

RURAL PRESS LIMITED

ACN 000 010 382

AND ITS CONTROLLED ENTITIES

Half-Year Financial Report

December 31, 2004

STATUTORY DIRECTORS' REPORT

for the half year ended December 31, 2004

Your Directors have pleasure in presenting their report together with the consolidated financial report of Rural Press Limited (Parent Entity) for the half year ended December 31, 2004 and the auditor's review report thereon.

Directors

The names of the Directors of the parent entity in office during or since the end of the half-year are:

JB Fairfax, AM	Director since 1988 and Chairman since 1990
B Gowrie Smith	Director since 1985
TV Fairfax, AM	Director since 1988
SF Higgs	Director since 2000
PA Roach	Director since 2001
N Burton Taylor, AM	Director since 2003
BK McCarthy	Director and Managing Director since 1994

Review of Operations

The record half year net profit after tax and outside equity interests of \$58,446,000, an increase of 39 per cent over last year's record profit of \$42,028,000. Excluding a one off tax gain arising on the introduction of tax consolidation amounting to \$3.7 million, the company's net profit increased by 30 per cent to \$54,678,000.

The result was driven by its Australian publishing and printing operations, demonstrating the strength of the economic conditions in regional and rural Australia. The Australian advertising volume grew by 9 per cent on the prior period.

The 2004 result included one additional week of trading over the prior corresponding period. Ignoring the benefit of acquisitions, on a like-for-like basis the revenues increased by 10.0 per cent and the underlying net profit after tax increased by 20.0 per cent.

Agricultural Publishing operations in Australia continued to improve with strong volume growth, particularly in national and property advertising categories. Results in the Regional and Metropolitan publishing operations were also very pleasing, driven by advertising volume increases in motor vehicle, local and classified categories.

Contributions from the company's web fed printing operations increased due to growth in external revenues. The establishment of the new printing facility in Mandurah, Western Australia, is on schedule and will be commissioned in February 2005. Major upgrades at the North Richmond, Ballarat, Canberra and Port Macquarie press sites are nearing completion.

The company's radio broadcasting operations posted a satisfactory gain in profit largely due to the improved performance in the Ipswich station.

The Tasmanian acquisition, Harris & Company, has proved to be a worthy asset, and continues to show improved results.

In December, 2004, the company acquired the *Moree Champion* (NSW), and the *Goondiwindi Argus* (Qld), and the *Devonport Times* (Tas). Earlier in the half, the company acquired the *Hepburn Shire Advocate* (Vic) and the *Senior Post* (WA). As with all its acquisitions, the company is confident that they will be worthy additions to the Rural Press stable.

Offshore, the New Zealand agricultural publishing operations performed well in an ever-cautious agricultural market with higher levels of competition. The US agricultural operations posted modest gains in a crowded agricultural advertising market. Farm Progress launched a new publishing strategy late in the half with positive feedback from readers and advertisers.

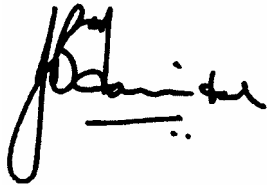
Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 13 and forms part of the Directors Report for the half-year ended December 31, 2004.

Rounding off of Amounts

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

Signed in accordance with a resolution
of the Directors



JB Fairfax AM
Director



BK McCarthy
Director

Sydney NSW February 10, 2005

RURAL PRESS LIMITED
and its controlled entities
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF-YEAR ENDED DECEMBER 31, 2004

