

Appendix 4D

for the half-year ended 31 December 2013

REA Group Limited

ABN 54 068 349 066

RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the half-year ended 31 December 2013 (“current period”)

		31 December 2013	% Change from 6 months ended 31 December 2012	31 December 2012
		A\$'000		A\$'000
Revenue from ordinary activities	Up	209,422	30%	161,427
Net Profit for the period attributable to members	Up	70,696	37%	51,594
Net Profit for the period attributable to members of parent (before non-controlling interest)	Up	70,672	37%	51,566
Dividend information				
		Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking credit
2013 final dividend per share (paid 24 September 2013)		25.5	25.5	30%
2014 interim dividend per share (to be paid 18 March 2014)		22.0	22.0	30%
2014 interim dividend dates				
Ex-dividend date				26 February 2014
Record date				4 March 2014
Payment date				18 March 2014
		31 December 2013		30 June 2013
		Cents		Cents
Net tangible assets per security		208.5		185.1

Additional Appendix 4D disclosure requirements can be found in the notes to the Interim Financial Report and the Directors' Report for the half-year ended 31 December 2013. Information should be read in conjunction with REA Group Limited's 2013 Annual Report and the attached Interim Financial Report.

This report is based on the consolidated Interim Financial Report for the half-year ended 31 December 2013 which has been reviewed by Ernst & Young with the Independent Auditor's Review Report included in the Interim Financial Report.

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REA Group Limited

ABN 54 068 349 066

Interim Financial Report for the half-year ended 31 December 2013



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Corporate Information

Directors	Mr Hamish McLennan (Chairman) Mr Greg Ellis (Managing Director and Chief Executive Officer) Mr Roger Amos Ms Kathleen Conlon Mr Richard J Freudenstein Mr William Lewis (Appointed 13 November 2013) Mr John D McGrath Mr Peter Tonagh (Appointed 13 November 2013) Mr John Pittard (Resigned 13 November 2013) Mr Stephen P Rue (Resigned 13 November 2013)
Company secretary	Ms Rebecca Liatis
Principal registered office in Australia	Ground Floor, 678 Victoria Street RICHMOND, VIC 3121 Australia Ph: +61 3 9897 1121 Fax: +61 3 9473 2500
Share register	Boardroom Pty Limited Level 7, 207 Kent Street SYDNEY, NSW 2000 Australia Ph: +61 2 9290 9600 Fax: +61 2 9279 0664
Auditor	Ernst & Young 8 Exhibition Street MELBOURNE, VIC 3000 Australia
Bankers	National Australia Bank Limited
Stock Exchange Listing	REA Group shares are listed on the Australian Stock Exchange (Listing code: REA)
Website	www.rea-group.com

Directors' report

The Directors present their report together with the financial statements of the consolidated entity (the "Group"), being REA Group Limited (the "Company") and its controlled entities, for the half-year ended 31 December 2013 and the Independent Auditor's Review Report thereon.

Directors

The names of Directors of the Group in office during the half-year up to the date of the report unless stated otherwise are as follows:

- Mr Hamish McLennan (Chairman)
- Mr Greg Ellis (Managing Director and Chief Executive Officer)
- Mr Roger Amos
- Ms Kathleen Conlon
- Mr Richard J Freudenstein
- Mr William Lewis (Appointed 13 November 2013)
- Mr John D McGrath
- Mr Peter Tonagh (Appointed 13 November 2013)
- Mr John Pittard (Resigned 13 November 2013)
- Mr Stephen P Rue (Resigned 13 November 2013)

Principal activities

The Group's principal activity during the period was the provision of real estate online advertising and related services, which includes:

- online advertising of residential properties for sale and rent;
- online advertising of commercial properties for sale and lease;
- provision of online display advertising space for advertisers in various industries;
- provision of property market related information to customers and consumers including publications to advertise properties for sale and rent; and
- other services.

