

*For Immediate Release*

**CEO's Half Yearly Report for realestate.com.au – December 2003 Half Year**

**realestate.com.au DELIVERS \$0.9 MILLION HALF YEAR PROFIT**

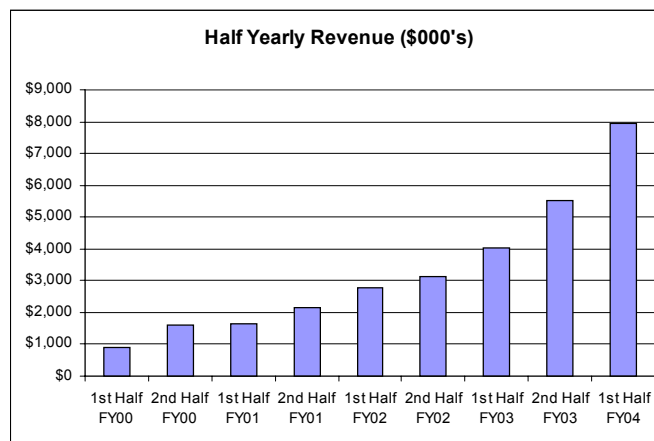
The first half of the 2004 Financial Year has seen **realestate.com.au** deliver a \$0.9 million profit. Underlying this profit was a 97 percent growth in revenue over the same period in the 2003 Financial Year, an increase in paying subscribers to 3,823 as at the end of December 2003 and **realestate.com.au** continuing to be the most visited real estate site in Australia.

According to Simon Baker, Chief Executive Officer of **realestate.com.au**, “We are extremely pleased with the strong growth of the business. This growth has been driven by the increase in real estate agents subscribing to **realestate.com.au** and the stronger than expected take up of additional advertising products by our existing customers.”

**Strong Financial Performance Growth**

The financial highlights for the December half year include:

- \$0.9 million in profit
- Operationally cash flow positive by \$1.3 million
- Cash at bank increased to \$3.2 million at the end of December 2003
- Revenue increased by 45% over the previous half year



The table below overviews the half yearly comparative growth of the business:

