	‡100	* +
Port Offset & Letterset Pty Limited - NSW	289	179	596	596	100	* +
J.A. Bradley Holdings Pty Limited - NSW	193	173	1,382	1,382	100	* +
Harden Murrumburrah Express Pty Limited - NSW	2	14	10	10	100	* +
Carrow Pty Limited - NSW	154	206	452	452	100	* +
Cudgong Newspapers Pty Limited - NSW	230	118	2,166	2,166	100	* +
Snowy Mountains Publications Pty Limited - NSW	14	(8)	108	108	100	* +
Regional Press Australia Pty Limited - NSW	-	-	-	9	67	* +
Western Magazine Pty Limited - NSW	-	-	21**	20**	75	* +
Western Magazine Settlement Trust - NSW	-	-	21**	20**	75	* +
Bridge Printing Office Pty Limited - SA	667	506	1,868	1,868	100	* +
Port Lincoln Times Pty Limited - SA	319	346	1,408	1,408	100	* +
S.A. Regional Media Limited - SA	197	217	7,264	7,264	100	* +
Media Investments Pty Limited - SA	(71)	(70)	500	500	100	* +
Northern Newspapers Pty Limited - SA	485	631	2,996	2,996	100	* +
The Barossa News Pty Limited - SA	(73)	(52)	471	471	100	* +
Country Publishers Pty Limited - SA	88	63	1,000	1,000	100	* +
Whyalla News Properties Pty Limited - SA	(1)	6	97	97	100	* +
The Examiner Newspaper Pty Limited - TAS	2,413	2,574	10,800	10,800	60	* +
Examiner Properties Pty Limited - TAS	36	37	6**	6**	60	* +
Regional Publishers (VIC) Pty Limited - VIC	481	539	50	50	100	* +

Entity and Place of Incorporation	Contribution to Consolidated Profit		Book Value of Investments		Beneficial Interest %	
	1997	1996	1997	1996		
	\$'000	\$'000	\$'000	\$'000		
Ringlow Pty Limited - VIC	-	-	2**	2**	100	* +
The Ballarat Courier Pty Limited - VIC	2,308	1,854	46,321	46,321	100	* +
The Gateway Publishing Company Pty Limited - VIC	323	387	519	519	100	* +
Rural Press Regional Media (WA) Pty Limited - WA	713	713	1,987	1,987	100	* +
Merredin Advertiser Pty Limited - WA	(3)	41	792	792	100	* +
Esperance Holdings Pty Limited - WA	278	238	1,637	1,637	100	* +
The Printing Press Pty Limited - WA	14	35	25	25	100	* +
The Queanbeyan Age Pty Limited - ACT	5	(2)	886	886	100	* +
Regional Broadcasters Australia Pty Limited - WA	872	698	6,000	6,000	100	+
Radio West Broadcasters Pty Limited - WA	454	486	5,172	5,172	100	* +
Elldale Pty Limited - WA	(1)	(1)	661	661	100	* +
West Australian Radio Network Pty Ltd - WA	-	-	467	467	100	* +
Radio 6AM Pty Limited - WA	31	(4)	732	732	100	* +
Belcap Investments Pty Limited - WA	194	157	1,405	1,405	100	* +
Mid-Districts Radio Pty Limited - WA	(14)	4	95	95	100	* +
Esperance Broadcasters Pty Limited - WA	61	52	389	389	100	* +
Greater Cairns Radio Pty Limited - ACT	566	775	15,645	15,645	100	* +
Townsville Broadcasters Pty Limited - ACT	(174)	(63)	108	108	100	* +
Barrier Reef Broadcasting Pty Limited - QLD	434	262	2,063	2,063	100	* +
Nessan Pty Limited - NSW	952	847	217	217	100	* +
North West Broadcasters Pty Limited - QLD	4	2	1,012	1,012	100	* +
North Queensland Broadcasting Corporation Pty Limited - QLD	15	(7)	623	623	100	* +
Controlled entities operating within New Zealand						
Communication Associates Limited - NZ	55	16	545	545	100	
N.Z. Rural Press Limited - NZ	189	607	833	833	100	* +
Collingwood Publishing Limited - NZ	-	-	-	294	‡100	* +
Controlled entities operating within United States						
Rural Press (USA) Limited - USA	(57)	(45)	4,860	4,860	100	
Rural Press USA Inc. - USA	240	120	3,210	3,210	100	* +
	<u>32,198</u>	<u>31,529</u>	<u>195,212</u>	<u>193,907</u>		
Investments held by Company			63,841	63,841		
Investments held by controlled entities			131,371	130,066		
			<u>195,212</u>	<u>193,907</u>		

* Investment by controlled entity

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

+ Controlled Entities included in Class Order 95/1530. Also refer to Note 34.