In the delivery of the online advertising services, the Group produces consumer and customer (agent, developer, display advertiser) products. Consumer products are our websites, mobile websites and applications (apps) for iPhone[®],

android[™] and iPad[®], as well as print publications in Hong Kong and Luxembourg. The Group's key customer products can be grouped into the following categories: listing depth products, subscriptions, and media display.

Review and results of operations

A summary of financial results for the half-year ended 31 December is below:

A\$'000 (unless stated)	2014 HY	2013 HY	Growth
Revenue	209,422	161,427	30%
EBITDA*	106,799	77,246	38%
<i>EBITDA margin</i>	<i>51%</i>	<i>48%</i>	<i>6%</i>
Net Profit (after tax)	70,696	51,594	37%
Earnings per share	53.7	39.2	37%
Cash balance	286,260	209,509	37%

* Information additional to IFRS measures included in the report have been used for prior period consistency and user readability. The Directors believe these measures are relevant and useful in measuring the financial performance of the Group.

The Group continued its growth trend in the half-year and achieved a 37% increase in Net Profit to \$70.7 million. Group revenue grew by 30% to \$209.4 million as the Group delivered on its long-term strategy to shift focus from subscriptions to depth products targeted to the needs of consumers, real estate agents and property owners.

The Group's property websites in Australia, Europe and Asia all recorded traffic growth in the half-year and continued to strengthen their competitive positions. Australia remained the primary revenue driver for the business, delivering 90% of the Group's revenue. Each of the Australian lines of business achieved revenue growth greater than 20%, while Italy delivered 22% revenue growth (2% in local currency) which was dampened by the challenging Italian economic environment.

Review and results of operations *continued*

The Group's EBITDA increased 38% for the half-year to \$106.8 million with the EBITDA margin growing by 6% to a record 51%. The Group's operating expenses increased by 22% on the comparative half-year, as the Group executed strategic initiatives for growth as well as continued investment in customers, technology and product innovations.

The Group's cash balance increased by 11% to \$286.3 million from June 2013, as a result of revenue growth and strategies to maximise interest return. During the period the Group made a \$4.7 million (€3.1 million in local currency) cash payment for the acquisition of Attico.it, an Italian property portal, providing opportunities to broaden product offerings in Italy.

The total Group's operations attracted combined average monthly visits¹ of 49.0 million² for the half-year ended 31 December 2013. This represents a 32% increase in average monthly visits on the comparative half-year. Total property listings were consistent at 1.6 million in December 2013 and paying agents increased to 21,848 across all websites, 5% higher than at 31 December 2012.

Dividends

Dividends paid or declared by the Company during and since the end of the half-year are set out in Note 6 to the financial statements and further set out below:

	Interim 2014	Final 2013	Interim 2013
Per share	22.0	25.5	16.0
Total amount (\$'000)	28,977	33,587	21,074
Franked ¹	100%	100%	100%
Payment date	18 March 2014	24 Sept 2013	20 March 2013

¹ All dividends are fully franked based on tax paid at 30%

¹ Visits = number of visits to the site for the month. If a person returns within 30 minutes, it is considered the same visit.

² Average monthly visits for the half-year ended 31 December 2013 (main sites, mobile sites and apps for Group-wide websites utilising data from Nielsen Online Market Intelligence Home and Fashion Suite Total Traffic for Audited sites and Adobe Omniture SiteCatalyst).

