

financial reports

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Rural Press Limited
ACN 000 010 382

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All amounts are expressed in Australian dollars unless otherwise stated.

Auditors: KPMG

senior management

B.K. McCarthy B.Comm.
Managing Director

A.E. Williams
General Manager
Agricultural Publishing Division

I.F. Law
General Manager
Regional Publishing Division

R.A. Lockley
General Manager
Printing Division

B.C. Cassell B.Bus., F.C.A.
General Manager
Finance and Accounting

B.H.G. Stofberg B.Econ., A.S.A.
Company Secretary

R.M. Burns
General Manager
Broadcasting

T.K. Gallagher B.A. (Maths and Computing)
General Manager
Information Technology

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.

director's report

Statutory Directors' Report

For the year ended June 30, 1999

Your Directors have pleasure in presenting their report, together with the financial statements of Rural Press Limited (the Company) and consolidated accounts of the consolidated entity (being the Company and its controlled entities) for the year ended June 30, 1999 and the Auditor's Report thereon.

Information on Directors

The Directors of the Company in office during the year and 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 57)

Qualifications and experience: Board member since 1988 and Chairman since 1990. Chairman of Marinya Media Pty. Limited since 1987. Deputy Chairman of John Fairfax Limited 1985-87 and Director 1979-87. Director of David Syme & Co. Ltd. 1981-87. Chairman of Media Council of Australia 1980-82. Chairman of Newspaper Advertising Bureau 1985-87. Chairman of Australian section of the Commonwealth Press Union 1987-92. Director of St. Luke's Hospital 1973-95. 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 1993-98. Councillor since 1979, and President since 1993 of Boys Brigade Inc., Councillor of AMP Foundation 1992-96. Director of Crane Group Limited since 1996. Director of Westpac Banking Corporation Limited since 1996.

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

Bruce Gowrie Smith (Independent Non Executive Director, Age 59)

Qualifications and experience: Hon. D.Ap.Sc. (Charles Sturt). Farmer. Board member since 1985. Canberra Junior Farmer Award 1965. Served on general council of United Farmers and Woolgrowers Association of N.S.W. Chairman Oilseed Research Committee N.S.W. 1974-80. Deputy Chairman Australian Coarse Graingrowers Association 1970-76. Deputy Chairman N.S.W. Oilseed Marketing Board 1978-81. Director of Rural Industries Research and Development Corporation 1990-96. Director Australian Rural Leadership Foundation Limited since 1992. Experience in large scale irrigation development and management and the production of grains, oilseeds and vegetables. Director of Riverina Development Board. 1993-96. Formation Chairman and currently Executive Member of Riverina Food Network since 1993.

Special responsibilities: Member of Audit Committee.

Timothy Vincent Fairfax (Non Executive Director, Age 53)

Qualifications and experience: F.A.I.C.D. Farmer and grazier. Board member since 1988. Director of Marinya Media Pty. Limited since 1987. Director of Primac Holdings Limited from 1991 to June 1998. Director of Stanbroke Pastoral Company Limited since 1993. Councillor New England Girls School since 1994. Councillor Sunshine Coast University since 1996. Trustee Queensland Art Gallery since 1996. Director of Brickworks Limited since 1997.

David James Asimus, AO (Independent Non Executive Director, Age 67)

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

Barry John Taplin (Non Executive Director, Age 67)

Qualifications and experience: F.C.A. Board member since 1989. Managing Director of Marinya Media Pty. Limited from 1989 to July 1998. Partner in Touche Ross & Co. (Chartered Accountants) and predecessor firms 1960-89. Formerly a member of Touche Ross & Co., International Strategic Planning Group, International Banking Group and Deputy Chairman of the Australian firm.

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

directors' report

Ian George Holmes (Independent Non Executive Director, Age 65)

Qualifications and Experience: F.A.I.M. F.A.I.C.D. Cert. of Management R.M.I.T. Board member since 1995. Chief Executive of G.T.V.9 1968-70. Chief Executive of Channel TEN 1973-77. Chairman Federation of Australian Commercial Television Stations 1976-77. President and Managing Director of Grundy Organization 1977-95. Executive Director of Grundy Worldwide Limited 1988-95. Director of SEA FM Limited 1986-95. Director of Sunshine Television Network Limited 1991-95. Chairman of Seven Television Network Limited June/July 1995. Director of Arena Management Pty Limited since 1983. Director of Seal Rocks Victoria Australia Pty Limited since 1996. Director of E*TRADE Limited since 1996. Special Responsibilities: Member of Audit Committee.

Brian Keith McCarthy (Managing Director, Age 47)

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

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

Directors' meetings

The number of meetings attended by the Company's Directors for the year ended June 30, 1999 were as follows:

	Board of Directors	Audit Committee
J. B. Fairfax, AM	13 (13)	
B. Gowrie Smith	12 (13)	2 (2)
T. V. Fairfax	12 (13)	
D. J. Asimus, AO	13 (13)	
B. J. Taplin	13 (13)	2 (2)
I. G. Holmes	11 (13)	2 (2)
B. K. McCarthy	13 (13)	

Figures in brackets represent the maximum number of meetings the Director could attend. Matters relating to Company Seals and Employee Share Plans 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⁾	58,456,018	21,341,293
B. Gowrie Smith	9,012	4,506
T. V. Fairfax ⁽¹⁾	58,456,018	21,341,293
D. J. Asimus, AO	4,245	2,145
B. J. Taplin	47,777	24,137
I. G. Holmes	74,300	-
B. K. McCarthy	72,479	51,098

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

During the year Mr. B. K. McCarthy repaid a loan from the Company which had been provided in accordance with the Rural Press Limited Employee Share Scheme (1990) approved at a general meeting of shareholders on June 21, 1990.

Principal Activities

The principal activities of the consolidated 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.

Review of Operations

The review of the consolidated entity's operations is outlined on pages 6 to 25 of the annual report.

directors' report

Consolidated Result

The consolidated profit for the year ended June 30, 1999 attributable to the members of the Company was:

	1999 \$'000	1998 \$'000
Operating profit after income tax	43,425	66,719
Outside equity interests	(1,710)	(1,854)
Operating profit after income tax attributable to members of the Company	<u>41,715</u>	<u>64,865</u>

State of Affairs

During the year the consolidated entity expanded its publishing interests in Australia through the purchase of all the issued shares in The Federal Capital Press of Australia Pty Limited for \$164,192,000. The consolidated entity re-established its radio broadcasting division with the acquisition of a majority shareholding in Star Broadcasting Network Pty. Limited and acquisition of further stations in South Australia.

The Company introduced a dividend re-investment plan (DRP) which would operate from time to time as determined by Directors. A special dividend subject to the DRP was paid on December 18, 1998. Details of the special dividend are provided below.

Pursuant to the DRP the Company increased its issued share capital as follows:

	\$'000
4,650,847 ordinary shares	22,610
2,731,950 preferred shares	<u>12,388</u>
	<u>34,998</u>

On June 18, 1999, pursuant to the Rural Press Exempt Employee Share Plan, the Company allotted 360,360 ordinary shares to eligible employees by way of a bonus issue.

In the opinion of the Directors, other than mentioned, there were no other significant changes in the state of affairs of the consolidated entity that occurred during the year under review not otherwise disclosed in this report, in the consolidated financial statements, 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, 1998:
 - A final dividend of 7.40 cents per share, fully franked to 36% on 106,081,929 ordinary shares amounting to \$7,850,063;
 - and a final dividend of 8.14 cents per share, fully franked to 36% on 53,041,290 preferred shares amounting to \$4,317,561 both paid on November 4, 1998.
- In respect of the year ended June 30, 1999:

	\$000's
A special dividend of 30.0 cents per share, fully franked to 36% on 106,081,929 ordinary shares;	31,824
and a special dividend of 33.0 cents per share, fully franked to 36% on 53,041,290 preferred shares, both paid on December 18, 1998.	17,504
An interim dividend of 4.60 cents per share, fully franked to 36% on 110,732,776 ordinary shares;	5,094
and an interim dividend of 5.06 cents per share, fully franked to 36% on 55,773,240 preferred shares, both paid on March 12, 1999.	2,822
As recommended by Directors, a final dividend of 8.10 cents per share, fully franked to 36% on 111,093,136 ordinary shares;	8,999
and a final dividend of 8.91 cents per share, fully franked to 36% on 55,773,240 preferred shares, both payable on November 4, 1999 on shares registered at 5.00pm on Tuesday, October 26, 1999.	
	<u>4,969</u>
	<u>71,212</u>

Subsequent Events

On June 23, 1999 a controlled entity entered into an agreement to sell the issued capital of Gympie Times Pty Limited and certain regional publications in South East Queensland. The agreement was completed on August 6, 1999.

The Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the consolidated entity's operations, the results of those operations or the consolidated entity's state of affairs in financial years after the financial year except as mentioned or stated elsewhere in this report, in the annual report and/or the financial statements.

directors' report

Future Developments and Results

The consolidated entity intends to continue to develop its operations in the future within the principal activities as disclosed in this report. Further information as to likely developments in the operations of the consolidated entity and the expected results of those operations in subsequent financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental Regulation and Performance

The consolidated entity's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the consolidated entity has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the consolidated entity.