	NOTES	CONSOLIDATED	
		2004	2003
		\$'000	\$'000
Revenue from advertising, circulation and printing services		290,886	249,062
Other revenue from operating activities		3,625	2,656
		294,511	251,718
Employee salaries, wages and oncosts		(98,564)	(86,089)
Newspint, plates, ink and consumables used		(41,683)	(37,739)
Outside printing		(10,442)	(8,704)
Communications and postage		(6,474)	(6,510)
Freight and distribution		(8,174)	(6,485)
Occupancy and utilities		(5,116)	(4,428)
Promotion and sponsorship		(5,100)	(4,566)
Motor vehicle		(2,849)	(2,664)
News services and contributors		(3,151)	(2,926)
Repairs and maintenance		(2,961)	(2,175)
Travel and accommodation		(1,931)	(1,859)
Other expenses		(15,286)	(12,808)
		(201,731)	(176,953)
		92,780	74,765
Depreciation and amortisation		(8,937)	(9,814)
		83,843	64,951
Borrowing costs		(4,551)	(2,763)
Interest income		281	483
		79,573	62,671
Proceeds on sale of assets		946	1,349
Book value of assets sold		(1,036)	(1,426)
PROFIT FROM ORDINARY ACTIVITIES BEFORE			
INCOME TAX EXPENSE		79,483	62,594
Income tax (expense)	1	(20,210)	(19,021)
PROFIT FROM ORDINARY ACTIVITIES AFTER			
INCOME TAX EXPENSE		59,273	43,573
Net profit attributable to outside equity interests		(827)	(1,545)
NET PROFIT ATTRIBUTABLE TO MEMBERS OF THE			
PARENT ENTITY	3	58,446	42,028
Non-Owner transaction changes in equity			
Increase/(decrease) in asset revaluation reserve		-	3,748
Net exchange difference on translation of financial statements of self-sustaining foreign operations		3,867	3,819
Total revenues, expenses and valuation adjustments attributable to members of the parent entity recognised directly in equity		3,867	7,567
Total changes in equity other than those resulting from transactions with owners as owners		62,313	49,595
EARNINGS PER SHARE (Cents)	5		
Basic			
Ordinary shares		28.3	20.6
Preferred shares		31.1	22.6
Diluted (reflecting potential exercise of share options)			
Ordinary shares		27.8	20.2
Preferred shares		30.6	22.2

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

RURAL PRESS LIMITED
and its controlled entities
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2004

	NOTES	CONSOLIDATED		
		Dec 31 2004 \$'000	Jun 30 2004 \$'000	Dec 31 2003 \$'000
CURRENT ASSETS				
Cash		15,215	12,520	3,865
Receivables		75,087	79,896	81,211
Inventories		19,406	11,379	12,010
Other		3,088	1,770	2,779
TOTAL CURRENT ASSETS		112,796	105,565	99,865
NON-CURRENT ASSETS				
Other financial assets		9,013	9,007	9,007
Property, plant and equipment		188,917	171,673	156,633
Mastheads		611,999	609,289	605,606
Radio licences		15,328	15,328	11,235
Deferred tax assets		9,373	9,508	9,548
Other		1,276	1,435	1,208
TOTAL NON- CURRENT ASSETS		835,906	816,240	793,237
TOTAL ASSETS		948,702	921,805	893,102
CURRENT LIABILITIES				
Payables		37,438	44,821	33,765
Interest bearing liabilities		745	136	1,613
Current tax liabilities		14,140	20,911	12,126
Provisions		20,029	19,440	20,941
TOTAL CURRENT LIABILITIES		72,352	85,308	68,445
NON-CURRENT LIABILITIES				
Payables		1,836	938	1,654
Interest bearing liabilities		201,780	160,166	182,819
Deferred tax liabilities		1,080	5,179	5,258
Provisions		3,977	4,170	4,133
TOTAL NON-CURRENT LIABILITIES		208,673	170,453	193,864
TOTAL LIABILITIES		281,025	255,761	262,309
NET ASSETS		667,677	666,044	630,793
EQUITY				
Contributed equity	2	321,087	320,464	317,735
Reserves		199,279	195,412	190,327
Retained profits	3	135,678	139,153	112,632
Total parent entity interest		656,044	655,029	620,694
Outside equity interests in controlled entities		11,633	11,015	10,099
TOTAL EQUITY		667,677	666,044	630,793

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

RURAL PRESS LIMITED
and its controlled entities
STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED DECEMBER 31, 2004

	NOTES	CONSOLIDATED	
		2004 \$'000	2003 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		324,372	273,133
Payments to suppliers and employees		(242,920)	(205,587)
Dividends received		199	57
Interest received		351	468
Interest and other costs of finance paid		(4,092)	(2,284)
Income tax paid		(30,924)	(28,030)
Net cash flow from operating activities		46,986	37,757
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of businesses and controlled entities (net cash)		(5,515)	(39,118)
Refund of stamp duty paid on purchase of mastheads		-	216
Purchase of masthead		(76)	-
Purchase of property, plant and equipment		(26,790)	(14,064)
Proceeds from sale of property, plant & equipment		946	1,349
Net cash flow used in investing activities		(31,435)	(51,617)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue		623	3,185
Proceeds from borrowings		65,000	71,000
Repayment of borrowings		(17,000)	(22,170)
Payment of dividends		(61,921)	(43,137)
Payment of dividends to outside equity interests		(208)	(1,001)
Net cash flow used in financing activities		(13,506)	7,877
NET INCREASE /(DECREASE) IN CASH HELD		2,045	(5,983)
Cash at beginning of the half-year		12,520	9,924
Effect of exchange rate changes on cash		18	(76)
CASH AT THE END OF THE HALF-YEAR	6	14,583	3,865