Review and results of operations continued

Country Performance (AUD)		Revenue	EBITDA	Margin	Depreciation and amortisation	Net finance income	Profit before income tax	Income tax expense	Net Profit for the period
		\$'000	\$'000	%	\$'000	\$'000	\$'000	\$'000	\$'000
31 Dec 2013	Australia	188,122	111,792	59%					
	Italy	14,465	150	1%					
	Other - International	6,835	2,096	31%					
	Corporate	-	(7,239)	-					
Total		209,422	106,799	51%	(10,533)	4,677	100,943	(30,247)	70,696
31 Dec 2012	Australia	144,747	77,480	54%					
	Italy	11,890	1,362	11%					
	Other - International	4,790	1,364	28%					
	Corporate	-	(2,960)	-					
Total		161,427	77,246	48%	(9,055)	4,533	72,724	(21,130)	51,594

Australia

The Group operates Australia's number one residential and commercial property sites, realestate.com.au and realcommercial.com.au, as well as REA Media which serves the property development and display media markets.

Australian revenues increased by 30% to \$188.1 million during the half-year. The residential business achieved continued success as a result of the listing depth strategy, achieving a 34% increase in revenue compared to the comparative half-year.

The commercial business recorded 22% revenue growth in the half-year, led by increased take up of listing depth products.

Media and developer revenue increased by 24% due to continued display media innovation and strong take-up of the Project Profile product by developers.

The increased adoption and penetration of listing depth products was a key growth driver across all business segments. Listing depth revenue grew by 67% from the comparative half-year. In addition, the number of Australian agent offices increased by 3% to 9,210 in December 2013. Together, these factors have contributed to average monthly

revenue per agent (ARPA) growth of 29% to \$2,490.³

In January 2014, the Group acquired 100% of 1Form Online Pty Ltd, owner of the online rental application service, 1Form.com. The acquisition was completed with a purchase price of \$15.0 million (refer to Note 11). The acquisition provides a platform for product expansion and supports the Group's strategy to connect consumers with property-related services to make the entire property process simple, efficient and stress free.

During the half-year the Group also announced the development of the myfun.com Chinese language property site. The beta version launched in January 2014. The site includes Australian and Hong Kong property listings and offers property owners increased exposure for their property listings.

The combined Australian sites realestate.com.au, realcommercial.com.au and property.com.au attracted average monthly visits of 39.7 million⁴ during the half-year, growing by 37% compared to the comparative half-year.

³ ARPA calculated as average residential and commercial revenue per month for the half-year ended 31 December 2013 over the average monthly number of paying agents for the half-year ended 31 December 2013.

⁴ Nielsen Online Market Intelligence Home and Fashion Suite Total Traffic for Audited sites and Adobe Omniture SiteCatalyst average monthly visits to main sites, mobile sites and apps for the half-year ended 31 December 2013 for realestate.com.au, realcommercial.com.au and property.com.au combined (including international traffic to sites).

Review and results of operations continued

Mobile app visits grew by 112% to 11.1 million average monthly visits.⁵ The Group's 'mobile first' approach to product development continued to drive traffic growth to the Australian mobile sites with average monthly visits growing 44%.⁶ realestate.com.au mobile site outperformed the nearest competitor by 4.5⁷ times the number of average monthly visits. The combined sites accounted for 77.7% of total minutes people spent on Australian property portals in the half-year to 31 December 2013 (nearest competitor 19.8%).⁸

Italy

casa.it is Italy's number one digital property advertising business.

casa.it achieved revenue growth in the half-year despite difficult economic conditions in Italy. casa.it recorded a 22% (2% in local currency) increase in revenue during the half-year to \$14.5 million and EBITDA of \$0.15 million after acquisition costs. In November 2013, casa.it completed an acquisition of Attico.it for \$4.7 million (€3.15 million in local currency) to expand its product offerings to customers and continue to strengthen its market position as the leading digital property advertising business.