Directors' and Senior Executives' Emoluments

The Chairman, with external and Board consultation, is responsible for determining remuneration packages for Board members, and the Managing Director. The Managing Director and Chairman, with external consultation are responsible for making recommendations to the Board on remuneration packages and packages applicable to senior executives of the company. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the higher quality.

The Managing Director and senior executives may receive bonuses based on the achievement of specific goals related to the performance of the consolidated entity (including operational results and cash flow). Non-executive directors do not receive any performance related remuneration.

Details of the nature and amount of each major element of the emoluments of each director of the Company and each of the five named officers of the consolidated entity receiving the highest emolument are:

	Base emolument \$	Bonuses \$	Non-cash benefits \$	Super contributions \$	Retirement benefits \$	Options \$	Total \$
Directors							
J.B. Fairfax, AM	112,500	-	-	7,875	-	-	120,375
B. Gowrie Smith	45,000	-	-	3,150	-	-	48,150
T.V. Fairfax	45,000	-	-	3,150	-	-	48,150
D.J. Asimus, AO	45,000	-	-	3,150	-	-	48,150
B.J. Taplin	45,000	-	-	-	-	-	45,000
I.G. Holmes	45,000	-	-	3,150	-	-	48,150
B.K. McCarthy	373,154	-	40,046	61,846	-	-	475,046
Officers of the Company and Consolidated Entity							
A.R. Johnson	294,198	205,652	-	13,594	-	-	513,444
I.F. Law	238,633	21,500	12,000	29,367	-	-	301,500
B.C. Cassell	186,606	25,000	40,000	30,894	-	-	282,500
R.A. Lockley	165,974	22,812	17,691	26,335	-	-	232,812
A.E. Williams	163,911	22,812	17,000	29,089	-	-	232,812

Details of options granted to officers during the year are set out below under Options. All options were granted on December 18, 1998. The option price was \$4.70 which was equivalent to the market value of the preferred shares at the date of grant of the options. The options are not exercisable before December 18, 2001 and then only if performance hurdles are achieved at that time. Due to the nature of the performance hurdles, the value of the options is not considered to be determinable.

directors' report

Options

During the financial year the Company pursuant to the Executive Option Plan (EOP) granted options over unissued preferred shares to the following Director and the five most highly remunerated officers as part of their remuneration:

	<u>Number of options granted</u>	<u>Exercise price</u>	<u>First exercise date</u>	<u>Last exercise date</u>
Director				
B.K. McCarthy	200,000	4.70	December 18, 2001	December 18, 2004
Officers				
I.F. Law	100,000	4.70	December 18, 2001	December 18, 2004
B.C. Cassell	100,000	4.70	December 18, 2001	December 18, 2004
R.A. Lockley	100,000	4.70	December 18, 2001	December 18, 2004
A.E. Williams	100,000	4.70	December 18, 2001	December 18, 2004
A.R. Johnson	50,000	4.70	December 18, 2001	December 18, 2004

All options were granted during the financial year. No options have been granted since the end of financial year.

At the date of this report the total unissued preferred shares of the Company under option, pursuant to the EOP, are:

<u>First exercise date</u>	<u>Last exercise date</u>	<u>Exercise price</u>	<u>Number of options</u>
December 18, 2001	December 18, 2004	4.70	641,670
December 18, 2002	December 18, 2004	4.70	641,670
December 18, 2003	December 18, 2004	4.70	641,660

All options expire on the earlier of their last exercise date or termination of the employee's employment. In addition, the ability to exercise the options is conditional on the Company achieving certain performance hurdles. The option exercise price is equal to the market value of the shares at the date of grant of the options.

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Indemnification of Directors and Officers

The Chief entity's Constitution provides 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 Constitution further provides 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

Since the end of the previous financial year the Company has paid insurance premiums of \$100,291 in respect of Directors and Officers' liability and legal expenses' insurance contracts for current and former Directors and Officers, including executive officers of the Company and Directors, executive officers and secretaries of its controlled entities. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

Rounding off of Amounts

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

directors' report

Year 2000

The Company acknowledges the year 2000 problem as a significant business issue in view of its extensive network of electronic publishing, printing, broadcasting and business systems in operation. Since 1995, the Company has been upgrading these systems to facilitate more efficient publishing and administration. Following an audit of all systems in 1997, the project was initiated for the systematic replacement of all year 2000 deficient equipment and software.

The year 2000 project has been co-ordinated by an internal committee, with progress monitored by senior management. Reports are regularly provided to the Board and periodically to the Australian Stock Exchange.

The Company envisages that its replacement program will be complete by October 1999, and to the best of its knowledge, that the Company will be year 2000 ready by November 1999.

The Company has been consulting with its major suppliers, particularly for newsprint, telecommunications and power, to determine their state of year 2000 readiness.

Signed in accordance with a resolution of the Directors

J. B. Fairfax AM
Director

B.K.McCarthy
Director

Kensington NSW
August 26, 1999

financial statements

Profit and Loss Statements

For the year ended June 30, 1999

	NOTES	CONSOLIDATED		COMPANY	
		1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
SALES REVENUE		408,384	341,338	-	-
Other revenue		6,035	94,850	115,215	116,560
TOTAL REVENUE	2	414,419	436,188	115,215	116,560
OPERATING PROFIT BEFORE, DEPRECIATION, AMORTISATION, INTEREST, ABNORMAL ITEM AND INCOME TAX		98,975	79,177	98,587	11,245
Depreciation		(13,134)	(8,958)	(3,991)	(5,516)
Amortisation		(1,836)	(610)	(11)	(14)
OPERATING PROFIT BEFORE INTEREST, ABNORMAL ITEM AND INCOME TAX		84,005	69,609	94,585	5,715
Net interest (expense)/income		(14,978)	(8,394)	(9,987)	2,222
OPERATING PROFIT BEFORE ABNORMAL ITEM AND INCOME TAX		69,027	61,215	84,598	7,937
Abnormal item before income tax	4	-	31,176	-	41,763
OPERATING PROFIT BEFORE INCOME TAX	3	69,027	92,391	84,598	49,700
Income tax attributable to operating profit	5	(25,602)	(25,672)	(14,063)	(5,367)
OPERATING PROFIT AFTER INCOME TAX		43,425	66,719	70,535	44,333
Outside equity interests in operating profit after income tax	19	(1,710)	(1,854)	-	-
OPERATING PROFIT AFTER INCOME TAX ATTRIBUTABLE TO MEMBERS OF THE COMPANY		41,715	64,865	70,535	44,333
Retained profits at the beginning of the financial year		125,989	80,321	37,950	13,349
Aggregate amount transferred from reserves	18	187	535	-	-
Total available for appropriation		167,891	145,721	108,485	57,682
Dividends provided for or paid	20	(71,212)	(19,732)	(71,212)	(19,732)
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR		96,679	125,989	37,273	37,950
EARNINGS PER SHARE (Cents)					
Basic	34	25.6	40.8		
Diluted	34	25.4	40.8		
EARNINGS PER SHARE (Cents) EXCLUDING ABNORMAL ITEM					
Basic	34	25.6	23.2		
Diluted	34	25.4	23.2		

Balance Sheets

As at June 30, 1999

	NOTES	CONSOLIDATED		COMPANY	
		1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
CURRENT ASSETS					
Cash		33,765	9,972	14,620	2,757
Receivables	6	61,600	54,534	376,384	153,618
Inventories	7	13,752	15,815	3,040	3,926
Other	8	3,881	2,791	296	3
TOTAL CURRENT ASSETS		112,998	83,112	394,340	160,304
NON-CURRENT ASSETS					
Investments	9	7,806	7,798	71,635	71,635
Property, plant and equipment	10	134,813	73,733	40,612	41,133
Mastheads	11	406,138	302,605	-	-
Radio licences	12	6,469	1,915	-	-
Other	13	15,757	17,410	2,744	2,408
TOTAL NON-CURRENT ASSETS		570,983	403,461	114,991	115,176
TOTAL ASSETS		683,981	486,573	509,331	275,480
CURRENT LIABILITIES					
Accounts payable	14	42,168	42,866	70,867	48,994
Borrowings	15	18,304	2,688	18,000	-
Provisions	16	39,340	32,124	15,735	18,284
TOTAL CURRENT LIABILITIES		99,812	77,678	104,602	67,278
NON-CURRENT LIABILITIES					
Accounts payable	14	1,969	2,121	-	-
Borrowings	15	268,675	101,871	182,000	20,000
Provisions	16	8,744	4,448	1,124	917
TOTAL NON-CURRENT LIABILITIES		279,388	108,440	183,124	20,917
TOTAL LIABILITIES		379,200	186,118	287,726	88,195
NET ASSETS		304,781	300,455	221,605	187,285
SHAREHOLDERS' EQUITY					
Share capital	17	168,381	116,690	168,381	116,690
Reserves	18	25,826	45,360	15,951	32,645
Retained profits		96,679	125,989	37,273	37,950
Shareholders' equity attributable to members of the Company		290,886	288,039	221,605	187,285
Outside equity interests in controlled entities	19	13,895	12,416	-	-
TOTAL SHAREHOLDERS' EQUITY		304,781	300,455	221,605	187,285

