Appendix 4E

for the year ended 30 June 2014

REA Group Limited

ABN 54 068 349 066

RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the year ended 30 June 2014 ("current period")

		30 June 2014 A$'000	% Change from year ended 30 June 2013	30 June 2013 A$'000
Revenue from ordinary activities	Up	437,459	30%	336,460
Net Profit for the period attributable to members	Up	149,881	37%	109,746
Net Profit for the period attributable to members of parent (before non-controlling interest)	Up	149,728	36%	109,711

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 (paid 18 March 2014)	22.0	22.0	30%
2014 final dividend per share (to be paid 25 September 2014)	35.0	35.0	30%

2014 final dividend dates

Ex-dividend date	18 August 2014
Record date	20 August 2014
Payment date	25 September 2014

	30 June 2014 Cents	30 June 2013 Cents
Net tangible assets per security	237.9	185.1

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in, and should be read in conjunction with, the notes to the Consolidated Financial Statements and the Directors' Report for the year ended 30 June 2014.

This report is based on the consolidated financial statements for the year ended 30 June 2014 which has been audited by EY with the Independent Auditor's Report included in the 2014 Financial Statements.

The Annual General meeting is to be held on Wednesday 13th November 2014 at 12pm, located at the Melbourne Exhibition Centre, Clarendon Room A, Level 5, 2 Clarendon Street, South Wharf, Melbourne.

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REA Group Limited
ABN 54 068 349 066

Audited Financial Statements
for the year ended 30 June 2014

Index

Corporate Information

Directors	Mr Hamish McLennan (Chairman) Mr Peter Tonagh (Appointed Director 13 November 2013, appointed Interim Chief Executive Officer 17 March 2014) Mr Roger Amos Ms Kathleen Conlon Mr Richard J Freudenstein Mr William Lewis (Appointed 13 November 2013) Mr John D McGrath Mr Greg Ellis (Resigned 14 March 2014) 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 (ASX: REA)
Website	www.rea-group.com

Directors' Information

Mr Hamish McLennan

Non-executive Director appointed 21 February 2012 and Chairman since 10 April 2012. Age 48

Independent: No – Mr McLennan is a Nominee Director of News Corp Australia

Skills and experience: Mr McLennan is Chief Executive Officer and Managing Director of Ten Network Holdings. Prior to his appointment at Ten, Mr McLennan was Executive Vice President, Office of the Chairman, at News Corp. Previously, Mr McLennan was Global Chairman and CEO of Young & Rubicam, part of WPP, one of the world's largest communications services group. Mr McLennan joined Young & Rubicam in 2002 as Chairman and CEO of Y&R Brands Australia/New Zealand, one of the largest marketing services groups in Australasia, and led the firm's global business operations from 2006.

Other current directorships and offices:

- Executive Chairman and Chief Executive Officer of Ten Network Holdings Limited (CEO since March 2013, Chairman since March 2014)

Recent directorships and offices:

- Former Executive Vice President, Office of the Chairman of News Corp Australia (from March 2011 to March 2013)
- Former Chairman and Chief Executive Officer of Young & Rubicam (from August 2006 to December 2011)

Board Committee membership:

- Chairman of the Board
- Member of the Audit, Risk and Compliance Committee (since March 2014)
- Member of the Human Resources Committee

Mr Peter Tonagh BComm, MBA.

Executive Director appointed 13 November 2013 and Interim Chief Executive Officer since 17 March 2014. Age 47

Independent: No – Mr Tonagh is a Nominee Director of News Corp Australia and Interim Chief Executive Officer.

Skills and experience: Mr Tonagh is Chief Operating Officer for News Corp Australia where he is responsible for driving the business to its next stage of growth through the development of new content and products and integration of the company's digital broadcasting and publishing assets.

Previously, Mr Tonagh held dual roles of Chief Operating Officer and Chief Financial Officer of FOXTEL Management Pty Limited. In this role, Mr Tonagh was responsible for FOXTEL's overall strategy, including the acquisition and integration of Austar and key channel negotiations, and oversaw a significant increase in FOXTEL's expenditure on content, including original local production. Prior to joining FOXTEL in July 2004, Mr Tonagh was a Vice President and Director of The Boston Consulting Group where he worked across Australia and New Zealand and throughout Asia.