‡ Deregistered or in process of deregistration

¶ Liquidated or in liquidation

Name of controlled entities acquired for cash

Canweb Printing Pty Limited 100% acquired for \$2,316,482 with net assets of \$2,316,482

J&R Graphics Pty Limited 100% acquired for (\$95,102) with a deficiency of \$95,102

STATEMENT BY DIRECTORS

Statement by Directors on the accounts set out on pages 6 to 29. 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 6 to 29 are drawn up so as to give a true and fair view of the results and cash flows for the financial year ended June 30, 1997, and the state of affairs at June 30, 1997, 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.
- (3) There are reasonable grounds to believe that the Company and certain subsidiaries will, as an economic entity, 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 a Class Order. At the date of this statement the company is within the class of companies affected by Class Order 95/1530. Refer to Note 34 for further details.

On behalf of the Board

J. B. Fairfax, AM
Director

B.K. McCarthy
Director

Kensington N.S.W. August 28, 1997

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, 1997, consisting of the profit and loss statements, balance sheets, statements of cash flows, accompanying notes, and the statement by Directors set out on pages 6 to 30. 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 financial statements. 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 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 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, 1997, 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 NSW August 28, 1997

SHAREHOLDER INFORMATION

SUBSTANTIAL SHAREHOLDERS

The number of shares held by the substantial shareholders as at August 15, 1997 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

Distribution of Shareholders and Totals in each class
as at August 15, 1997

(a) Category	Ordinary Shares	Preferred Shares
1-1000	1,203	1,286
1001-5000	1,383	960
5001-10000	376	248
10,001-100,000	520	284
100,001 and over	63	33
	<hr/>	
Total Shareholders	3,545	2,811
(b) Holding less than a marketable parcel of 100 Ordinary Shares	27	

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."

TWENTY LARGEST SHAREHOLDERS
as at 15 August 1997

Ordinary Shares	No. of	% of Total
Shareholder	Ordinary	Ordinary
	Shares	Shares
Marinya Media Pty. Limited	54,375,687	51.26
National Mutual Trustees Limited	3,937,061	3.71
Chase Manhattan Nominees Limited	2,107,526	1.99
New South Wales Farmers Association	1,937,234	1.83
NRMA Investments Pty. Limited	1,724,400	1.63
Australian Mutual Provident Society	1,624,162	1.53
Mrs Caroline E. O. Simpson	1,555,999	1.47
Permanent Trustee Australia Limited (FSEQUB a/c)	1,223,784	1.15
Permanent Trustee Australia Limited (FSIMP a/c)	1,064,774	1.00
Westpac Custodian Nominees Limited	1,007,344	0.95
National Nominees Limited	864,942	0.81
Permanent Trustee Australia Limited (FSWHOL a/c)	840,069	0.79
New South Wales Farmers Superannuation Company Limited	769,882	0.73
Mercantile Mutual Life Insurance Company Limited	700,000	0.66
SAS Trustee Corporation	638,352	0.60
MLC Limited	618,005	0.58
Perpetual Trustee Company Limited	482,793	0.45
Commonwealth Superannuation Board of Trustees No. 2	449,806	0.42
Bridgestar Pty. Limited	400,000	0.38
Mrs. Eileen Mary Robertson	389,766	0.37
TOTAL	76,711,586	72.31

Preferred Shares	No. of	% of Total
Shareholder	Preferred	Preferred
	Shares	Shares
Marinya Media Pty. Limited	27,187,844	51.26
National Mutual Trustees Limited	3,051,903	5.75
Australian Mutual Provident Society	1,200,577	2.26
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)	673,349	1.27
New South Wales Farmers Superannuation Company Limited	577,412	1.09
Permanent Trustee Australia Limited (FSEQUB a/c)	559,045	1.05
Mercantile Mutual Life Insurance Company Limited	450,000	0.85
MLC Limited	400,220	0.75
Chase Manhattan Nominees Limited	343,239	0.65
Permanent Trustee Australia Limited (FSWHOL a/c)	335,109	0.63
Commonwealth Superannuation Board of Trustees No.2	330,473	0.62
SAS Trustee Corporation	323,466	0.61
Westpac Custodian Nominees Limited	273,653	0.52
National Nominees Limited	247,998	0.47
Permanent Trustee Australia Limited (PERICINDS a/c)	239,276	0.45
Permanent Trustee Australia Limited (FSWSEF a/c)	223,439	0.42
Bridgestar Pty. Limited	200,000	0.38
TOTAL	39,243,749	73.99

CHANGES IN SHAREHOLDERS' 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.