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

Statements of Cash Flow

For the year ended June 30, 1999

	NOTES	CONSOLIDATED		COMPANY	
		1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		404,423	336,425	27,481	18,106
Receipts from related entities		-	-	-	94,267
Payments to suppliers and employees		(305,601)	(262,555)	(44,978)	(43,089)
Dividends received		96	331	75,210	950
Interest received		485	1,089	551	8,071
Interest and other costs of finance paid		(15,463)	(9,483)	(10,538)	(5,849)
Income tax paid		(21,656)	(23,650)	(6,696)	(1,318)
Net cash flow from operating activities	21	62,284	42,157	41,030	71,138
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of businesses and controlled entities (net cash)	21	(162,959)	(79,599)	-	(500)
Proceeds from sale of business and controlled entities (net cash)	21	-	87,479	-	87,950
Purchase of investments		-	(20)	-	-
Increase in investment in subsidiary		-	-	-	(13,294)
Purchase of property, plant and equipment		(30,427)	(12,169)	(15,346)	(7,226)
Purchase of mastheads		-	(184)	-	-
Proceeds from sale of property, plant & equipment		2,074	1,108	11,973	1,483
Proceeds from sale of investments		200	1	-	-
Net cash flow from investing activities		(191,112)	(3,384)	(3,373)	68,413
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		192,100	78,839	180,000	11,000
Repayment of borrowings		(400)	(104,860)	-	(103,000)
Repayment of deferred vendor finance		-	(10,000)	-	-
Loans to controlled activities to finance the purchase of businesses		-	-	(171,379)	-
Repayment of loans from controlled entities upon divestment		-	-	-	(40,187)
Payment of dividends		(34,415)	(17,923)	(34,415)	(17,923)
Payment of dividends to outside equity interests		(1,906)	(1,420)	-	-
Net cash flow from financing activities		155,379	(55,364)	(25,794)	(150,110)
NET INCREASE/(DECREASE) IN CASH HELD					
Cash at beginning of the financial year		9,883	25,687	2,757	13,316
Exchange variance on opening cash balance		(1,048)	787	-	-
CASH AT THE END OF THE FINANCIAL YEAR		35,386	9,883	14,620	2,757
Reconciliation of cash					
Cash		33,765	9,972	14,620	2,757
Short term deposits		1,713	2,415	-	-
Bank overdraft		(92)	(2,504)	-	-
		35,386	9,883	14,620	2,757

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

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Notes to the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

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

Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company, being the Company, and its controlled entities. Where a controlled entity has been acquired (or sold) during the year, its results are included in consolidated profit from the date of acquisition (up to the date of sale). All inter-entity balances and transactions have been eliminated. Outside interests in the equity and results of those entities that are controlled by the Company's controlled entities are shown as a separate item in the consolidated financial statements. A list of controlled entities is shown in Note 37.

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.

Trade Debtors

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

Short Term Deposits

Short term deposits are stated at the lower of cost and net realisable value. Interest is recognised when earned.

Other Debtors

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

Inventories

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

Non-current Assets

The carrying amount of non-current assets are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount.

In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value, except where specifically stated.

Investments

Dividends in controlled entities are brought into account in the profit and loss statement when they are paid by the controlled entities.

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

The consolidated 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.

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 statement. 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.

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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.

The major depreciation periods are:

	1999	1998
Freehold buildings	50 years	50 years
Leasehold property	30 to 99 years	30 to 99 years
Plant and equipment	3 to 15 years	3 to 15 years

Leased assets

Finance leases which effectively transfer to the consolidated entity substantially all of the risks and benefits incidental to ownership of the leased assets have been capitalised and are being amortised over their expected useful life.

Lease payments are allocated between interest expense and lease liability. The interest component is charged against profit when paid.

Operating lease payments where the lessors effectively retain substantially all the risks and benefits of ownership of these lease items, are charged to expense in the period in which they are incurred.

Mastheads & Radio Licences

Mastheads, being the titles of newspapers and magazines produced by the consolidated entity, are accounted for as identifiable assets and are recorded at valuation, or in the case of recent acquisitions, at cost. Mastheads include the composite mixture of the publications title, content, market targeting capabilities and reputation. 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 against the carrying value of mastheads and radio licences as the Directors consider the lives of these assets are not limited by any known or anticipated legal, physical, commercial, technological or other factor. Commercial radio licences are renewable every five years under the provisions of the Broadcasting Services Act 1992 and the Directors have no reason to believe that the licences will not be renewed.

Radio Licence Fees

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

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of identifiable net assets acquired at the time of acquisition of a business. Goodwill is amortised by the straight line method over a period between ten and fifteen years during which benefits are expected to be received.

The unamortised balance of goodwill is reviewed at least annually. Where the balance exceeds the value of expected future benefits, the difference is charged to the profit and loss account.

Insurance Licences

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

Accounts Payable

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company or consolidated entity. Amounts payable are normally settled within 30 days.

Bank Overdraft and Bank Bills

These are carried at the principal amount subject to set-off arrangements. Interest is charged as an expense as it accrues.

Taxation

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

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Employee Entitlements

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.

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.

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 16 months and 52 months. All contracts are with major Australian banks.

Revenue Recognition

Sales revenue comprises revenue earned (net of returns, discounts, agency commissions and allowances) from the provision of advertising, circulation and printing to entities outside the consolidated entity. Sales revenue from advertisers is recognised when an issue is published or when the advertising is broadcast.

Subscription revenue is billed to customers at the beginning of the period of service and unearned revenue is recorded at that time. Circulation revenue from all sources is recognised as each issue is published.

Printing revenues are recognised when goods are provided.

Interest income is recognised as it accrues.

The gross proceeds of asset sales are included as revenue of the consolidated entity. The profit or loss on disposal of assets is brought to account at the date an unconditional contract is signed or conditional contract is settled.

financial statements

	CONSOLIDATED		COMPANY	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
2. REVENUE				
Sales revenue from operating activities	408,384	341,338	-	-
Other revenue from operating activities				
Dividends from:				
controlled entities	-	-	75,210	950
other persons	96	331	-	-
Interest income from:				
controlled entities	-	-	307	7,407
other persons	485	1,089	244	664
Inter-entity charges	-	-	27,101	18,011
Other	3,180	4,371	380	95
Other revenue from outside operating activities				
Gross proceeds on sale of property, plant and equipment	2,074	1,108	11,973	1,483
Gross proceeds on sale of investments	200	1	-	-
Gross proceeds on sale of radio division	-	87,950	-	87,950
	<u>6,035</u>	<u>94,850</u>	<u>115,215</u>	<u>116,560</u>
	<u>414,419</u>	<u>436,188</u>	<u>115,215</u>	<u>116,560</u>
3. OPERATING PROFIT				
Included in operating profit are the following items of (income)/expense				
Interest expense:				
controlled entities	-	-	368	423
other persons	15,423	9,429	10,170	5,426
finance lease charges	40	54	-	-
Net (profit)/loss from sale of property, plant & equipment	39	(185)	(108)	(94)
Profit from sale of radio division	-	(31,176)	-	(41,763)
Net (profit)/loss on sale of investments	(391)	5	-	-
Amortisation of:				
leased assets capitalised	140	100	-	-
leasehold property	306	14	11	14
goodwill	171	174	-	-
licence agreements	1,219	322	-	-
Depreciation of:				
buildings	596	597	295	291
plant & equipment	12,538	8,361	3,696	5,225
Amounts set aside to provision for:				
doubtful debts	2,588	1,814	-	-
employee entitlements	8,455	8,742	249	49
Net foreign exchange loss/(gain)	(397)	(171)	(397)	(171)
Rental expense under operating leases	5,955	5,159	95	99
4. ABNORMAL ITEM				
Profit on sale of Regional Broadcasters Australia Pty. Limited and its subsidiaries	-	31,176	-	41,763
Income tax effect	-	(3,760)	-	(3,760)
	<u>-</u>	<u>27,416</u>	<u>-</u>	<u>38,003</u>

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	CONSOLIDATED		COMPANY	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
5. TAXATION				
Reconciliation of prima facie tax				
Prima facie tax expense on the operating profit at rates in the countries of source	25,182	33,543	30,455	17,892
Increase (decrease) in a tax expense due to non tax deductible:				
depreciation	113	137	20	45
non deductible entertainment and other expenses	1,041	420	95	78
rebates on dividends received	(34)	(119)	(27,076)	(342)
CGT losses recognised	-	(11,073)	-	(11,073)
difference between accounting and tax profit on disposal of controlled entity	-	3,610	-	-
tax loss adjustment	-	14	-	(387)
tax losses not previously recognised	-	-	-	-
other items	(118)	(58)	-	-
Income tax expense on current year's operating profit	26,184	26,474	3,494	6,012
Income tax (over) under provided in prior years	(582)	(802)	10,569	(645)
Income tax expense on operating profit	25,602	25,672	14,063	5,367
Total income tax expense comprises:				
Reductions/(additions) to future income tax benefits	(119)	(368)	(326)	(556)
Additions/(reductions) to deferred income tax liability	1,883	28	-	-
Additions to provision for income tax	23,838	26,012	14,389	5,923
	25,602	25,672	14,063	5,367
6. CURRENT RECEIVABLES				
Trade debtors	57,330	50,189	-	-
Provision for doubtful debts	(4,187)	(3,307)	-	-
	53,143	46,882	-	-
Short term deposits	1,713	2,415	-	-
Other debtors	6,744	5,237	3,843	4,127
Amounts owing from related entities	-	-	372,541	149,491
	61,600	54,534	376,384	153,618