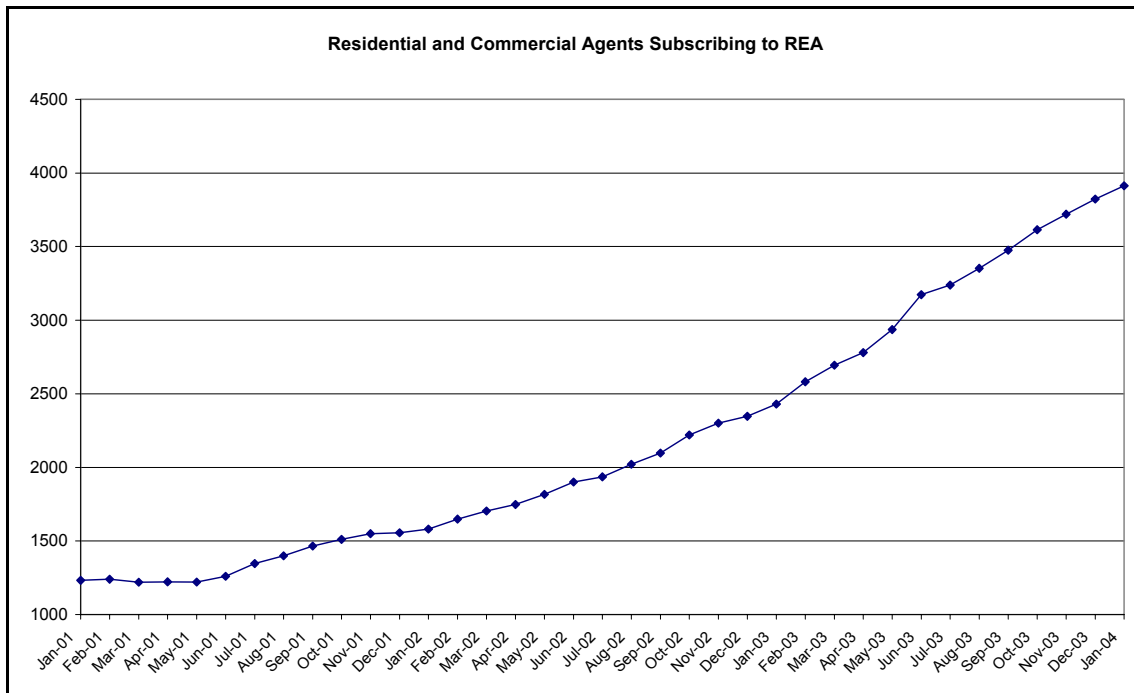
Financial Comparative Data							
Metric (\$ 000's)	FY 2001 1 <sup>st</sup> Half Yr	FY 2001 2 <sup>nd</sup> Half Yr	FY 2002 1 <sup>st</sup> Half Yr	FY 2002 2 <sup>nd</sup> Half Yr	FY 2003 1 <sup>st</sup> Half Yr	FY 2003 2 <sup>nd</sup> Half Yr	FY 2004 1 <sup>st</sup> Half Yr
Revenues	1,659	2,162	2,795	3,132	4,038	5,502	7,949
Operating Expenses	(3,623)	(3,094)	(3,184)	(3,336)	(3,978)	(4,413)	(6,898)
Dep. & Amortisation	(666)	(2,656)	(2,863)	(2,235)	(2,195)	(494)	(151)
Total Expenses	(4,289)	(5,750)	(6,047)	(5,571)	(6,173)	(4,907)	(7,049)
<b>Net Profit</b>	<b>(2,630)</b>	<b>(3,588)</b>	<b>(3,252)</b>	<b>(2,439)</b>	<b>(2,135)</b>	<b>595</b>	<b>900</b>

### Increase in Agents<sup>1</sup> Advertising

In the December half year, 732 agents joined **realestate.com.au** and only 82 ceased to be subscribers. Of these 82 churned agents, approximately one third ceased trading or merged and one third were removed from the site for non-payment.

As at 31 December 2003, there were 3,823 agents subscribing and the company estimates that between 45% and 50% of Australian agents now use **realestate.com.au** to advertise their vendors' and landlords' properties and their brand to Australia's largest online real estate audience.

The number of subscribers has increased to 3,913 as at 31 January 2004.



### Increase in Spend by Existing Agents

The December half year saw an increase in the average spend by real estate agents on subscriptions, additional advertising and web development products. The average spend per agent per month has increased to \$332 as at December 2003 from \$243 as at December 2002.

A key driver of this growth has been the migration of agents from standard to platinum subscriptions. As at the end of January 2004, 37% of all subscribing agents were platinum customers.