Average monthly ARPA increased by 11% to €135 (2012: €121) driven by the take-up of listing depth products. Average monthly visits to casa.it increased by 13% to 8.0 million⁹ and average

monthly unique audience increased by 26% to 2.6 million, 1.4 times that of its nearest competitor.¹⁰

Luxembourg, Germany, France

The atHome Group comprises the number one property sites in the Greater Luxembourg area, athome.lu and atoffice.lu. It also operates sites in the neighbouring Trier region of Germany (athome.de) and the Alsace and Lorraine regions of France (immoRegion.fr). The operations of the atHome Group increased revenue by 48% (25% in local currency) in the half-year and recorded a \$2.5 million EBITDA (€1.7 million in local currency). Average monthly ARPA increased by 22% and average monthly visits to the combined Greater Luxembourg region sites grew by 14% to 843,000.¹¹

Hong Kong

The Squarefoot Group operates the real estate portal squarefoot.com.hk as well as a print publication in the real estate and lifestyle segments targeting the English and Chinese speaking communities of Hong Kong and mainland China. Revenue grew 20% (15% in local currency) during the half-year.

There was a 5% reduction in average monthly ARPA for the period due to the continued transition of the print magazine to online. Further strategic investment resulted in EBITDA decreasing by \$0.3 million (\$2.3 million in local currency). However, this strategy has driven higher engagement on the squarefoot.com.hk website with average monthly visits increasing by 76% to 473,000.¹²

⁵ Adobe Omniture SiteCatalyst average monthly visits for the half-year ended 31 December 2013 for residential and commercial apps (including international traffic to apps) compared to the half-year ended 31 December 2012.

⁶ HY2014 data from Nielsen Online Market Intelligence Domestic Report Suite Total Traffic for Audited sites average monthly visits for the half-year ended 31 December 2013 for mobile sites for realestate.com.au and realcommercial.com.au (domestic traffic to mobile sites only) compared to HY2013 data from Adobe Omniture SiteCatalyst average monthly visits for the half-year ended 31 December 2012 for mobile sites for realestate.com.au and realcommercial.com.au (including international traffic to mobile sites). Data source changed to Nielsen Online Market Intelligence in FY 2014 for consistency with internal reporting upon information being made available.

⁷ Nielsen Online Market Intelligence Domestic Report Suite Total Traffic for Audited sites average monthly visits for the half-year ended 31 December 2013 for the realestate.com.au m.site, compared to domain.com.au m.site (domestic traffic to mobile site only, does not include app visits).

⁸ Nielsen Online Market Intelligence Home and Fashion Suite Total Traffic for Audited sites total time on site for the half-year ended 31 December 2013 for the main sites realestate.com.au, realcommercial.com.au and property.com.au combined compared to domain.com.au, commercialrealestate.com.au and the total Australian market for property portals (does not include mobile traffic, includes international traffic to sites).

⁹ Adobe Omniture SiteCatalyst average monthly visits for the half-year ended 31 December 2013 for casa.it (main and mobile site visits, includes international traffic to site) compared to the half-year ended 31 December 2012.

¹⁰ HY2014 data: Audiweb average monthly unique audience utilising the most recent available data (four months to October 2013). HY2013 data: Netview statistics average unique audience for the half-year ended 31 December 2012 and compared to the nearest competitor.

¹¹ Adobe Omniture SiteCatalyst average monthly visits for the half-year ended 31 December 2013 for athome.lu, athome.de, atoffice.lu and immoregion.fr combined (main and mobile site visits, includes international traffic to site) compared to the half-year ended 31 December 2012.

¹² Adobe Omniture SiteCatalyst average monthly visits for the half-year ended 31 December 2013 for squarefoot.com.hk (main site visits only, includes international traffic to site) compared to the half-year ended 31 December 2012.

Rounding of amounts

The Company is a company of the kind referred to in Australian Securities and Investments Commission class order 98/100 (as amended) pursuant to section 341(1) of the *Corporations Act 2001*. Amounts in the Directors' Report and the accompanying financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, except where otherwise indicated.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9.

This Report is made in accordance with a resolution of Directors.