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

RURAL PRESS LIMITED
and its controlled entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2004

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The general purpose half-year consolidated financial report has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029 "Interim Financial Reporting" and Urgent Issues Group Consensus Views. It is recommended that this half-year financial report be read in conjunction with the June 30, 2004 Annual Financial Statements and Reports and any public announcements by Rural Press Limited and its Controlled Entities during the half-year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

These accounting policies have been consistently applied by the entities in the consolidated entity and except where there is a change in accounting policy disclosed in these financial statements, are consistent with those applied in the June 30, 2004 Annual Financial Statements and Reports.

The half year report does not include full note disclosures of the type normally included in an annual financial report.

b) Entry into tax consolidation

The Company and its resident wholly owned subsidiaries have notified the Australian Taxation Office of their adoption of the tax consolidation regime from July 1, 2003.

Adoption of the tax consolidation has had a significant impact on the tax assets and liabilities of the tax consolidated group. The effect of resetting certain tax values upon formation of the tax consolidated group is a one off net credit to income tax expense during the half year of \$3.77 million.

c) Reclassification of financial information

Certain prior year expense line items on the Statement of Financial Performance have been reclassified from other expenses to specific line items.

RURAL PRESS LIMITED
and its controlled entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2004

	CONSOLIDATED		
	Dec 31 2004 \$'000	Jun 30 2004 \$'000	Dec 31 2003 \$'000
2. CONTRIBUTED EQUITY			
Issued and paid-up capital:			
118,647,877 (June 2004: 118,647,877 and December 2003: 118,647,877) ordinary shares fully paid	182,694	182,694	182,694
79,813,101 (June 2004: 79,681,433 and December 2003: 79,102,990) Preferred shares fully paid	138,393	137,770	135,041
	321,087	320,464	317,735

Dividend Reinvestment Plan ("DRP")

In the prior year under the DRP, the company allotted, after roundings, 1,000,809 ordinary shares fully paid at \$6.996783 per share (\$7,007,956) and 418,999 Preferred shares fully paid at \$6.987503 per share (\$2,930,408) from the Special Dividend paid on November 7, 2003.

Exempt Employee Share Plan ("EESP")

In the prior year the EESP, allotted 373,198 ordinary shares fully paid.

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

No options were granted in the half-year.

On June 11, 2004 the company granted 890,000 options to acquire Preferred shares on a one for one basis to executives. The option price was set at \$7.62 as determined under the rules of the Plan. Each option is exercisable once the performance hurdles are met and are exercisable between June 11, 2007 and June 11, 2010.

On December 19, 2003 the company granted 400,000 options to acquire Preferred shares on a one for one basis to executives. The option price was set at \$6.98 as determined under the rules of the Plan. Each option is exercisable once the performance hurdles are met and are exercisable between December 19, 2006 and December 19, 2009.

During the period, the Company allotted 111,669 Preferred shares fully paid at \$4.70 per share (\$524,844), 13,333 Preferred shares fully paid at \$4.83 per share (\$64,399) and 6,666 Preferred shares fully paid at \$5.00 per share (\$33,330) following the exercise of options.

Between January and June 2004, the Company allotted 516,677 Preferred shares fully paid at \$4.70 per share (\$2,428,381), 48,433 Preferred shares fully paid at \$4.83 per share (\$233,931) and 13,333 Preferred shares fully paid at \$5.00 per share (\$66,665) following the exercise of options.

Between July and December 2003, the Company allotted 636,655 Preferred shares fully paid at \$4.70 per share (\$2,992,279) and 39,998 Preferred shares fully paid at \$4.83 per share (\$193,190) following the exercise of options.

No options lapsed during the period (nil between January and June 2004, 56,667 between July and December 2003).

At December 31, 2004 the total number of options outstanding under the Plan was 3,619,904 (2003: 3,440,015). The options are exercisable once the performance hurdles are met and before June 11, 2010.