### Continuing to be Australia's Most Visited Real Estate Site

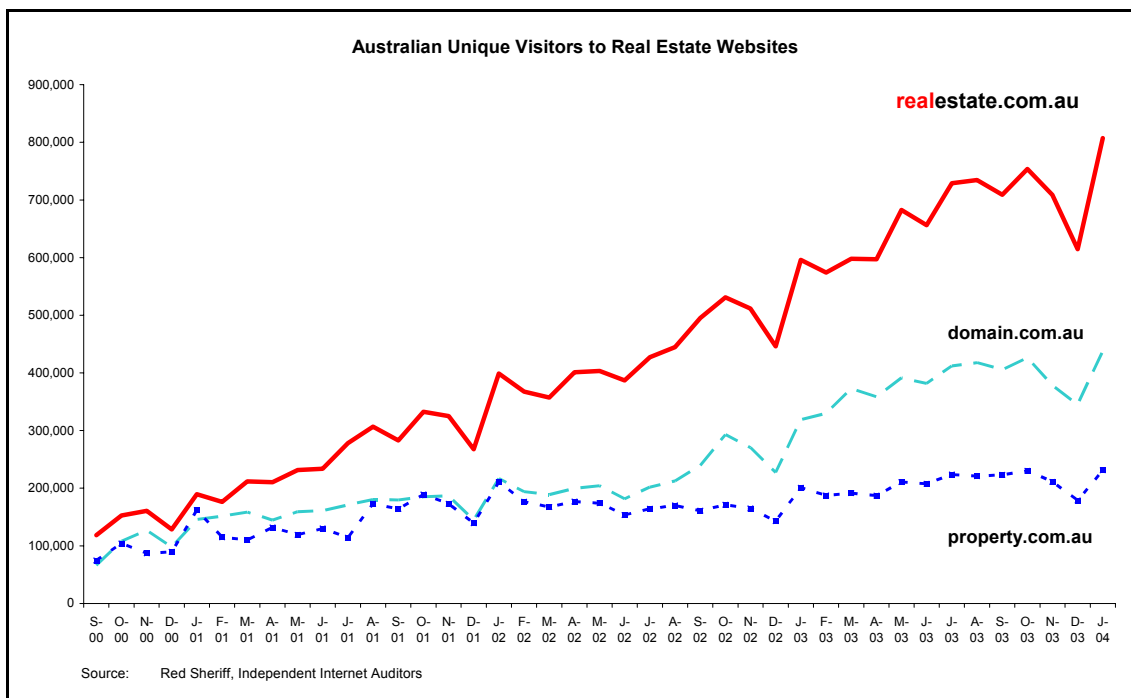
According to Red Sheriff, Independent Internet Auditors, **realestate.com.au** continues to be the most visited real estate site in the country.

Important information for the half year includes:

- Australian unique visitors (readership) to **realestate.com.au** during the December half year grew by 14.7% over the previous half year

<sup>1</sup> Agents includes residential agents and commercial agents  
CEO Report – December 2003 Half Year

- **realestate.com.au** continues to lead other portal sites in Australia with more visitors than its major portal competitors combined<sup>2</sup>
- Visitors stayed an average of 24 minutes each time they visited the site



### The next 12 months

The clear objectives for the next twelve months remain the same as those stated in the annual report and are to continue to stretch the lead that **realestate.com.au** has over its competitors, while delivering strong revenue growth and remaining profitable. The top priorities are:

1. Increase revenue from residential and commercial agents through:
  - a. An increase in the number of agents subscribing to **realestate.com.au**
  - b. Increasing the average monthly spend by subscribing agents through the development and sales of additional advertising products
2. Increase the revenue captured from the developers' segment of the market
3. Significantly increase the number of Australian and overseas readers of **realestate.com.au** through continued strong advertising of the realestate.com.au offerings and through content distribution deals
4. Expand the adoption of realestate.com.au based web technology services within all parts of the real estate industry.

### For further information contact:

Simon Baker  
 Chief Executive Officer  
 Tel: 0402 045 166  
[sbaker@realestate.com.au](mailto:sbaker@realestate.com.au)

<sup>2</sup> Red Sheriff, Independent Internet Auditors  
 CEO Report – December 2003 Half Year

# Appendix 4D

## Preliminary final report

Name of entity

realestate.com.au Limited

ABN or equivalent company reference

54 068 349 066

Half Year ended ('current period')

31 December 2003

### Results for announcement to the market

		<i>Half Year to 31 December 2003</i>	<i>% Change from period to 31/12/02</i>	<i>Half Year to 31 December 2002</i>
		A\$'000		A\$'000
Revenues from ordinary activities	Up	\$7,948	97	\$4,038
Profit from ordinary activities after tax attributable to members	N/A	\$900	N/A	(\$2,135)
Profit from extraordinary items after tax attributable to members	N/A	N/A	N/A	N/A
Profit for the period attributable to members	N/A	\$900	N/A	(\$2,135)