Short term deposits maturing within 60 days and paying interest rates of 3.75% (1998 4%) for Australia and USA, and 4.05% (1998 between 8.6% and 8.92%) for New Zealand.
Included in other debtors are amounts owing from employees, under the Rural Press Limited Employee Share Scheme (1990), of \$3,199,000 (1998 \$3,825,000).
The carrying amounts of trade debtors, short term deposits and other debtors approximates their net fair values.

financial statements

	CONSOLIDATED		COMPANY	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
7. CURRENT INVENTORIES				
Raw material at cost	12,173	14,896	3,040	3,564
Finished goods at cost	109	356	-	-
Stock in transit at cost	-	362	-	362
Consumable stores at cost	1,470	201	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	13,752	15,815	3,040	3,926
8. OTHER CURRENT ASSETS				
Prepayments	3,881	2,791	296	3
	<hr/>	<hr/>	<hr/>	<hr/>
9. NON-CURRENT INVESTMENTS				
Shares in controlled entities - not listed on stock exchanges				
At directors' valuation 1987	-	-	52,512	52,512
At cost	-	-	19,123	19,123
Shares in other corporations - listed on stock exchanges				
At cost	17	17	-	-
Shares in other corporations - not listed on stock exchanges				
At cost	1,596	1,588	-	-
Interest in business undertaking - partnership				
At cost	6,193	6,193	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	7,806	7,798	71,635	71,635
	<hr/>	<hr/>	<hr/>	<hr/>
Market value of listed shares	28	27	-	-

The consolidated 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 consolidated entity's interest in the net assets of the partnership as at June 30, 1999 was \$8,222,000 (1998 \$8,318,000) and the contribution to the result for the year was a profit of \$764,000 (1998 profit of \$809,000).

financial statements

	CONSOLIDATED		COMPANY	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
10. PROPERTY, PLANT AND EQUIPMENT				
Freehold land				
At cost	245	-	-	-
At independent valuation June 30, 1998	13,124	13,530	5,901	5,960
	13,369	13,530	5,901	5,960
Buildings on freehold land				
At cost	4,523	-	3,021	-
Accumulated depreciation	(17)	-	-	-
	4,506	-	3,021	-
At independent valuation June 30, 1998	28,367	28,827	14,697	14,772
Accumulated depreciation	(573)	-	(294)	-
	27,794	28,827	14,403	14,772
Leasehold property				
At cost	19,928	428	428	428
Accumulated amortisation	(578)	(195)	(206)	(195)
	19,350	233	222	233
Total land and buildings	65,019	42,590	23,547	20,965
Plant and equipment				
At cost	124,234	82,243	34,687	51,359
Accumulated depreciation	(54,984)	(51,630)	(17,622)	(31,191)
	69,250	30,613	17,065	20,168
Capitalised finance leases				
Plant and equipment - at cost	899	749	-	-
Accumulated amortisation	(355)	(219)	-	-
	544	530	-	-
Total plant and equipment	69,794	31,143	17,065	20,168
	134,813	73,733	40,612	41,133

The independent valuation in 1998 was carried out as at June 30, 1998 by MS Parkinson AAPI Reg N° 2747 of JLW Advisory Services Pty Limited, and is on the basis of the existing use value of the properties, except where a small number of properties are for sale the market value has been used. The Directors are of the opinion that this basis provides a reasonable estimate of recoverable amount.

This valuation is in accordance with the Company's policy of obtaining an independent valuation of freehold land 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 properties are an integral part of the consolidated entity's operations and there is no intention to sell these assets. For the small number of properties that are for sale, any capital gains tax on disposal would be insignificant.

financial statements

	CONSOLIDATED		COMPANY	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
11. MASTHEADS				
At Directors' valuation June 14, 1990	76,089	76,089	-	-
At Directors' valuation October 31, 1990	2,560	2,560	-	-
At cost	327,489	223,956	-	-
	<u>406,138</u>	<u>302,605</u>	<u>-</u>	<u>-</u>
12. RADIO LICENCES				
At cost	6,469	1,915	-	-
	<u>6,469</u>	<u>1,915</u>	<u>-</u>	<u>-</u>
13. OTHER NON-CURRENT ASSETS				
Goodwill				
At cost	1,814	1,754	-	-
Accumulated amortisation	(511)	(340)	-	-
	<u>1,303</u>	<u>1,414</u>	<u>-</u>	<u>-</u>
Insurance licence agreements				
At cost	6,601	7,134	-	-
Accumulated amortisation	(1,609)	(322)	-	-
	<u>4,992</u>	<u>6,812</u>	<u>-</u>	<u>-</u>
Future income tax benefits	9,462	9,184	2,744	2,408
	<u>15,757</u>	<u>17,410</u>	<u>2,744</u>	<u>2,408</u>
Future income tax benefits include				
amounts attributable to tax losses				
carried forward	-	-	-	-

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 \$2,302,000 (1998 \$1,803,000). 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.

financial statements

	CONSOLIDATED		COMPANY	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
14. ACCOUNTS PAYABLE				
Current				
Trade creditors and accruals	42,168	42,866	8,605	11,077
Amounts owing to related entities	-	-	62,262	37,917
	42,168	42,866	70,867	48,994
Non Current				
Magazine subscriptions	1,969	2,121	-	-

The carrying amounts of trade creditors and accruals approximate their net fair values.

15. BORROWINGS				
Current				
Bank overdraft - unsecured	92	2,504	-	-
Bank bills - unsecured	18,000	-	18,000	-
Liabilities under finance leases	212	184	-	-
	18,304	2,688	18,000	-
Non-Current				
Bank bills and borrowings - unsecured	256,616	101,504	182,000	20,000
Bank bills - secured*	11,700	-	-	-
Liabilities under finance leases	359	367	-	-
	268,675	101,871	182,000	20,000

* Secured by a floating charge over the assets and undertaking of the relevant controlled entities.

The carrying amounts of bank overdrafts, finance leases and bank bills approximate their net fair values.

16. PROVISIONS				
Current				
Dividends	14,336	12,168	13,968	12,168
Income tax	14,221	11,691	1,404	5,758
Employee entitlements	10,783	8,265	363	358
	39,340	32,124	15,735	18,284
Non-Current				
Deferred income tax liability	3,685	12	-	-
Employee entitlements	5,059	4,436	1,124	917
	8,744	4,448	1,124	917
The carrying amount of dividends approximate their net fair value.				
Total employee entitlements	15,842	12,701	1,487	1,275

financial statements

	CONSOLIDATED		COMPANY	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
17. SHARE CAPITAL				
Issued and paid up capital				
111,093,136 ordinary shares (1998 106,081,929 of \$1.00 each) fully paid	145,385	106,082	145,385	106,082
55,773,240 preferred shares (1998 53,041,290 of \$0.20 each) fully paid	22,996	10,608	22,996	10,608
	<hr/>	<hr/>	<hr/>	<hr/>
	168,381	116,690	168,381	116,690
(a) Dividend Reinvestment Plan ("DRP")				
On December 18, 1998 under the DRP, as approved by shareholders on October 9, 1998, allotted 4,650,847 ordinary shares fully paid at \$4.860679 per share (\$22,610,000) and 2,731,950 preferred shares fully paid at \$4.537750 per share (\$12,388,000) from the Special Dividend approved by the directors.				
(b) Share Options				
On December 18, 1998 the Company granted 1,925,000 options to acquire preferred shares on a one for one basis to senior executives. The exercise price was set at \$4.70 as determined under the rules of the Executive Option Plan ("The Plan") as approved by shareholders on October 9, 1998. Each option is exercisable, providing performance hurdles are met, between December 18, 2001 and December 18, 2004.				
(c) Abolition of par value shares				
The Company Law Review Act 1998 ("the Act") came into effect on July 1, 1998. The Act abolished par value shares, and any amount standing to the credit of the share premium reserve became part of the Company's share capital on July 1, 1998. As a result, the balance of the share premium reserve amounting to \$16,694,000 became part of to the share capital account on July 1, 1998 increasing the share capital on that date to \$133,384,000. From July 1, 1998 share capital does not have a nominated (par) value.				
(d) Exempt Employee Share Plan ("EESP")				
On June 18, 1999 the EESP, as approved by shareholders on October 9, 1998, allotted 360,360 ordinary shares fully paid.				
18. RESERVES				
Asset revaluation	17,442	17,442	13,642	13,642
Share premium	-	16,694	-	16,694
Capital profits	3,412	3,599	309	309
General	2,000	2,000	2,000	2,000
Foreign currency translation	2,972	5,625	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	25,826	45,360	15,951	32,645
Movements in asset revaluation reserve				
Balance at beginning of year	17,442	15,754	13,642	11,784
Revaluation of land and buildings	-	2,223	-	1,858
Transfer to retained earnings	-	(535)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	17,442	17,442	13,642	13,642
Movements in share premium reserve				
Balance at beginning of year	16,694	16,694	16,694	16,694
Included within share capital	(16,694)	-	(16,694)	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	16,694	-	16,694
Movements in capital profits reserve				
Balance at beginning of year	3,599	3,599	309	309
Transfer to retained earnings	(187)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	3,412	3,599	309	309
Movements in foreign currency translation				
Balance at beginning of year	5,625	663	-	-
Translation adjustment on financial statements of overseas controlled entities	(2,653)	4,962	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	2,972	5,625	-	-