Mr Hamish McLennan
Chairman
Sydney
4 February 2014



Mr Greg Ellis
Managing Director and Chief Executive Officer
Sydney
4 February 2014



8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67
Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Auditor's Independence Declaration to the Directors of REA Group Limited

In relation to our review of the financial report of REA Group Limited for the half-year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

David Petersen
Partner
Melbourne
4 February 2014

Liability limited by a scheme approved under Professional Standards Legislation

Consolidated Income Statement
for the half-year ended 31 December 2013

	Notes	31 Dec 2013 \$'000	31 Dec 2012 \$'000
Revenue from continuing operations		209,422	161,427
Employee benefits expenses		(50,451)	(40,234)
Consultant and contractor expenses		(9,660)	(5,610)
Marketing related expenses		(16,379)	(18,544)
Technology expenses		(5,187)	(4,639)
Operations and administration expense		(20,946)	(15,154)
Depreciation and amortisation expense	4	(10,533)	(9,055)
Profit before tax and interest (EBIT)		96,266	68,191
Finance income	4	4,677	4,533
Profit before income tax		100,943	72,724
Income tax expense		(30,247)	(21,130)
PROFIT FOR THE HALF-YEAR		70,696	51,594
		Cents	Cents
Earnings per share attributable to the ordinary equity holders of REA Group Limited			
Basic earnings per share		53.7	39.2
Diluted earnings per share		53.7	39.2

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income
for the half-year ended 31 December 2013

	31 Dec 2013	31 Dec 2012
	\$'000	\$'000
Profit for the half-year	70,696	51,594
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations, net of tax	1,893	570
Other comprehensive income for the half-year, net of tax	1,893	570
TOTAL COMPREHENSIVE INCOME FOR THE HALF-YEAR	72,589	52,164
Profit for the half-year is attributable to:		
Non-controlling interest	24	28
Owners of the parent	70,672	51,566
	70,696	51,594
Total comprehensive income for the half-year is attributable to:		
Non-controlling interest	24	28
Owners of the parent	72,565	52,136
	72,589	52,164

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
as at 31 December 2013

	Notes	31 Dec 2013 \$'000	30 June 2013 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	9	286,260	257,344
Trade and other receivables		58,894	54,131
Total current assets		345,154	311,475
Non-current assets			
Plant and equipment		7,559	8,348
Intangible assets		77,900	71,026
Deferred tax assets		4,072	3,914
Total non-current assets		89,531	83,288
Total assets		434,685	394,763
LIABILITIES			
Current liabilities			
Trade and other payables		30,230	31,663
Current tax liabilities		20,438	16,351
Provisions		5,380	4,546
Other current liabilities		19,932	20,441
Total current liabilities		75,980	73,001
Non-current liabilities			
Deferred tax liabilities		3,065	3,403
Provisions		3,125	3,489
Total non-current liabilities		6,190	6,892
Total liabilities		82,170	79,893
Net assets		352,515	314,870
EQUITY			
Contributed equity	7	101,461	102,474
Reserves		(7,248)	(8,797)
Retained earnings		257,941	220,856
Parent interest		352,154	314,533
Non-controlling interest		361	337
Total equity		352,515	314,870

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
for the half-year ended 31 December 2013

	Contributed equity \$'000	Retained earnings \$'000	Reserves \$'000	Parent interest \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2013	102,474	220,856	(8,797)	314,533	337	314,870
Profit for the half-year	-	70,672	-	70,672	24	70,696
Foreign currency translation differences	-	-	1,893	1,893	-	1,893
Total comprehensive income for the half-year	-	70,672	1,893	72,565	24	72,589
Transactions with owners in their capacity as owners						
Share-based payment expense	-	-	177	177	-	177
Settlement of vested performance rights	(1,013)	-	(521)	(1,534)	-	(1,534)
Dividends paid	-	(33,587)	-	(33,587)	-	(33,587)
Balance at 31 Dec 2013	101,461	257,941	(7,248)	352,154	361	352,515