#### Dividends

**It is not proposed that dividends will be paid or provided for out of the profit of the half-year to 31 December 2003.**

Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

The \$3.035 million improvement in profit from the December 2002 half year to the December 2003 half year was primarily driven by:

- A 97 percent growth in half year revenue from \$4.038 million to \$7.948 million. This growth was primarily driven by:
  - A 63 percent increase in subscribing real estate agents from 2,347 as at 31 December 2002 to 3,823 as at 31 December 2003
  - A 36 percent increase in the average revenue per agent from \$243 per month to \$332 per month
  - Significant increases in third party advertising and property developer advertising
- A 14 percent increase in half year expenses (including depreciation and amortisation) from \$6.173 million to \$7.049 million.

# Directors' Report

Your directors submit their report for the half-year ended 31 December 2003.

## DIRECTORS

The names of the company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr John D McGrath (Chairman)  
Mr Martin P Howell (resigned 13 November 2003)  
Mr Stephen P Rue (appointed 29 August 2003)  
Mr Martin P U Hoffman  
Mr Sam R White  
Mr Mark Webster (resigned 29 August 2003)  
Mr Alasdair MacLeod

## REVIEW OF RESULTS AND OPERATIONS

During the half year ended 31 December 2003, realestate.com.au delivered significant financial growth, highlighted by \$900k in profit.

The key financial highlights for the half year include:

- Profit of \$900,000
- A \$1.0 million increase in cash to \$3.2 million
- Revenues of \$7.9 million. This was an increase of 97 percent over the corresponding period last financial year (6 months ended 31 December 2002) and an increase of 45 percent over the last half year (6 months ended 30 June 2003)
- Total expenses (operating plus depreciation & amortisation) of \$7.0 million. This was an increase of 14 percent over the corresponding period last financial year (6 months ended 31 December 2002) and an increase of 44 percent over the last half year (6 months ended 30 June 2003)

Financial Comparative Data							
Metric (\$ 000's)	FY 2001 1 <sup>st</sup> Half Yr	FY 2001 2 <sup>nd</sup> Half Yr	FY 2002 1 <sup>st</sup> Half Yr	FY 2002 2 <sup>nd</sup> Half Yr	FY 2003 1 <sup>st</sup> Half Yr	FY 2003 2 <sup>nd</sup> Half Yr	FY 2004 1 <sup>st</sup> Half Yr
Revenues	1,659	2,162	2,795	3,132	4,038	5,502	7,949
Operating Expenses	(3,623)	(3,094)	(3,184)	(3,336)	(3,978)	(4,413)	(6,898)
Depreciation & Amortisation	(666)	(2,656)	(2,863)	(2,235)	(2,195)	(494)	(151)
Total Expenses	(4,289)	(5,750)	(6,047)	(5,571)	(6,173)	(4,907)	(7,049)
<b>Net Profit</b>	<b>(2,630)</b>	<b>(3,588)</b>	<b>(3,252)</b>	<b>(2,439)</b>	<b>(2,135)</b>	<b>595</b>	<b>900</b>

## Cash flow

During the half year, realestate.com.au increased cash at bank by \$1.0 million to \$3.2 million. This increase was primarily generated through \$1.4 million in operating cash flow. During the half year, realestate.com.au invested \$0.4 million in improving its underlying technologies.

## Profit

During the half year, realestate.com.au delivered \$900,000 in profit. This compares favourably to \$595,000 in profit for the previous half year (6 months ended June 2003) and is a \$3.0 million improvement over the loss reported in the corresponding period last financial year (6 months ended December 2002).

The half year profit also reflects the impact of a change in accounting policy with respect to commissions paid to sales staff. The effect of the revised policy, effective 1 July 2003, has been to decrease current period profits by \$344,000.