Other current directorships and offices:

- Chief Operating Officer of News Corp Australia

Board Committee membership:

- Member of the Audit, Risk and Compliance Committee (from 13 November 2013 to 17 March 2014)

Mr Roger Amos FCA, FAICD.

Independent non-executive Director appointed 4 July 2006. Age 66

Skills and experience: Mr Amos is an experienced non-executive Director with extensive finance and management expertise gained during a long and distinguished career in accounting. Specialising in the information, communications and entertainment sectors, he was a partner in international accounting firm KPMG for 25 years before retiring in 2006.

Other current directorships and offices:

- Chairman of Tyrian Diagnostics Limited (since November 2007)
- Director of Enero Group Limited (since 2009), Chairman of the Audit and Risk Committee and member of the Human Resources Committee
- Director of 3P Learning Limited (since 2 June 2014), Chairman of Audit and Risk Committee and member of the Human Resources Committee
- Governor of the Cerebral Palsy Alliance Research Foundation

Recent directorships and offices:

- Former Director of Austar United Communications Limited (from May 2008 to April 2013)
- Chairman of the Opera Foundation of Australia (from 2009 to 2013)

Board Committee membership:

- Chair of the Audit, Risk and Compliance Committee
- Member of the Human Resources Committee

Ms Kathleen Conlon BA(ECON)(DIST), MBA, FAICD.

Independent non-executive Director appointed 27 June 2007. Age 50

Skills and experience: Ms Conlon brings over 20 years of professional management consulting experience. She is a recognised thought leader in the fields of strategy and business improvement and has advised leading companies across a wide range of industries and countries. In her seven years as a partner and Director of the Boston Consulting Group (BCG), Ms Conlon led BCG's Asia Pacific Operations Practice Area and, previously, the Sydney Office. In 2003, Ms Conlon was awarded a Centenary Medal for service to business.

Other current directorships and offices:

- Director of CSR Limited (since Dec 2004) and Chair of the Human Resources Committee
- Director of Lynas Corporation Limited (since November 2011) and Chair of the Remuneration Committee and member of the Audit Committee
- Director of Aristocrat Leisure Limited (since January 2014) and Chair of the Remuneration Committee and member of the Compliance Committee
- National Board Member and President of the NSW Council of the Australian Institute of Company Directors (since November 2013)
- Director of Benevolent Society (since February 2013)
- Member of Chief Executive Women

Board Committee membership:

- Chair of the Human Resources Committee
- Member of the Audit, Risk and Compliance Committee

Mr Richard J Freudenstein BEc, LLB (Hons).

Non-executive Director appointed 21 November 2006. Age 49

Independent: No - Nominee Director of News Corp Australia

Skills and experience: Mr Freudenstein is the Chief Executive Officer of FOXTEL and was formerly the Chief Executive Officer of News Digital Media (the digital division of News Corp Australia) and The Australian newspaper. Mr Freudenstein returned to Australia in August 2006 after seven years at British Sky Broadcasting, the last six as Chief Operating Officer.

Other current directorships and offices:

- Chief Executive Officer of FOXTEL Management Pty Limited (since December 2011)
- Director of Australian Subscription Television and Radio Association (ASTRA) (since December 2011)
- Director of MCN - Multi Channel Network Pty Limited (since December 2011)

Recent directorships and offices:

- Former Director of the Bell Shakespeare Company Limited (from February 2007 to June 2013)
- Former Chief Executive Officer of News Digital Media (from August 2006 to November 2011)
- Former Chairman of REA Group Limited (from April 2007 to April 2012)

Board Committee membership: N/A

Mr John D McGrath

Independent non-executive Director appointed 15 September 1999. Age 50

Skills and experience: Mr McGrath founded McGrath Estate Agents in 1988. He has grown McGrath Estate Agents to be one of Australia's most successful property services groups, becoming the first real estate company to be ranked on BRW's Australia's Fastest Growing Private Companies List. In 2003, he was awarded a Centenary Medal for service to business. In 2008, he was honoured by the Real Estate Institute of NSW with the Woodrow Weight OBE Award, a lifetime achievement award for his outstanding contribution to the real estate industry.