RURAL PRESS LIMITED
and its controlled entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2004

	CONSOLIDATED	
	2004	2003
	\$'000	\$'000
3. RETAINED PROFITS		
Retained profits at the beginning of the half-year	139,153	123,680
Net profit attributable to members of the parent entity	58,446	42,028
Dividend provided for or paid	(61,921)	(53,076)
	135,678	112,632
4. DIVIDENDS PAID		
Final dividend paid of 20.00 cents (2003: 16.00 cents) fully franked per ordinary share	23,730	18,824
Final dividend paid of 22.00 cents (2003: 17.60 cents) fully franked per Preferred share	17,551	13,838
Second interim dividend paid of 10.00 cents (2003: Special dividend of 10.00 cents) fully franked per ordinary share	11,865	11,765
Second Interim dividend paid of 11.00 cents (2003: Special dividend of 11.00 cents) fully franked per Preferred share	8,775	8,649
	61,921	53,076
Dividend imputation		
All dividends paid were fully franked out of existing franking credits or out of franking credits arising from the payment of income tax in the forthcoming period.		
Amount of franking credits available for the payment of dividends out of existing franking credits and franking credits arising from the payment of December 31, 2004 income tax liability:	63,927	55,345
The above franking credits would allow the payment of a fully franked dividend to the value of:	149,163	129,138
Consolidated amounts assumes all controlled entities' retained profits and reserves are distributed to the Company		
Franking credits of \$14,358,000 in a recently acquired subsidiary will not be available until profits are made in the future.		
5. EARNINGS PER SHARE		
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share		
- ordinary	118,647,877	117,832,912
- Preferred	79,740,120	78,462,044
Weighted average number of ordinary shares on issue used in the calculation of diluted earnings per share		
- ordinary	118,647,877	117,832,912
- Preferred	83,433,005	81,874,490
6. RECONCILIATION OF CASH		
For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank, short term deposits at call, bank bills receivable, net of outstanding bank overdrafts. Cash as at the end of the financial period as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:		
Cash	15,215	3,865
Bank overdraft	(632)	-
	14,583	3,865

RURAL PRESS LIMITED
and its controlled entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2004

7. CONTINGENT LIABILITIES AND GUARANTEES

The parent entity and its controlled entities are defendants in a number of legal actions arising from their operations. The directors believe that these actions can be successfully defended. Estimated costs arising from these actions have been provided for in the financial statements such that any losses incurred would not have a material effect on the Company's future results.

8. SEGMENT REPORTING

Business segments

	External segment revenue		Inter-segment revenue		Total revenue	
	2004	2003	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Newspaper publishing – Australasia	215,087	184,270	1,194	1,062	216,281	185,332
Printing - Australasia	54,738	44,405	41,833	36,790	96,571	81,195
Eliminations	-	-	(43,027)	(37,852)	(43,027)	(37,852)
	269,825	228,675	-	-	269,825	228,675
Magazine publishing – United States	19,218	19,575	-	-	19,218	19,575
Broadcasting	5,243	3,425	-	-	5,243	3,425
	294,286	251,675	-	-	294,286	251,675
Other/unallocated	225	43	-	-	225	43
	294,511	251,718	-	-	294,511	251,718

	Total Result	
	2004	2003
	\$'000	\$'000
Newspaper publishing – Australasia	63,688	50,714
Printing - Australasia	17,098	11,191
	80,786	61,905
Magazine publishing – United States	1,601	1,613
Broadcasting	364	(227)
	82,751	63,291
Other/unallocated	1,092	1,660
	83,843	64,951
Net interest	(4,270)	(2,280)
Net profit/(loss) on sale of property, plant and equipment, and software	(90)	(77)
	79,483	62,594

The average exchange rates used in converting US dollars were 0.7397 (2003: 0.7028).

Profit before tax is disclosed separately for the Newspaper publishing - Australasia and Printing - Australasia activities as required by Accounting Standard AASB 1005 Segment Reporting. The individually reported financial results for these two activities are determined after various internal charges, internal allocation of indirect costs and with internal revenues being based on historical pricing formulae for production activities. The individually reported financial results do not therefore represent the financial performance of these activities as separate stand alone business segments.

9. EVENT SUBSEQUENT TO REPORTING DATE

International Financial Reporting Standards

This financial report has been prepared in accordance with Australian accounting standards and other current financial reporting requirements (Australian GAAP). Commencing July 1, 2005, the financial report must be prepared in accordance with Australian equivalents to International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board. The first financial reports under Australian equivalents to IFRS will be the December 31, 2005 half-year report and June 30, 2006 annual report. Comparatives for the prior corresponding periods are to be restated within these reports for consistency.

RURAL PRESS LIMITED
and its controlled entities
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2004

The company has established a formal project, monitored by the Audit Committee of the Board, to achieve the required transition of the financial report to Australian equivalents to IFRS. In early 2004, the company completed a high level overview of the key implications and potential impacts of the transition to Australian equivalents to IFRS on existing business processes, procedures, systems, accounting and reporting policies, balances and staff.