## Revenue

During the half year, realestate.com.au increased revenue to \$7.9 million. This increase was due to:

- A 21 percent increase in subscribing agents from 3,173 at 30 June 2003 to 3,823 at 31 December 2003. Approximately 50 percent of Australian real estate agents now subscribe to realestate.com.au. At the end of January 2004, the number of agents subscribing to realestate.com.au had increased to 3,913.
- Increase in agents purchasing platinum subscriptions to 34 percent of the customer base as at 31 December 2003.

- Increase in the average revenue per agent (includes revenue from subscriptions, additional advertising and web development products) from \$243 per month as at 31 December 2002 to \$332 per month as at 31 December 2003.
- Strong growth in revenue from the Property Developer segment and from third party advertisers.

## Expenses

Total expenses increased by 44 percent over the last half year (6 months to 30 June 2003). This was primarily driven by the increase in the number of employees from 60 at the end of June 2003 to 73 at the end of December 2003 and by an increase in the marketing expenses to improve the awareness of the realestate.com.au brand through out Australia.

## Visitors to realestate.com.au

The realestate.com.au website continues to lead the online real estate advertising industry in the country.

According to independent auditors Red Sheriff, the Australian readership (measured in Unique Visitors) of realestate.com.au averaged 708,000 per month during the 6 months to 31 December 2003. This number is significantly more than realestate.com.au's two major competitors – www.domain.com.au and www.property.com.au – combined.

This continued growth in readership is being primarily driven by realestate.com.au's strong market branding, offline print-media marketing relationships with News Limited and its online marketing relationships with News Interactive and ninemsn Pty Ltd. In addition, realestate.com.au had 77,000 international readers in December 2003.

Also according to Red Sheriff, 295 million pages of information were viewed by these Australian readers during the 6 months ended 31 December 2003. This is an 18 percent increase over the previous 6 months and is an average of 69 pages of information viewed each month by each reader of realestate.com.au.

## The next 12 months

The clear objectives for the next six months remain the same as those stated in the annual report and are to continue to stretch the lead that realestate.com.au has over its competitors, while delivering strong revenue growth and remaining profitable. The top priorities are:

1. Increase revenue from residential and commercial agents through:
  - a. An increase in the number of agents subscribing to realestate.com.au
  - b. Increasing the average monthly spend by subscribing agents through the development and sales of additional advertising products and services
2. Increase the revenue captured from the developers' segment of the market
3. Significantly increase the number of Australian and overseas readers of realestate.com.au through continued strong advertising of the realestate.com.au offerings and through content distribution deals
4. Expand the adoption of realestate.com.au based web technology services within all parts of the real estate industry.

Signed in accordance with a resolution of the Directors

Mr John D McGrath  
Director

Sydney                      February 2004

# Condensed Statement of Financial Performance

realestate.com.au Limited

FOR THE HALF YEAR ENDED 31 DECEMBER 2003

Consolidated

	Notes	HALF YEAR ENDED 31 DECEMBER 2003	HALF YEAR ENDED 31 DECEMBER 2002
		\$	\$
REVENUE FROM ORDINARY ACTIVITIES	2	7,948,461	4,037,813
EXPENSES FROM ORDINARY ACTIVITIES	2	(7,048,588)	(6,173,133)
<b>PROFIT (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE</b>		<b>899,873</b>	<b>(2,135,320)</b>
Income tax attributable to ordinary activities		-	-
<b>PROFIT (LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE</b>		<b>899,873</b>	<b>(2,135,320)</b>
<b>NET (PROFIT) LOSS</b>		<b>899,873</b>	<b>(2,135,320)</b>
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO MEMBERS OF REALESTATE.COM.AU LIMITED</b>	3	<b>899,873</b>	<b>(2,135,320)</b>
<b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS ATTRIBUTABLE TO MEMBERS OF REALESTATE.COM.AU LIMITED</b>		<b>899,873</b>	<b>(2,135,320)</b>
Basic earnings - profit (loss) per share (cents per share)		<b>0.96 cents</b>	(2.3 cents)
Diluted earnings - profit (loss) per share (cents per share)		<b>0.92 cents</b>	(2.3 cents)

The Condensed Statement of Financial Performance is to be read in conjunction with the notes to the financial statements.