Other current directorships and offices:

- Director and Chief Executive Officer of McGrath Group Limited (incorporated February 2000) and related subsidiaries
- Director of Rawson Group Pty Limited

Board Committee membership:

- Member of the Human Resources Committee

Mr William Lewis

Non-executive Director appointed 13 November 2013. Age 45

Independent: No – Nominee Director of News Corp Australia

Skills and experience: Mr Lewis was appointed Chief Executive Officer of Dow Jones in January 2014. Prior to that, he was Chief Creative Officer for News Corp where he was responsible for the company's creative strategy and played a central role in developing new commercial opportunities, including product launches, digital initiatives and acquisitions.

Mr Lewis joined News Corp as Group General Manager of News UK in London in September 2010 and was appointed to News Corp's Management and Standards Committee when it was formed in July 2011. Prior to joining News Corp, Mr Lewis served as Editor-in-Chief of Telegraph Media Group, which he joined in 2005.

From 2002 until his move to The Daily Telegraph, Mr Lewis was business editor of The Sunday Times. He previously worked at the Financial Times in a number of senior roles, including news editor and New York-based mergers and acquisitions correspondent.

Other current directorships and offices:

- Chief Executive Officer of Dow Jones (since January 2014)

Board Committee membership: N/A

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 year ended 30 June 2014 and the Independent Auditor's Report thereon.

Directors

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

- Mr Hamish McLennan (Chairman)
- Mr Peter Tonagh (Appointed Director 13 November 2013, appointed Interim Chief Executive Officer 17 March 2014)
- Mr Greg Ellis (Managing Director and Chief Executive Officer, resigned 14 March 2014)
- Mr Roger Amos
- Ms Kathleen Conlon
- Mr Richard J Freudenstein
- Mr William Lewis (Appointed 13 November 2013)
- Mr John D McGrath
- Mr John Pittard (Resigned 13 November 2013)
- Mr Stephen P Rue (Resigned 13 November 2013)

Meetings of Directors

The number of Board meetings and meetings of Committees during the year the Director was eligible to attend, and the number of meetings attended by each Director are disclosed in the following table:

Director	Board		Audit, Risk & Compliance Committee		Human Resources Committee	
	A*	B	A	B	A	B
Mr Hamish McLennan	17	16	2	2	4	4
Mr Peter Tonagh	11	11	3	3	-	-
Mr Greg Ellis	12	12	-	-	-	-
Mr Roger Amos	17	16	8	8	4	4
Ms Kathleen Conlon	17	17	8	8	4	4
Mr Richard J Freudenstein	17	14	-	-	-	-
Mr William Lewis	11	8	-	-	-	-
Mr John D McGrath	17	16	-	-	4	3
Mr John Pittard	6	6	-	-	-	-
Mr Stephen P Rue	6	6	3	3	-	-

A - Indicates the number of meetings the Director was eligible to attend.
B - Indicates the number of meetings attended. With respect to Committee meetings, the table above records attendance of Committee members. Any Director is entitled to attend these meetings and from time to time the Directors attend meetings of Committees of which they are not a member. The CEO attends Committee meetings at the invitation of the Committee.
* The number of Board meetings disclosed above includes 5 special project meetings in addition to 12 scheduled Board meetings.

Principal activities

The Group's principal activity during the year 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 online advertising services, the Group produces products for consumers and customers (including real estate agents, property developers and display advertisers). 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 products for customers can be grouped into the following categories: listing depth products, subscriptions, and media display.

Our strategy is to deliver on our purpose to 'empower people by making property simple, efficient, and stress free' by:

- Empowering consumers with digital tools and information related to buying, selling, renting, leasing and monitoring the market; and
- Empowering agents and advertising customers by providing access to large and engaged audiences of property seekers and movers to maximise potential buyers, generate sales leads, and win new listings for agents.

Operating and financial review

A summary of financial results for the year ended 30 June is below:

A$'000 (unless stated)	2014	2013	Growth
Revenue	437,459	336,460	30%
EBITDA*	225,106	163,933	37%
EBITDA margin	*51%*	*49%*	*6%*
EBIT*	203,898	145,263	40%
Net Profit (after tax)	149,881	109,746	37%
Earnings per share (cents)	113.7	83.3	36%
Cash balance	253,788	257,344	(1%)

* The Directors believe the information additional to IFRS measures included in the report is relevant and useful in measuring the financial performance of the Group.