	Contributed equity \$'000	Retained earnings \$'000	Reserves \$'000	Parent interest \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2012	102,755	159,221	(11,761)	250,215	302	250,517
Profit for the half-year	-	51,566	-	51,566	28	51,594
Foreign currency translation differences	-	-	570	570	-	570
Total comprehensive income for the half-year	-	51,566	570	52,136	28	52,164
Transactions with owners in their capacity as owners						
Share-based payment expense	-	-	413	413	-	413
Settlement of vested performance rights	(579)	-	(351)	(930)	-	(930)
Dividends paid	-	(27,003)	-	(27,003)	-	(27,003)
Balance at 31 Dec 2012	102,176	183,784	(11,129)	274,831	330	275,161

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
for the half-year ended 31 December 2013

	Notes	31 Dec 2013 \$'000	31 Dec 2012 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		227,535	176,113
Payments to suppliers and employees (inclusive of GST)		(127,374)	(100,964)
		100,161	75,149
Interest received		4,823	4,496
Interest paid		(3)	-
Income taxes paid		(26,764)	(16,620)
Share-based payment on settlement of long term incentive plans		(1,542)	(964)
Net cash inflow from operating activities		76,675	62,061
Cash flows from investing activities			
Payment for business acquisition		(4,700)	-
Payment for plant and equipment		(1,314)	(1,680)
Payment for intangible assets		(8,494)	(5,554)
Net cash (outflow) from investing activities		(14,508)	(7,234)
Cash flows from financing activities			
Payment of dividend		(33,587)	(27,003)
Net cash (outflow) from financing activities		(33,587)	(27,003)
Net increase in cash and cash equivalents		28,580	27,824
Cash and cash equivalents at the beginning of the half-year		257,344	181,599
Effects of exchange rate changes on cash and cash equivalents		336	86
Cash and cash equivalents at end of the half-year	9	286,260	209,509

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1. Corporate information

REA Group Limited (the Company) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The condensed consolidated financial statements of the Company as at and for the half-year ended 31 December 2013 comprise the financial statements of the Company and its subsidiaries (together referred to in these financial statements as the "Group" and individually as "Group entities").

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. Basis of preparation

The condensed consolidated interim financial statements for the half-year ended 31 December 2013 has been prepared in accordance with AASB 134 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2013.

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent as those adopted in the Group's annual financial report for the year ended 30 June 2013, except for the adoption of new standards and interpretations as of 1 July 2013 as disclosed in the 30 June 2013 financial accounts and noted below:

- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 13 *Fair value measurement*
- AASB 119 *Employee Benefits*

The adoption of the above accounting standards had no material impact on the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. Segment information

(a) Identification of segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses that relate to transactions with any of the consolidated entity's other components.

The Group's operating segments are determined based on the location of the Group's operations. Corporate includes the costs of certain head office functions and operations that are not considered appropriate to be allocated to the Group's operating businesses. Discrete financial information about each of these operating businesses is reported to the senior executives at least monthly.

Operating segments that meet quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to the users of the financial statements. Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for 'Other International'.

(b) Type of service

The Group has only one type of service, which is the provision of real estate related advertising services. While the Group offers different brands to the market it is considered that it only has one product/service.

3. Segment information continued

The following tables present revenue and results by operating segments for the half-year ended 31 December 2013 and 31 December 2012.

Half-year ended	Australia	Italy	Other - International	TOTAL
31 December 2013	\$'000	\$'000	\$'000	\$'000
Segment revenue				
Total segment revenue	188,838	14,465	6,921	210,224
Inter-segment revenue	(716)	-	(86)	(802)
Revenue from external customers	188,122	14,465	6,835	209,422
Result				
Country EBITDA ¹	111,792	150	2,096	114,038
Corporate				(7,239)
EBITDA				106,799
Depreciation and amortisation				(10,533)
EBIT				96,266
Net finance income				4,677
Profit before income tax				100,943
Income tax expense				(30,247)
Net profit for the half-year				70,696