# Condensed Statement of Financial Position

realestate.com.au Limited

AS AT 31 DECEMBER 2003

	Notes	Consolidated	
		As at 31 DECEMBER 2003	As at 30 JUNE 2003
		\$	\$
<b>CURRENT ASSETS</b>			
Cash		3,234,624	2,190,767
Receivables		2,273,286	1,488,219
Other		152,271	396,136
<b>TOTAL CURRENT ASSETS</b>		<b>5,660,181</b>	<b>4,075,122</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		721,254	353,445
<b>TOTAL NON-CURRENT ASSETS</b>		<b>721,254</b>	<b>353,445</b>
<b>TOTAL ASSETS</b>		<b>6,381,435</b>	<b>4,428,567</b>
<b>CURRENT LIABILITIES</b>			
Payables		1,338,514	798,538
Provisions		196,556	238,940
Deferred Revenue		1,237,838	939,622
Other		159,316	120,425
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,932,224</b>	<b>2,097,525</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing liabilities		-	750,000
Provisions		40,996	33,380
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>40,996</b>	<b>783,380</b>
<b>TOTAL LIABILITIES</b>		<b>2,973,220</b>	<b>2,880,905</b>
<b>NET ASSETS</b>		<b>3,408,215</b>	<b>1,547,662</b>
<b>EQUITY</b>			
Parent entity interest			
Contributed equity		22,644,243	21,683,563
Accumulated losses	3	(19,236,028)	(20,135,901)
Total parent entity interest in equity		3,408,215	1,547,662
<b>TOTAL EQUITY</b>		<b>3,408,215</b>	<b>1,547,662</b>

The Condensed Statement of Financial Position is to be read in conjunction with the notes to the financial statements.



# Condensed Statement of Cash Flows

realestate.com.au Limited

FOR THE HALF YEAR ENDED 31 DECEMBER 2003

	Notes	Consolidated	
		HALF YEAR ENDED 31 DECEMBER 2003	HALF YEAR ENDED 31 DECEMBER 2002
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		7,873,574	4,289,689
Payments to suppliers and employees		(6,558,366)	(4,164,121)
Interest received		49,438	25,634
Borrowing costs		(25,885)	(18,682)
NET CASH FLOWS FROM OPERATING ACTIVITIES		1,338,761	132,520
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(385,029)	(144,536)
Proceeds from sale of non-current assets		-	342,434
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		(385,029)	197,898
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issues of ordinary shares		90,125	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		90,125	-
NET INCREASE IN CASH HELD		1,043,857	330,418
Add opening cash brought forward		2,190,767	1,093,449
<b>CLOSING CASH CARRIED FORWARD</b>		<b>3,234,624</b>	<b>1,423,867</b>

The Condensed Statement of Cash Flows is to be read in conjunction with the notes to the financial statements.

# Notes to and forming part of the Financial Statements

realestate.com.au Limited

HALF YEAR ENDED 31 DECEMBER 2003

Consolidated

Notes

HALF YEAR ENDED 31 DECEMBER 2003	HALF YEAR ENDED 31 DECEMBER 2002
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## 1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full year report.

The half-year financial report should be read in conjunction with the Annual Financial Report of realestate.com.au Limited as at 30 June 2003. It is also recommended that the half-year financial report be considered together with any public announcements made by realestate.com.au Limited and its controlled entities during the half year ended 31 December 2003 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

### (a) Basis of accounting

The half-year financial report is a general purpose financial report that has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

The half-year financial report has been prepared in accordance with the historical cost convention.

### (b) Changes in accounting policies

During the period, the consolidated entity changed its accounting policy with respect to commissions paid to sales staff.