financial statements

	CONSOLIDATED		COMPANY	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
19. OUTSIDE EQUITY INTERESTS				
Analysis of outside equity interests in controlled entities:				
Share capital	4,789	2,746		
Reserves	5,782	5,782		
Retained profits	3,324	3,888		
	<u>13,895</u>	<u>12,416</u>		
Reconciliation of outside equity interests in controlled entities:				
Opening balance	12,416	11,530		
Share of operating profit	1,710	1,854		
Dividends provided for or paid	(2,274)	(1,420)		
Shares allotted	2,043	345		
Revaluation of land and buildings as at June 30, 1998	-	107		
	<u>13,895</u>	<u>12,416</u>		
20. DIVIDENDS				
Dividends provided for or paid				
Special Dividend paid of 30.0 cents per ordinary share	31,824	-	31,824	-
Special Dividend paid of 33.0 cents per preferred share	17,504	-	17,504	-
Interim dividend paid of 4.6 cents per ordinary share (1998 4.6 cents per share)	5,094	4,880	5,094	4,880
Interim dividend paid of 5.06 cents per preferred share (1998 5.06 cents per share)	2,822	2,684	2,822	2,684
Final dividend provided for of 8.10 cents per ordinary share (1998 7.40 cents per share)	8,999	7,850	8,999	7,850
Final dividend provided for of 8.91 cents per preferred share (1998 8.14 cents per share)	4,969	4,318	4,969	4,318
	<u>71,212</u>	<u>19,732</u>	<u>71,212</u>	<u>19,732</u>
Dividend imputation				
All dividends paid or proposed are fully franked at 36% out of existing franking credits or out of franking credits arising from the payment of income tax in the forthcoming period.				
Amount of retained profits and reserves that could be distributed as franked dividends (after the proposed dividend) out of existing franking credits and franking credits arising from the payment of income tax in the forthcoming year.				
- Pre-acquisition profits at 36%	4,807	5,750		
- Post-acquisition profits at 36%	90,990	90,830		

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	CONSOLIDATED		COMPANY	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
21. 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	43,425	66,719	70,535	44,333
Add/(less) non-cash items:				
Depreciation	13,134	8,958	3,991	5,516
Amortisation	1,836	610	11	14
Provision for doubtful debts	2,588	1,814	-	-
Profit on sale of property, plant & equipment	(799)	(343)	(358)	(158)
Loss on sale of property, plant & equipment	838	158	250	64
Profit on sale of investments	(184)	(31,176)	-	(41,763)
Loss on sale of investment	-	5	-	-
Increase/(decrease) in income taxes payable	2,183	2,361	7,693	4,604
(Increase)/decrease in future income tax benefits	(167)	(172)	(336)	(552)
Increase/(decrease) in deferred taxes payable	1,876	28	-	-
Changes in assets and liabilities				
(Increase)/decrease in debtors	(1,310)	(8,760)	-	-
(Increase)/decrease in other debtors	(1,347)	1,738	284	972
(Increase)/decrease in amounts owing from related entities	-	-	(63,718)	38,427
Decrease/(increase) in inventories	3,267	(4,864)	886	(1,253)
(Increase)/decrease in prepayments	(322)	835	(293)	695
(Decrease)/increase in trade creditors and accruals	(2,334)	4,972	(2,472)	3,035
Increase/(decrease) in amounts owing to related entities	-	-	24,345	17,207
(Decrease) in lease liabilities	(208)	(887)	-	-
(Decrease)/increase in employee leave provisions	(192)	161	212	(3)
Net cash provided by operating activities	62,284	42,157	41,030	71,138

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	CONSOLIDATED ACQUISITIONS		CONSOLIDATED DISPOSALS	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
(b) Businesses acquired/disposed of				
Consideration				
Cash	171,379	79,895	-	87,950
Outside equity interest at date of acquisition/disposal	2,043	345	-	-
Pre-existing interest at date of acquisition	-	350	-	-
	173,422	80,590	-	87,950
Fair value of net assets of businesses acquired/disposed				
Cash	8,420	296	-	471
Short term deposits	-	-	-	-
Trade debtors	7,539	6,776	-	4,259
Other debtors	161	109	-	420
Inventories	1,204	1,832	-	9
Prepayments	767	1,255	-	341
Investments	24	-	-	1,568
Property, plant and equipment	46,220	1,091	-	12,039
Mastheads	111,615	72,941	-	-
Radio licences	4,554	1,915	-	41,104
Goodwill	59	147	-	-
Insurance licence agreements	-	5,872	-	-
Future income tax benefits	111	137	-	424
Bank overdraft	-	-	-	-
Trade creditors and accruals	(1,674)	(10,753)	-	(1,802)
Income tax payable	(348)	(61)	-	(1,113)
Employee leave provisions	(3,049)	(105)	-	(558)
Lease liabilities	(102)	(8)	-	(66)
Bank bills	-	(810)	-	-
Deferred income tax liability	(1,796)	-	-	(52)
Employee leave provisions- non-current	(283)	(44)	-	(214)
Lease liabilities - non-current	-	-	-	(56)
	173,422	80,590	-	56,774
Profit on sale	-	-	-	31,176
	173,422	80,590	-	87,950
Outflow/inflow of cash, net of cash acquired/disposed				
Cash consideration	171,379	79,895	-	87,950
Less Cash at bank	8,420	296	-	471
Short term deposits	-	-	-	-
Bank overdraft	-	-	-	-
	162,959	79,599	-	87,479

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	CONSOLIDATED		COMPANY	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
22. FINANCING ARRANGEMENTS				
The consolidated entity has access to the following financing arrangements:				
Bill acceptance and cash advance facilities				
maturing within 12 months	30,000	30,000	30,000	30,000
maturing after 12 months	283,200	170,000	270,000	170,000
	313,200	200,000	300,000	200,000
amount unused	26,884	98,496	100,000	180,000
Bank overdraft facilities				
maturing within 12 months	2,000	2,000	2,000	2,000
maturing after 12 months	-	-	-	-
	2,000	2,000	2,000	2,000
amount unused	2,000	2,000	2,000	2,000

Does not include leasing arrangements as disclosed in Note 26.

The Company has an unsecured bank overdraft. Interest on the bank overdraft is charged at prevailing market rates. The effective interest rate is 8.00% (1998 8.25%).

The Company has an unsecured bank loan denominated in Australian dollars covering borrowings by the Company and an overseas subsidiary. The loan bears interest at the Bank Bill Rate or LIBOR rates plus the consolidated entity's credit margin. The effective annual interest rate is 5.71% (1998 5.82%) at June 30.

	\$	\$	\$	\$
23. REMUNERATION OF AUDITORS				
Amounts received or due and receivable for audit of the statutory accounts by:				
Auditors of the Company	482,150	453,000	83,700	95,000
Other auditors	178,587	222,000	-	-
Amounts received or due and receivable for other services by:				
Auditors of the Company	891,043	1,050,000	634,598	932,000
Other auditors	162,533	13,000	149,210	4,000
	1,714,313	1,738,000	867,508	1,031,000

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	CONSOLIDATED		COMPANY	
	1999	1998	1999	1998
	\$	\$	\$	\$
24. 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	2,041,626	1,804,700	836,171	743,000
Number of Directors of Rural Press Limited whose income is received from that entity and its controlled entities fell within the following bands:				
\$40,001 - \$50,000			5	5
\$100,001 - \$110,000			-	1
\$120,001 - \$130,000			1	-
\$420,001 - \$430,000			-	1
\$470,001 - \$480,000			1	-
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				
25. REMUNERATION OF EXECUTIVES				
Amounts received, or due and receivable by executives whose remuneration was \$100,000 or greater	4,289,095	3,459,200	2,050,528	1,887,200
Number of executives whose remuneration was within the following bands:				
\$100,001 - \$110,000	9	3	1	-
\$110,001 - \$120,000	5	8	1	2
\$120,001 - \$130,000	5	2	1	1
\$130,001 - \$140,000	1	1	-	-
\$150,001 - \$160,000	1	1	-	-
\$160,001 - \$170,000	-	2	-	1
\$170,001 - \$180,000	2	-	1	-
\$190,001 - \$200,000	-	1	-	1
\$200,001 - \$210,000	-	1	-	1
\$230,001 - \$240,000	2	-	2	-
\$260,001 - \$270,000	-	1	-	1
\$270,001 - \$280,000	-	1	-	1
\$280,001 - \$290,000	1	-	1	-
\$300,001 - \$310,000	1	-	1	-
\$420,001 - \$430,000	-	1	-	1
\$470,001 - \$480,000	1	-	1	-