Half-year ended	Australia	Italy	Other - International	TOTAL
31 December 2012	\$'000	\$'000	\$'000	\$'000
Segment revenue				
Total segment revenue	144,747	11,890	4,790	161,427
Revenue from external customers	144,747	11,890	4,790	161,427
Result				
Country EBITDA ¹	77,480	1,362	1,364	80,206
Corporate				(2,960)
EBITDA				77,246
Depreciation and amortisation				(9,055)
EBIT				68,191
Net finance income				4,533
Profit before income tax				72,724
Income tax expense				(21,130)
Net profit for the half-year				51,594

¹ Information additional to IFRS measures included in the report has been used for prior period consistency and user readability. The Directors believe these measures are relevant and useful in measuring the financial performance of the Group.

4. Expenses

	31 Dec 2013	31 Dec 2012
	\$'000	\$'000
Profit before income tax includes the following specific expenses:		
Expenses		
Depreciation of plant and equipment	1,887	1,697
Amortisation	8,646	7,358
Minimum lease payments	1,955	2,057
Loss on disposal of plant and equipment	5	13
Net foreign exchange (gain)/loss	(291)	48
Employee benefits		
Salary costs	45,841	37,223
Defined contribution superannuation expense	4,433	2,598
Share-based payments	177	413
Total employee benefits	50,451	40,234
Finance (income)/costs		
Interest income	(4,680)	(4,533)
Interest paid	3	-
Total finance (income)	(4,677)	(4,533)

5. Income tax expense

A numerical reconciliation of income tax expense to prima facie tax payable is set out below:

	31 Dec 2013	31 Dec 2012
	\$'000	\$'000
Profit from continuing operations before income tax expense	100,943	72,724
Tax at the Australian tax rate of 30% (2012: 30%)	30,283	21,817
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Effect of foreign tax rate	17	(47)
Foreign subsidiary losses not recognised in the Group	411	88
Foreign subsidiary losses utilised by the Group	(6)	(285)
Long term incentive plan	53	124
Research and development current year deduction	(788)	(396)
Prior period adjustments including premium research and development claim	(388)	(436)
Other	665	265
Aggregate income tax expense	30,247	21,130

6. Dividends

(a) Dividends declared or paid

The following dividends were declared or paid by the Group:

Half-year ended 31 December 2013	Per share	Total amount \$'000	Franked ⁽¹⁾	Payment date
2013 Final dividend	25.5 cents	33,587	100%	24 Sept 2013
Total amount		33,587		

Half-year ended 31 December 2012	Per share	Total amount \$'000	Franked ⁽¹⁾	Payment date
2012 Final dividend	20.5 cents	27,003	100%	27 Sept 2012
		27,003		

⁽¹⁾ All dividends are fully franked based on tax paid at 30%

(b) Dividends not recognised at the end of the half-year

On release of the interim financial statements, the Directors declared an interim ordinary dividend for 2014 of \$28.98 million (22.0 cents per share fully franked) to be paid on 18 March 2014 out of retained earnings as at 31 December 2013. The interim dividend has not been recognised in the financial statements for the half-year ended 31 December 2013, but will be in subsequent financial reports.

7. Contributed equity

	31 Dec 2013	30 June 2013
	Shares	Shares
Ordinary shares	131,714,699	131,714,699

	Contributed equity \$'000	Other contributed equity \$'000	Total \$'000
Balance at 1 July 2012	102,603	152	102,755
Settlement of vested performance rights	-	(281)	(281)
Balance at 30 June 2013	102,603	(129)	102,474
Settlement of vested performance rights	-	(1,013)	(1,013)
Balance at 31 Dec 2013	102,603	(1,142)	101,461

There has not been any issue of ordinary shares during the half-year ended 31 December 2013.