The Group continued its growth trend in the year and achieved a 37% increase in Net Profit to $149.9 million. Group revenue grew by 30% to $437.5 million as the Group continued to transition from a focus on agent office subscriptions to a model focused on individual property listings, and beyond listings to support people throughout the entire property cycle.

The Group's property websites in Australia, Europe and Asia all recorded revenue and traffic growth in the 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 25%. Each international region delivered revenue growth in more challenging markets.

The Group's EBITDA increased 37% for the year to $225.1 million with the EBITDA margin growing from 49% to 51%. The Group's operating expenses increased by 23% on the comparative year, as the Group executed strategic initiatives for growth and continued to invest in technology, products and services.

The Group's operations attracted combined average monthly visits[1] of 51.2 million[2] for the year ended 30 June 2014. This represents a 23% increase on the comparative year. Total property listings were consistent at 1.6 million in June 2014 and paying agents increased to 21,721 across all websites, 5% higher than at 30 June 2013.

Corporate expansion and investment activities

The Group has invested in expansion and business acquisition opportunities, including:

- $13.2 million net cash outflow for the acquisition of 1Form Online Pty Ltd which provides a platform for product expansion and supports the Group's strategy to connect consumers with property-related services
- $4.7 million (€3.1 million in local currency) cash payment for the acquisition of Italian property portal Attico.it in November 2013, providing industry-leading agent CRM software 'office casa' and opportunities to broaden product offerings in Italy
- The launch of our Chinese property site, myfun.com, in January 2014. The site includes Australian and Hong Kong properties and offers increased exposure for property listings
- $80.5 million cash payment for the acquisition of a minority interest in marketable securities.

During the year we invested more than $50 million in our technology platform and product innovation. This ensured we delivered, and continue to deliver, a world class experience and market-leading products and technologies to our consumers and customers.

Strong operational results, key investment activities (noted above) coupled with shareholder returns in the form of dividends, resulted in a cash balance of $253.8 million.

Dividends

Dividends paid or declared by the Company during and since the end of the year are set out in Note 18 to the financial statements and further set out below:

	Final 2014	Interim 2014	Final 2013
Per share (cents)	**35.0**	22.0	25.5
Total amount ($'000)	**46,100**	28,977	33,587
Franked*	**100%**	100%	100%
Payment date	**25 Sept 2014**	18 March 2014	24 Sept 2013

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

1 Visits = If a person returns within 30 minutes, it is considered the same visit.

2 Average monthly visits for the year ended 30 June 2014 (main sites, mobile sites and apps for Group wide websites utilising data from Nielsen Online Market Intelligence Home and Fashion Suite, Nielsen Online Market Intelligence Domestic Report Suite Total Traffic for Audited sites and Adobe Omniture SiteCatalyst).

Performance by region

Country Performance (AUD)		Revenue $'000	EBITDA $'000	Margin %	Depreciation and amortisation $'000	Net finance income $'000	Profit before income tax $'000	Income tax expense $'000	Net Profit for the year $'000
30 June 2014	**Australia**	**392,238**	**232,351**	**59%**					
	Italy	**30,377**	**48**	**0%**					
	Other - International	**14,844**	**4,005**	**27%**					
	Corporate	**-**	**(11,298)**	**-**					
	Total	**437,459**	**225,106**	**51%**	**(21,208)**	**9,299**	**213,197**	**(63,316)**	**149,881**
30 June 2013	Australia	300,933	164,730	55%					
	Italy	24,821	1,626	7%					
	Other - International	10,706	3,407	32%					
	Corporate	-	(5,830)	-					
	Total	336,460	163,933	49%	(18,670)	9,245	154,508	(44,762)	109,746

Australia

The Group operates Australia's leading residential and commercial property sites, realestate.com.au and realcommercial.com.au, as well as servicing the property development and display media markets through its media and developer businesses.

Australian revenues increased by 30% to $392.2 million during the year with each line of business contributing to growth:

- The residential business achieved continued success as a result of the focus on individual property listings (listing depth products), achieving a 33% increase in revenue on the comparative year
- The commercial business recorded 29% revenue growth on the prior year, led by increased penetration of listing depth products, and absorbed the closure of the realbusiness.com.au site to focus on new technology and future opportunities better aligned with our core strategy
- Media and developer revenue increased by 25% due to continued display advertising innovation and strong adoption of the Project Profile product by developers which increased by 83% this year.