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	CONSOLIDATED		COMPANY	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
26. LEASE COMMITMENTS				
Operating leases and amounts:				
Due within 1 year	4,213	3,654	1,987	1,739
Due later than 1 year and not later than 2 years	2,873	2,384	1,292	1,166
Due later than 2 years and not later than 5 years	3,348	1,604	670	850
Due later than 5 years	3,053	3	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	13,487	7,645	3,949	3,755
	<hr/>	<hr/>	<hr/>	<hr/>
Finance leases and amounts:				
Due within 1 year	243	211	-	-
Due later than 1 year and not later than 2 years	203	186	-	-
Due later than 2 years and not later than 5 years	182	214	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total minimum lease payments	628	611	-	-
Future finance charges	(57)	(60)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Lease liability	571	551	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Current	212	184	-	-
Non-current	359	367	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	571	551	-	-

27. SEGMENT REPORTING

	Operating Revenue		Segment Assets		Earnings Before Tax	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Australasia - Publishing	336,766	281,959	560,307	369,705	73,750	57,830
- Commercial radio broadcasting	5,127	7,279	10,944	-	752	1,700
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
United States - Publishing	341,893	289,238	571,251	369,705	74,502	59,530
	72,041	57,911	112,730	116,868	9,503	10,079
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	413,934	347,149	683,981	486,573	84,005	69,609
Abnormal item	-	87,950	-	-	-	31,176
Net interest	485	1,089	-	-	(14,978)	(8,394)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	414,419	436,188	683,981	486,573	69,027	92,391

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

28. CAPITAL COMMITMENTS

The Company and its controlled entities are committed to purchase plant, equipment and buildings totalling \$13,696,000. These amounts will be expended during the year ending June 30, 2000.

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29. 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) A controlled entity has guaranteed on a several basis with another entity bank loans to a partially-owned entity to the value of \$2,755,500 (1998 Nil)
- (c) A controlled entity had guaranteed in the prior year the payment of customs duty with the Australian Customs Service to the value of \$500,000.

30. SUPERANNUATION COMMITMENTS

The consolidated entity participates in eight main superannuation plans, all of which provide accumulation benefits. Employer contributions are made to these plans at levels equal to or in excess of the minimum required by the Superannuation Guarantee Legislation.

The last remaining members with defined benefits changed to accumulation benefits during the year and the plan concerned was subsequently wound up. This plan provided defined benefits based on years of service and final average salary. The Company and other controlled entities were 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 plan are set out in the table below.

Defined Benefit Plan	Total Plan at Net Market Value (i)		Total Accrued Benefits (ii)		Excess/ (Deficit)		Total Vested Benefits (iii)	
	1999	1998	1999	1998	1999	1998	1999	1998
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Plans sponsored by the Company (either individually or jointly with other entities in the consolidated entity):

Rural Press Limited Staff Superannuation Plan	143	3,131	131	2,780	12	351	102	2,581
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- (i) Plan assets at net market value have been calculated at June 30, 1998, being the date of the most recent approved financial statements of the plan.
- (ii) Accrued benefits have been obtained from the most recent approved financial statements of the plan being June 30, 1998. 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, 1998, being the date of the most recent approved financial statements of the plan.

During the year the plan transferred all its members and assets by successor fund transfer in accordance with relevant superannuation law to a Superannuation Master Trust.

There were no contributions to the above plan during the current or prior year. No amounts are payable at year end.

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.

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31. 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 consolidated entity on commercial terms and conditions. The amounts outstanding at balance date are set out in Notes 6 and 14.

Transactions with Director Related Entities

Companies of the consolidated 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. These services acquired on normal terms and conditions amounted to \$1,295,997 (1998 \$584,205).

Companies of the consolidated entity have acquired goods and services from, and provided advertising to, Wesfarmers Limited and its subsidiaries, of which D. J. Asimus is a Director. Companies of the consolidated entity have paid interest on borrowings and have acquired services from, and have received interest on deposits from Westpac Banking Corporation, of which J.B.Fairfax is a Director. Companies of the consolidated entity have provided advertising to, E*TRADE Limited, of which I.G. Holmes is a Director. These services were on normal terms and conditions.

	CONSOLIDATED		COMPANY	
	1999 \$	1998 \$	1999 \$	1998 \$
Loans to Executive Directors				
Pursuant to the Rural Press Limited Employee Loan Scheme and Rural Press Limited Employee Share Scheme (Established 1990)				
Amounts outstanding	223,357	614,126	-	172,126
Interest received	651	5,254	-	-
New loans advanced				
Rural Press Limited Employee Loan Scheme	-	-	-	-
Rural Press Limited Employee Share Scheme (Established 1990)	-	-	-	-
Repayments received				
Rural Press Limited Employee Loan Scheme	57,485	28,536	-	-
Rural Press Limited Employee Share Scheme (Established 1990)	333,935	99,995	172,126	19,248

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 are no loans outstanding under this scheme (1998 1 loan outstanding of \$56,834).

Rural Press Limited Employee Share Scheme approved by shareholders on June 21, 1990: Loans varying between \$66,290 and \$157,068 (1998 \$8,180 and \$187,874) to 2 (1998 6) Directors of the consolidated entity. Repayments were received from B.K. McCarthy, B.C. Cassell, J. Jiear, I.F. Law, and A.E. Williams (1998 B.K. McCarthy, B.C. Cassell, B. Clarke, P. Caton, J. Jiear, I.F. Law, R. Mackie and A.E. Williams).

Rural Press Limited Executive Option Plan approved by shareholders on October 9, 1998: Options varying between 20,000 and 200,000 to 7 Directors of the consolidated entity. Options were issued to B.K. McCarthy, B.C. Cassell, I.F. Law, A.E. Williams, S. Chambers, M. Ticehurst and R. Mackie.

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Directors' Shareholdings

Details of the shareholdings of Directors of the Company are set out below. Dividends were paid in respect of these shares at the declared dividend rates. Details of Directors names, remuneration and superannuation payments are set out in Note 24.

	Ordinary Shares	Preferred Shares
J. B. Fairfax, AM ⁽¹⁾	58,456,018	21,341,293
B. Gowrie Smith	9,012	4,506
T. V. Fairfax ⁽¹⁾	58,456,018	21,341,293
D. J. Asimus, AO	4,245	2,145
B. J. Taplin	47,777	24,137
I. G. Holmes	74,300	-
B. K. McCarthy	72,479	51,098

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

Details of interests in controlled entities are set out in Note 37.

Details of the interest in partnerships are set out in Notes 1 and 9.

Details of the consolidated entity's employee superannuation plans are set out in Note 30.

32. ULTIMATE PARENT ENTITY

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

33. FOREIGN CURRENCY

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

	CONSOLIDATED	
	1999	1998
	\$'000	\$'000
New Zealand dollars		
Assets		
Current	1,650	2,219
Non-current	2,030	2,178
Total	<u>3,680</u>	<u>4,397</u>
Liabilities		
Current	<u>1,004</u>	<u>1,158</u>
United States dollars		
Assets		
Current	20,864	19,530
Non-current	90,488	101,359
Total	<u>111,352</u>	<u>120,889</u>
Liabilities		
Current	8,364	9,367
Non-current	76,584	83,625
	<u>84,948</u>	<u>92,992</u>

The Company has forward exchange contracts to buy foreign currency for newsprint purchases of \$US2,000,000 due and payable within three months with a weighted average rate of \$0.656 (1998 \$US2,500,000 due and payable within three months with a weighted average rate of \$0.644) and in the prior year sell foreign currency amounting to \$US1,000,000 due within twelve months with a weighted average rate of \$0.589. The Company has forward exchange contracts to buy foreign currency for equipment purchases of DEM 9,500,000 and CHF 2,250,000 both due and payable within two months with a weighted average rate of DEM 1.221 and CHF 0.987 respectively.

34. EARNINGS PER SHARE

Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share was 163,059,074 (1998 159,123,219) and the weighted average number of shares on issue used in the calculation of diluted earnings per share was 164,082,224 (1998 159,123,219).

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

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35. DEED OF CROSS GUARANTEE

Pursuant to an ASC Class Order 98/1418 dated August 13, 1998, relief has been granted to the wholly owned subsidiaries listed in Note 37 from the Corporations Law requirements for preparation, audit and lodgement of financial reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations 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.

A consolidated profit and loss statement and consolidated balance sheet comprising the Company and subsidiaries which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at June 30, 1999 is set out below.

Last year, the Company and subsidiaries which were a party to the Deed had aggregate assets of \$355,998,000; aggregate liabilities of \$77,870,000; and their contribution to the consolidated operating profit and abnormal items after income tax for the year was \$57,037,000.