SEVEN YEAR HISTORY

EARNINGS SUMMARY	1991 \$'000	1992 \$'000	1993 \$'000	1994 \$'000	1995 \$'000	1996 \$'000	1997 \$'000
Sales Revenue	150,686	169,222	187,969	210,957	231,853	282,881	299,353
Operating profit before interest and tax	22,714	29,176	34,802	42,076	49,219	60,273	60,518
Operating profit before tax	18,632	25,109	33,781	41,090	46,224	52,720	53,251
Operating profit after tax	11,229	15,099	19,240	27,820	31,609	33,375	33,941
Operating profit after tax and outside equity interests	10,515	13,815	17,960	26,167	29,733	31,529	32,198
BALANCE SHEET SUMMARY							
Total assets	196,081	240,345	250,172	271,158	336,188	430,332	436,855
Total liabilities	76,868	64,815	62,488	71,642	119,006	198,973	189,604
Net assets	19,213	175,530	187,684	199,516	217,182	231,359	247,251
Shares on issue	26,521	35,361	35,361	106,082	106,082	159,123	159,123
KEY INDICATORS							
Annual dividend (4)	5,304	6,365	8,840	13,260	14,851	16,443	16,936
Earnings per share	\$0.087	\$0.100	\$0.113	\$0.164	\$0.187	\$0.198	\$0.202
Dividends per share:							
- ordinary (2)(4)	\$0.040	\$0.047	\$0.053	\$0.083	\$0.093	\$0.100	\$0.103
- preferred	-	-	-	-	-	\$0.110	\$0.113
Net assets per share (2)(3)	\$0.91	\$1.06	\$1.11	\$1.25	\$1.37	\$1.45	\$1.55
Number of employees	1,667	1,779	1,856	2,058	2,281	2,813	2,903
Interest bearing debt to equity	34.0%	10.5%	6.2%	7.7%	26.5%	48.0%	46.4%
Net interest cover (times)	4.7	7.2	34.1	42.7	16.4	8.0	8.3
Return on average shareholders funds	9.8	10.0	10.5	14.3	15.1	14.8	14.1
Dividend payout ratio (4)	50.4%	46.0%	47.2%	50.7%	50.0%	52.2%	52.6%
Profit before interest and tax to sales	15.1%	17.2%	18.5%	19.9%	21.2%	21.3%	20.2%
Growth in sales	21.9%	12.3%	11.1%	12.2%	9.9%	22.0%	5.8%
Growth in operating profit before interest and tax	6.0%	31.6%	19.3%	20.9%	16.9%	22.5%	0.4%

NOTES:

1. Based on average issued capital
2. Adjusted for bonus issues and based on average issued capital
3. Attributable to the members of the parent entity
4. The 1996 figure does not include a special dividend of \$0.10 per share that satisfied the bonus share issue.

CORPORATE GOVERNANCE CODE OF ETHICS

The Directors of Rural Press Limited recognise the need to uphold the highest standards of ethical behaviour and accountability.

Rural Press Limited has published a Code of Ethics, which details the Company's responsibilities to shareholders, customers, suppliers, employees and the wider communities in which the Company operates. A copy of the code is available on request.

The adequacy of this code is monitored by the Board on an ongoing basis, to ensure that the Company's practices remain relevant to current developments in corporate governance.

Key Objectives

The prime objectives of the Company's corporate governance activities are to ensure that the Board fulfils its core responsibility to shareholders for setting the Company's direction and strategy, monitoring its performance, and enhancing the interests of shareholders; and the Company's reporting procedures and internal controls in areas such as risk management and environment protection are adequate and effective.

The structure and composition of the Board is fundamental to the achievement of the first objective. The names of the Directors are listed in the Directors' Report. The role of Management is to propose strategies and to implement agreed plans. It is therefore important that the Board which has the final responsibility for the Company's strategies and performance, should be composed of Directors able to consider issues with independence and objectivity.

Accordingly, all except the Managing Director are non-executive, including the Chairman. All Directors have established business experience and/or professional credentials in order to provide a wide range of skills, knowledge and experience.

All Directors participate in considering new appointments to and resignations from the Board. Subject to the requirements of any relevant law the retirement age for Directors is 72 years.

The effectiveness, dedication and participation of each non-executive Director is monitored by the Chairman who also reviews fees payable to non-executive Directors. Similarly, the performance of the Chairman is monitored by the non-executive Directors on an annual basis when his director's fees are reviewed.

The Audit Committee is empowered under its Charter to seek independent professional advice at the

Company's expense if in its opinion such advice is necessary.

Directors who are not members of the Audit Committee may also seek independent professional advice at the Company's expense providing they obtain the prior approval of the Chairman or the Audit Committee, whichever is the most appropriate in the circumstances.

The Board monitors the Company's performance by monthly analysis of financial statements and an evaluation of progress against budgets and key financial benchmarks. The Board receives regular updates on exposure to financial risks and any emerging threats to operations, and monitors action taken by management. Strategic plans are reviewed annually.

In order to gain a first hand appreciation of the operating environments of the Company's businesses, the Board also holds some of its meetings in various centres where activities are located.

The performance of the Managing Director is measured against specific objectives and performance targets and the Managing Director conducts performance appraisals with all senior executives. The salary packages of the Managing Director and all senior executives are approved by the Board.

Audit Committee

The Company's control mechanism is overseen by the Board's Audit Committee which comprises three non-executive Directors, whose names are listed in the Directors' Report. Meetings of the Audit Committee are also attended by invitation. The Managing Director, General Manager Finance, Group Internal Auditor and senior partner from the external audit firm usually attend meetings.

The Committee's role is to provide a direct link between the Board and the internal and external audit functions of the Company. Under its charter, the Committee reviews that the systems of internal control safeguard the Company's assets and minimise significant risks and exposures. It also reviews compliance with statutory financial requirements; reviews that internal and external audit functions are effective and appropriately resourced; and reviews that financial information provided to shareholders is true and fair, to the best of their knowledge.

Disclosure

The Company fulfils its statutory obligations of full disclosure.