From 1 July 2003, sales commissions are deemed to be incurred and expensed upon signing of the sales contracts. Prior to 1 July 2003, sales commissions were deferred in the Statement of Financial Position and recognised over the life of the related sales contracts. The effect of the revised policy has been to decrease current period profits by \$344,000 and decrease other current assets by \$344,000.

## 2. OPERATING PROFIT

Profit from ordinary activities before income tax expense includes the following revenues and expenses whose disclosure is relevant to explaining the financial performance of the entity;

### Revenues from operating activities

Revenue from services	7,899,023	4,012,179
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### Revenues from non-operating activities

Interest from other persons/corporations	49,438	25,634
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### Total revenues from ordinary activities

7,948,461	4,037,813
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### Expenses

Amortisation of Advertising expenditure carried forward	-	2,125,000
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Depreciation of Office furniture and equipment	151,115	69,684
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Bad and doubtful debts - trade debtors	17,047	14,785
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Consultancy expense	240,290	531,221
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Equipment leasing expenses	30,614	70,334
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Interest expense	22,271	24,761
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Marketing expense	1,736,623	507,981
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Staff Expenses	2,755,732	1,554,447
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Technology expense	240,793	247,697
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All other Expenses	1,854,103	1,027,223
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7,048,588	6,173,133
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## Notes (continued)

realestate.com.au Limited

Notes	Consolidated	
	As at 31 DECEMBER 2003 \$	As at 30 JUNE 2003 \$

### 2. OPERATING PROFIT (cont)

#### Gains and Losses on Disposal of Non Current Assets

There were no gains or losses on disposal of property, plant and equipment or other non-current assets

### 3. ACCUMULATED LOSSES

Accumulated losses	(19,236,028)	(20,135,901)
(a) Accumulated losses		
Balance at beginning of the year	(20,135,901)	(18,596,199)
Net Profit/(loss) attributable to members of realestate.com.au Limited	899,873	(1,539,702)
Balance at 31 December 2003	(19,236,028)	(20,135,901)

### 4. NTA BACKING

Net Tangible Backing per Ordinary Security (undiluted). 3.6 cents 1.7 cents

### 5. SEGMENT REPORTING

The Company operates an internet-based media business providing online property and other advertising and technology services to the real estate industry. These activities are conducted entirely within Australia.

### 6. SUBSEQUENT EVENTS

There are no events of a material nature that effect the operations of the business.

### 7. CONTINGENT ASSETS AND LIABILITIES

Since the last reporting date, there has been no change of any contingent assets or contingent liabilities.

### 8. CONTRIBUTED EQUITY

#### (a) Issued and paid up capital

Ordinary shares fully paid	22,654,243	21,683,563
	22,654,243	21,683,563

#### (b) Movements in shares on issue

	As at 31 DECEMBER 2003		As at 30 JUNE 2003	
	Number of shares	\$	Number of shares	\$
Beginning of the financial year	92,980,784	21,683,563	91,500,784	21,460,723
– issue of shares to STB Holdings (Simon Baker, CEO)*	446,500	120,555	1,480,000	222,840
– Exercise of Options by CEO (Simon Baker)	800,000	80,000		
– Exercise of Staff Options	67,500	10,125		
– Conversion of News Limited Loan into equity*	3,694,581	750,000		
As at 31 December 2003	97,989,365	22,644,243	92,980,784	21,683,563

\* The issue of these shares did not involve a cash receipt by the company, and are therefore not included in the Condensed Statement of Cash Flows.

## Directors' Declaration

The Directors of realestate.com.au Limited declare that:

- a) the financial statements, and the notes on pages 2 to 8, comply with Australian accounting standards;
- b) the financial statements and notes give a true and fair view; and
- c) in the Director's opinion, there are reasonable grounds to believe that the Group 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 John D McGrath  
Director

February, 2004