A deduction of \$1,013,000 (31 December 2012: \$579,000) was made to other contributed equity during the half-year to reflect the excess of amount purchased on market for the settlement on the vesting of the Long Term Incentive Plan (LTIP) which is net of the amount previously recognised in the share-based payment reserve (net of tax).

8. Financial instruments

The financial instruments held by the Group at 31 December 2013, other than cash and short-term deposits, include trade and other receivables of \$58.9m and trade and other payables of \$30.2m. The fair value of these financial instruments is equal to the carrying value.

9. Current assets - Cash and cash equivalents

For the purpose of the half-year cash flow statement, cash and cash equivalents are comprised of the following:

	31 Dec 2013	30 June 2013
	\$'000	\$'000
Cash at bank	30,141	11,631
Short term deposits	256,119	245,713
	286,260	257,344

10. Contingencies

Various claims arise in the ordinary course of business against REA Group Limited and its subsidiaries. The amount of the liability (if any) at 31 December 2013 cannot be ascertained, and the REA Group Limited entity believes that any resulting liability would not materially affect the financial position of the Group.

11. Events after the balance sheet date**Summary of Acquisition**

On 14 January 2014 the Group acquired 100% of the shares of 1Form Online Pty Ltd (“1Form”), an unlisted company incorporated in Australia which provides a service to potential tenants and property agents. The acquisition provides a platform for product expansion and supports the Group’s strategy to connect consumers with property-related services to make the entire property process simple, efficient and stress free.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration

	\$’000
Cash paid	13,500
Deferred consideration	1,500
Total purchase consideration	15,000

Assets acquired and liabilities assumed

The provisional fair values of the identifiable assets and liabilities of 1Form as at the date of acquisition were:

	\$’000
Assets	
Cash	177
Trade and other receivables	114
Intangible assets	2,146
Deferred tax assets	14
Total assets	2,451
Liabilities	
Trade and other payables	107
Current tax liabilities	324
Provisions	3
Deferred tax liabilities	297
Total liabilities	731
Total identifiable net assets at fair value	1,720
Goodwill arising on acquisition	13,280
Purchase consideration	15,000

There were no acquisitions in the prior year ending 30 June 2013.

11. Events after the balance sheet date continued*a) Acquired receivables*

The gross and fair value of the trade receivables amounts to \$114,000. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

b) Goodwill

The goodwill of \$13.3 million comprises the value of expected synergies arising from the acquisition. Goodwill is allocated entirely to the Australia segment. None of the goodwill recognised is expected to be deductible for income tax purposes.

c) Deferred consideration

As part of the purchase agreement with the previous owners of 1Form, a deferred consideration has been agreed. There will be an additional cash payment to the previous owners of \$1.5 million six months after the acquisition. As at the acquisition date, the fair value of the deferred consideration was estimated to be \$1.5 million.

Purchase consideration – cash outflow

Outflow of cash to acquire subsidiary, net of cash acquired	\$'000
Cash consideration	13,500
Less: balances acquired	(177)
Outflow of cash	13,323

Acquisition-related costs

Acquisition-related costs of \$140,000 are included in operations and administration expense in the REA Group profit or loss and in operating cash flows in the statement of cash flows.

Directors' Declaration

For the half-year ended 31 December 2013:

In the Directors' opinion:

- (a) the financial statements and notes of the consolidated entity set out on pages 10 to 23 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Mr Hamish McLennan
Chairman
Sydney
4 February 2014



Mr Greg Ellis
Managing Director and Chief Executive Officer
Sydney
4 February 2014

To the members of REA Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of REA Group Limited, which comprises the condensed statement of financial position as at 31 December 2013, the condensed income statement, condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of REA Group Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

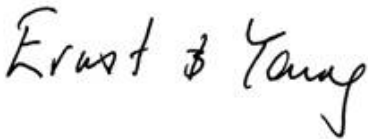
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report. We confirm that the Auditor's Independence Declaration would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of REA Group Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



David Petersen
Partner
Melbourne
4 February 2014