	1999
	\$'000
BALANCE SHEET	
Cash	23,047
Receivables	45,456
Inventories	12,185
Other	2,622
TOTAL CURRENT ASSETS	83,310
Investments	43,562
Property, plant and equipment	116,492
Mastheads	292,300
Other	9,394
TOTAL NON-CURRENT ASSETS	461,748
TOTAL ASSETS	545,058
Accounts payable	29,398
Borrowings	18,008
Provisions	23,448
TOTAL CURRENT LIABILITIES	70,854
Borrowings	182,006
Provisions	6,720
TOTAL NON-CURRENT LIABILITIES	188,726
TOTAL LIABILITIES	259,580
NET ASSETS	285,478
Share capital	168,381
Reserves	19,444
Retained profits	97,653
TOTAL SHAREHOLDERS' EQUITY	285,478

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	1999 \$'000
PROFIT AND LOSS STATEMENT	
Operating profit before income tax	60,625
Income tax attributable to operating profit	<u>(18,953)</u>
Operating Profit after income tax	41,672
Profit/(loss) on extraordinary items after income tax	<u>-</u>
Net profit	41,672
Retained profits at the beginning of the financial year	113,038
Aggregate of amounts transferred from reserves	<u>187</u>
	154,897
Dividend provided for or paid	<u>57,244</u>
Retained profits at the end of the financial year	<u>97,653</u>

36. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

Credit Risk

Credit risk represents the loss that would be recognised if counter-parties failed to perform as contracted. The consolidated entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated on the balance sheet. The consolidated entity minimises concentrations of credit risk by undertaking transactions with a large number of customers and counter-parties, however the majority of customers are in Australia. All derivative contracts are with major financial institutions.

The consolidated entity's maximum credit risk exposure in relation to forward exchange contracts and interest rate swaps is detailed below.

Net Fair Values

Off-balance sheet financial instruments

The valuation of off-balance sheet financial instruments reflects the estimated amounts which the consolidated entity expects to pay or receive to terminate the contracts (net of transaction costs) or replace the contracts at their current market rates as at reporting date. This is based on independent market quotations and determined using standard valuation techniques.

	1999 \$'000	1998 \$'000
Interest rate swaps	(210)	(1,352)
Forward foreign exchange contracts	(268)	424
	<u>(478)</u>	<u>(928)</u>

In securing certainty over future cash flows by hedging certain transactions, the consolidated entity has obtained a net notional loss of \$478,000 (1998 \$928,000). This notional loss will be offset by an equivalent favourable movement on the underlying transactions.

Interest Rate Risk

(i) Interest rate swaps

Interest rate swaps allow the economic entity to swap floating rate borrowings into fixed rates. Each contract involves quarterly payment or receipt of the net amount of interest. The fixed rates varied from 4.90% to 6.46% (1998 6.10% to 7.55%) and the floating rates were at the bank bill rates or the LIBOR rate plus the consolidated entity's credit margin. The weighted average effective floating interest rate at June 30 was 5.24% (1998 5.84%).

(ii) Interest rate risk exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

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	Note	Fixed interest maturing in				Non-interest bearing \$'000	Total \$'000
		Floating Interest Rate \$'000	1 Year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
1999							
Financial assets							
Cash		33,765	-	-	-	-	33,765
Receivables	6	1,713	-	-	-	59,887	61,600
Investments	9	-	-	-	-	1,613	1,613
		<u>35,478</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,500</u>	<u>96,978</u>
Weighted average interest rate		4.32					
Financial liabilities							
Bank overdrafts and loans	15	280,208	-	6,200	-	-	286,408
Accounts payable	14	-	-	-	-	44,137	44,137
Liabilities under finance leases	15	-	212	359	-	-	571
Dividends payable	16	-	-	-	-	14,336	14,336
		<u>280,208</u>	<u>212</u>	<u>6,559</u>	<u>-</u>	<u>58,473</u>	<u>345,452</u>
Interest rate swaps		<u>(85,683)</u>	<u>-</u>	<u>85,683</u>	<u>-</u>	<u>-</u>	<u>-</u>
Weighted average interest rate		5.91	6.82	6.18			
1998							
Financial assets							
Cash		9,972	-	-	-	-	9,972
Receivables	6	2,415	-	-	-	52,119	54,534
Investments	9	-	-	-	-	1,605	1,605
		<u>12,387</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,724</u>	<u>66,111</u>
Weighted average interest rate		4.85					
Financial liabilities							
Bank overdrafts and loans	15	104,008	-	-	-	-	104,008
Accounts payable	14	-	-	-	-	42,866	42,866
Liabilities under finance leases	15	-	183	368	-	-	551
Dividends payable	16	-	-	-	-	12,168	12,168
		<u>104,008</u>	<u>183</u>	<u>368</u>	<u>-</u>	<u>55,034</u>	<u>159,593</u>
Interest rate swaps		<u>(59,900)</u>	<u>10,000</u>	<u>49,900</u>	<u>-</u>	<u>-</u>	<u>-</u>
Weighted average interest rate		5.77	7.73	6.55			

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37. PARTICULARS RELATING TO CONTROLLED ENTITIES

Entity and Place of Incorporation	Beneficial Interest %		Entity and Place of Incorporation	Beneficial Interest %	
	1999	1998		1999	1998
Company					
Rural Press Limited - NSW					
Controlled entities operating within Australia					
Rural Publishers Pty Limited - NSW	100	+ 100	The Examiner Newspaper Pty Limited - TAS	60 *	60 *
Agricultural Publishers Pty Limited- NSW	100	+ 100	Examiner Properties Pty Limited - TAS	60 *	60 *
Rural Press Printing Pty Limited - QLD	100	+ 100	Regional Publishers (VIC) Pty Limited - VIC	100 *	+ 100 *
Hawkesbury River Typesetters Pty Limited - VIC	100 *	+ 100 *	Regional Publishers (Western Victoria) Pty. Limited - VIC	100 *	+ 100 *
Canweb Printing Pty Limited - ACT	100 *	+ 100 *	Rural Press Regional Media (WA) Pty Limited - WA	100 *	+ 100 *
J & R Graphics Pty Limited - ACT	100 *	+ 100 *	Merredin Advertiser Pty Limited - WA	100 *	+ 100 *
RPL Online Pty Limited - NSW	#100	°+ -	Esperance Holdings Pty Limited - WA	100 *	+ 100 *
Rural Press QLD Pty Limited - QLD	100	+ 100	The Printing Press Pty Limited - WA	100 *	+ 100 *
Rural Press (North Queensland) Pty Limited - QLD	100 *	+ 100 *	The Queanbeyan Age Pty Limited - ACT	100 *	+ 100 *
Stock Journal Publishers Pty Limited - SA	100	+ 100	The Federal Capital Press of Australia Pty Limited - ACT	#100	*°+ -
Ramsay Ware Stockland Pty Limited- VIC	100	+ 100	Tofua Holdings Pty. Limited - ACT	#100	*°+ -
West Australian Rural Media Pty Limited- WA	100	+ 100	Media Investments Pty Limited - SA	100	+ 100
Western Australian Primary Industry Press Pty Limited - WA	100 *	+ 100 *	Star Broadcasting Network Pty Limited -QLD	#50.1	* -
Regional Publishers Pty Limited - NSW	100	+ 100	Lanson Investments Pty. Limited - SA	50.1	* 100 *
Queensland Community Newspapers Pty Limited - QLD	100 *	+ 100 *	5AU Broadcasters Pty. Limited - SA	50.1	* 100 *
Gympie Times Pty Limited - QLD	100 *	+ 100 *	Controlled entities operating within New Zealand		
Mountain Press Pty Limited - NSW	88 *	+ 88 *	Communication Associates Limited - NZ	100	100
RPL Technology Pty Limited - NSW	100 *	+ 100 *	N.Z. Rural Press Limited - NZ	100 *	100 *
Hibiscus Happynings Pty Limited - NSW	‡100 *	+ 100 *	Controlled entities operating within United States		
Pro-Ag Pty Limited - NSW	#100	*°+ -	Rural Press (USA) Limited - USA	100	100
Cudgegong Newspapers Pty Limited - NSW	100 *	+ 100 *	Rural Press USA Inc. - USA	100 *	100 *
Snowy Mountains Publications Pty Limited - NSW	100 *	+ 100 *	Farm Progress Holding Co., Inc. - USA	100 *	100 *
Western Magazine Pty Limited - NSW	75 *	+ 75 *	The Miller Publishing Co., Inc. - USA	100 *	100 *
Western Magazine Settlement Trust - NSW	75 *	+ 75 *	Farm Progress Companies, Inc. - USA	100 *	100 *
Macleay Valley Happynings Pty Limited - NSW	75 *	+ 75 *	Farm Progress Insurance Services, Inc. - USA	100 *	100 *
Milton Ulladulla Publishing Co. Pty Limited - NSW	60 *	+ 60 *	Indiana Prairie Farmer Insurance Services, Inc. - USA	100 *	100 *
Bridge Printing Office Pty Limited - SA	100 *	+ 100 *			
Port Lincoln Times Pty Limited - SA	100 *	+ 100 *			
S.A. Regional Media Pty Limited - SA	100 *	+ 100 *			
Northern Newspapers Pty Limited - SA	100 *	+ 100 *			
The Barossa News Pty Limited - SA	100 *	+ 100 *			
Country Publishers Pty Limited - SA	100 *	+ 100 *			
Whyalla News Properties Pty Limited - SA	100 *	+ 100 *			

* Investment by controlled entity

+ Controlled Entities included in Class Order 98/1418. Also refer to Note 35.

° Controlled Entities added to Class Order 98/1418 on June 16, 1999.

‡ Deregistered or in process of deregistration.