Work is progressing on implementing the changes required in order to transition to Australian equivalents to IFRS. It is expected to be substantially completed by June 30, 2005.

The differences between Australian GAAP and Australian equivalents to IFRS identified to date as potentially having a significant effect on the consolidated entity's financial performance and/or financial position are summarised below. The summary should not be taken as an exhaustive list of all the differences and it does not identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events will be presented.

The effects of the differences discussed below have not yet been fully quantified. Accordingly, there can be no assurances that the consolidated financial performance and financial position as disclosed in this financial report would not be significantly different if determined in accordance with Australian equivalents to IFRS. Regulatory bodies that promulgate Australian and International accounting standards have significant ongoing projects that could result in additional differences between the financial reports prepared under Australian GAAP and the financial reports prepared under Australian equivalents to IFRS. Further, system upgrades and other implementation costs which may be incurred have not been quantified as this process is continuing. Such costs are not anticipated to be material.

The key potential implications of the conversion to Australian equivalents to IFRS on the consolidated entity are as follows:

- Internally generated intangible assets currently recorded in the financial report at valuation cannot be recognised and purchased intangible assets cannot be revalued as they have no active market. Previous revaluations of the entity's mastheads will therefore be reversed. These adjustments will reverse the revaluation reserves currently recorded in the financial report in respect of masthead revaluations (\$168,876,000 as at December 31, 2004) and an additional residual amount to consolidated retained earnings. The impact of these adjustments on the consolidated statement of financial position may exceed \$200 million but has not been finally determined. However this change is not anticipated to have a significant effect on either cash flows or the company's dividend policy;
- Impairments of assets will be determined on a discounted cash flow basis, with strict tests for determining whether goodwill and cash-generating units have been impaired. Any impairment is recognised in the statement of financial performance and must be allocated against the individual assets affected by the impairment conditions;
- As goodwill and intangible assets held by the consolidated entity have indefinite useful lives, they will be tested for impairment annually, with any impairment recorded directly in the statement of financial performance in the period in which the impairment occurs. Goodwill will no longer be amortised and the current amortisation charge (\$142,000 in 2004) recognised by the consolidated entity will cease; and
- Revaluation increments and decrements relating to revalued property, plant and equipment are required to be recognised on an individual asset basis, not a class of assets basis as specified under existing Australian GAAP. The consolidated entity is considering taking advantage of the deemed cost exemption available for land and buildings currently held at valuation, thereby reverting back to cost and avoiding asset by asset assessments.

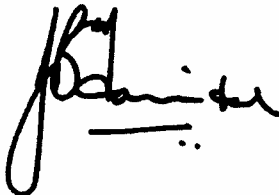
Proposed standards dealing with accounting for income tax, equity based compensation, hedge accounting and changes in accounting policy will impact the form and presentation of the financial statements but are not expected to have a material financial impact on reported assets, liabilities or results.

**RURAL PRESS LIMITED
DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED DECEMBER 31, 2004**

In the opinion of the Directors of Rural Press Limited:

1. the financial statements and notes set out on pages 3 to 10 are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position of the consolidated entity as at December 31, 2004 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (b) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



JB Fairfax, AM
Director



BK McCarthy
Director

Sydney NSW February 10, 2005

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF RURAL PRESS LIMITED

Scope

The financial report and Directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes 1 to 9 to the financial statements, and the directors' declaration set out on pages 3 to 11 for Rural Press Limited and its Controlled Entities (the "Consolidated Entity"), for the half-year ended December 31, 2004. The Consolidated Entity comprises Rural Press Limited ("the company") and the entities it controlled during that half-year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Consolidated Entity's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which were limited primarily to:

- enquiries of the company personnel, and
- analytical procedures applied to the financial data.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

A review cannot guarantee that all material misstatements have been detected.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe the half-year financial report of Rural Press Limited is not in accordance with:

- a) the Corporations Act 2001 including:
 - (i) giving a true and fair view of the Company's and the consolidated entity's financial position as at June 30, 2004 and of their performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.

KPMG

BK Phillips
Partner

Sydney
Date: February 10, 2005

**LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER
SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF RURAL PRESS LIMITED**

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended December 31, 2004 there have been:

- i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- ii) no contraventions of any applicable code of professional conduct in relation to the review.



KPMG



BK Phillips
Partner

Sydney
Date: February 10, 2005