Name of controlled entities acquired for cash

Pro-Ag Pty Limited 100% acquired on August 31, 1998 for \$57,571 with net assets of \$57,571

The Federal Capital Press of Australia Pty Limited 100% acquired on September 23, 1998 for \$163,708,554 with net assets of \$163,708,554

Tofua Holdings Pty Limited 100% acquired on September 23, 1998 for \$483,382 with net assets of \$483,382

Star Broadcasting Network Pty Limited 50.1% acquired on October 30, 1998 for \$1,961,480 with net assets of \$3,915,129

RPL Online Pty Limited. 100% acquired on April 8, 1999 for \$2 with net assets of \$2.

38. SUBSEQUENT EVENTS

A controlled entity entered into an agreement to sell the issued capital of Gympie Times Pty. Limited and certain regional publications in South East Queensland. The agreement was completed on August 6, 1999. The financial statements as at June 30, 1999 have not been adjusted for the sale.

financial statements

Directors' Declaration

Directors declaration on the accounts set out on pages 38 to 63. In accordance with a resolution of the Directors of Rural Press Limited, we state that:

- (1) In the opinion of the directors of Rural Press Limited:
 - (a) the financial statements and notes, set out on pages 38 to 63 are in accordance with the Corporations Law, including:
 - (i) giving a true and fair view of the financial position of the Company and consolidated entity as at June 30, 1999 and of their performance as represented by the results of their operations and their cash flows, for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (2) There are reasonable grounds to believe that the Company and certain subsidiaries identified in Note 35 will, be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between the Company and those subsidiaries pursuant to ASIC Class Order 98/1418.

On behalf of the Board

J. B. Fairfax, AM
Director

B.K. McCarthy
Director

Kensington N.S.W. August 26, 1999

Independent Auditor's Report to the Members of Rural Press Limited

Scope

We have audited the financial report of Rural Press Limited for the financial year ended June 30, 1999, consisting of the profit and loss statements, balance sheets, statements of cash flows, accompanying notes, and the Directors' declaration set out on pages 38 to 64. The financial report includes the consolidated financial statements of the consolidated entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year. The Company's Directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

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

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

Audit opinion

In our opinion, the financial report of Rural Press Limited is in accordance with:

- a) the Corporations Law, including:
 - i) giving a true and fair view of the Company's and the consolidated entity's financial position as at June 30, 1999 and of their performance for the year ended on that date; and
 - ii) complying with Accounting Standards and the Corporations Regulations; and
- b) other mandatory professional reporting requirements.

KPMG

B. K. Phillips
Partner

Sydney N.S.W. August 26, 1999

shareholder information

SUBSTANTIAL SHAREHOLDERS

The number of shares held by the substantial shareholders holding ordinary shares as at August 12, 1999 were as follows:

Shareholder	Ordinary Shares
J. B. Fairfax (held in trust for Marinya Media Pty. Limited)	4,682
T. V. Fairfax (held in trust for Marinya Media Pty. Limited)	4,682
Marinya Media Pty. Limited	57,731,742
	<hr/>
	57,741,106
	<hr/>
Colonial Investment Management Limited	8,433,848
	<hr/>

Distribution of Shareholders and Totals in each class
as at August 12, 1999

(a) Category	Ordinary Shares	Preferred Shares
1-1000	2,191	1,091
1001-5000	1,776	944
5001-10000	441	275
10,001-100,000	512	288
100,001 and over	57	37
	<hr/>	<hr/>
Total Shareholders	4,977	2,635
(b) Holding less than a marketable parcel of 100 ordinary shares	44	

VOTING SHARES

Ordinary Shares

On a show of hands every person present who is a member holding ordinary shares, proxy attorney or representative of such member, shall have one vote and on a poll every such member who is present in person or by proxy, attorney or representative shall have one vote for each share held by him or her.

Preferred Shares

These rights are subject to preferred shareholders indicating their consent to a variation in their rights at a meeting of Preferred shareholders to be held immediately prior to the annual general meeting on October 15, 1999.

A member holding Preferred Shares has the right to vote in each of the following circumstances only:

- ♦ during a period during which a dividend (or part of a dividend) in respect of the shares is in arrears;
- ♦ on a proposal to reduce the capital of the company;
- ♦ on a resolution to determine the terms of a buy-back agreement;
- ♦ on a proposal that affects the rights attached to the share;
- ♦ on a proposal to wind up the Company;
- ♦ on a proposal to dispose of the whole of the Company's property, businesses and undertaking; and
- ♦ during the winding up of the Company.

On market buy-back

There is currently no on market buy-back being undertaken.

shareholder information

Twenty largest Shareholders

as at August 12, 1999

Ordinary Shares	No. of	% of Total
Shareholder	Ordinary Shares	Ordinary Shares
Marinya Media Pty. Limited	57,731,742	51.97
Westpac Custodian Nominees Limited	4,858,575	4.37
National Mutual Trustees Limited (PFM Ind Share Fund account)	2,702,768	2.43
Permanent Trustee Australia Limited (FIR0027 account)	2,315,442	2.08
Permanent Trustee Australia Limited (FIR020 account)	2,286,478	2.06
New South Wales Farmers Association	2,056,799	1.85
NRMA Investments Pty. Limited	1,830,829	1.65
Mrs. Caroline E. O. Simpson	1,555,999	1.40
Permanent Trustee Australia Limited (FIR0018 account)	1,433,299	1.29
National Nominees Limited	856,937	0.77
New South Wales Farmers Superannuation Company Limited	817,398	0.74
Chase Manhattan Nominees Limited	775,153	0.70
AMP Life Limited	760,522	0.68
Permanent Trustee Australia Limited (FIR0014 account)	613,759	0.55
Permanent Trustee Australia Limited (PER0002 account)	573,961	0.52
BT Custodial Services Pty. Limited (Sub Cus account)	552,047	0.50
Commonwealth Custodial Services Pty Limited	423,211	0.38
Bridgestar Pty. Limited	400,000	0.36
Mrs. Eileen Mary Robertson (Estate late H S Robertson)	389,766	0.35
Perpetual Trustee Company Limited (ANZ account)	380,693	0.34
TOTAL	83,315,378	74.99
Preferred Shares	No. of	% of Total
Shareholder	Preferred Shares	Preferred Shares
Marinya Media Pty. Limited	21,120,871	37.87
National Mutual Trustees Limited (PFM Ind Share Fund account)	3,309,109	5.93
Perpetual Trustees Nominees Limited	2,689,367	4.82
Permanent Trustee Australia Limited (FIR0020 account)	2,493,804	4.47
Permanent Trustee Australia Limited (FIR0027 account)	2,431,814	4.36
Permanent Trustee Australia Limited (FIR0018 account)	1,809,264	3.24
New South Wales Farmers Association	1,096,821	1.97
NRMA Investments Pty. Limited	924,957	1.66
National Nominees Limited	819,220	1.47
Mrs. Caroline E. O. Simpson	778,000	1.39
Westpac Custodian Nominees Limited	678,749	1.22
New South Wales Farmers Superannuation Company Limited	619,440	1.11
Chase Manhattan Nominees Limited	533,318	0.96
Permanent Trustee Australia Limited (FIR0014 account)	451,306	0.81
Permanent Trustee Australia Limited (PER0002 account)	447,059	0.80
AMP Nominees Pty. Limited	253,429	0.45
Wilmar Enterprises Pty. Limited	251,803	0.45
Victorian Workcover Authority	242,449	0.43
The University of Melbourne	232,000	0.42
Carramar Pty. Limited	225,000	0.40
TOTAL	41,407,780	74.23

shareholder information

Company Directory

Registered Office

159 Bells Line of Road
North Richmond NSW 2754
Telephone (02) 4570 4444
Facsimile (02) 4570 4663

Internet Address

www.rpl.com.au

Email Address

cosec@rpl.com.au

Corporate Operations Office

12 Todman Ave
Kensington NSW 2033
Telephone (02) 9313 8333
Facsimile (02) 9663 2112

Stock Exchange Listing

Australian Stock Exchange, Sydney

Share Registry

Computer Share Registry Services Pty. Ltd.
60 Carrington Street
Sydney NSW 2000
Postal Address
GPO Box 7045
NSW 1115
Telephone (02) 8234 5222
Freecall 1800 269 981
Facsimile (02) 8234 5050

Auditors

KPMG
45 Clarence Street
Sydney NSW 2000

Bankers & Financiers

Westpac Banking Corporation
National Australia Bank Limited
Toronto Dominion Australia Limited

Solicitors

Deacons Graham & James
Goldfields House
Circular Quay, Sydney NSW 2000

Company Secretary

B. H. G. Stofberg

Company Diary

	1999
Distribution of 1999 Annual Report	September 15
General Meeting of preferred shareholders (at 159 Bells Line of Road North Richmond NSW 10:15am)	October 15
1999 Annual General Meeting (at 159 Bells Line of Road North Richmond NSW 10:30am)	October 15
1999 Final Dividend Record Date (for shares which are eligible for dividend)	October 26
Final Dividend Payment	November 4

	2000
Announcement of 2000 Half Year Results	February 10
2000 Interim Dividend Record Date	February 25
2000 Interim Dividend Payment	March 10
Announcement of 2000 Full Year Results	August 31

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 registry 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.