The increased penetration of listing depth products across the product range was a key growth driver in the residential and commercial lines of business. Listing depth revenue grew by 69% from the prior year, whilst subscription revenue reduced by 9% as we introduced new subscription offerings to reduce fixed costs for agents. In addition, the number of Australian agent offices increased by 4% to 9,452 in June 2014 due to improved market conditions. Together, these factors have contributed to average monthly revenue per agent (ARPA) growth of 30% to $2,587[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 6) and supports the Group's strategy to connect consumers with services related to the property process, such as finance, electricity, telecommunications and entertainment. This will assist with the future development of our 'Connections' products.

[3] ARPA calculated as average residential and commercial revenue per month for the year ended 30 June 2014 over the average monthly number of paying agents for the year ended 30 June 2014.

Our combined Australian sites - realestate.com.au, realcommercial.com.au and property.com.au - attracted average monthly visits of 40.8 million[4] during the year across all platforms, growing by 25% on the comparative year. This growth demonstrates the success of our new products and services such as our dedicated investor section, sold price data, and 'Neighbourhoods' suburb profiles.

Of the combined minutes spent on real estate portals operated by us and our nearest competitor, our share of total time was 82%[5] for the year.

Mobile app visits grew by 43% to 10.5 million[6] average monthly visits and our Australian mobile sites achieved 54% growth in average monthly visits[7]. realestate.com.au was awarded 'Best Audience Migration to Mobile Technology' at the 2013 Australian Mobile Awards and the realestate.com.au iPad app won the AIMIA Award for 'Best of Tablet – Publisher'.

Italy

casa.it, Italy's leading digital property advertising business, achieved revenue and audience growth this year despite difficult economic conditions in Italy.

casa.it recorded revenue growth of 22% (4% in local currency) to $20.6 million for the year and an EBITDA of $0.05 million after acquisition costs. Italian revenue was impacted by a reduction in media display advertising as a result of limited developer activity. The EBITDA result reflects costs associated with the acquisition of Attico.it for $4.7 million (€3.15 million in local currency) in November 2013 as well as our commitment to investing in the business at this point in the economic cycle, including further development of listing depth products.

casa.it's average monthly ARPA increased by 8% to €136 (2013: €126), driven by penetration of listing depth products. Average monthly visits to casa.it increased by 15% to 9.0 million[8] and the average monthly unique audience of 2.6 million is 1.3 times that of casa.it's nearest competitor. [9]

Luxembourg & France

The Group operates the leading property sites in Luxembourg, athome.lu and atoffice.lu. This year the Group continued its expansion in France through its immoRegion.fr site which operates in the Alsace and Lorraine regions of France.

Revenue for Luxembourg and France increased by 44% (23% in local currency) this year and the Group recorded an EBITDA of $5.2 million (€3.5 million in local currency). Average monthly ARPA increased by 19% and average monthly visits to the Group's combined sites grew by 11% to 0.9 million[10].

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4 Nielsen Online Market Intelligence Home and Fashion Suite, Nielsen Online Market Intelligence Domestic Report Suite Total Traffic for Audited sites and Adobe Omniture SiteCatalyst average monthly visits to main sites, mobile sites and apps for the year ended 30 June 2014 for realestate.com.au, realcommercial.com.au and property.com.au combined.

5 Nielsen Online Market Intelligence Home and Fashion Suite Total Traffic for Audited sites total time on site for the year ended 30 June 2014 for the main and mobile sites of realestate.com.au, realcommercial.com.au and property.com.au combined, compared to domain.com.au and commercialrealestate.com.au (mobile site time for July to December are from the Domestic Report Suite)

6 Adobe Omniture SiteCatalyst average monthly visits for the year ended 30 June for residential and commercial apps visits (including international traffic to apps)

7 FY 2014 data: Nielsen Online Market Intelligence Domestic Report Suite (July 2013 to December 2013) and Home and Fashion Suite (January 2014 to June 2014) Total Traffic for Audited sites average monthly visits for the year ended 30 June 2014 for mobile sites for realestate.com.au and realcommercial.com.au (domestic traffic to mobile sites only). FY 2013 data: Adobe Omniture SiteCatalyst average monthly visits for the year ended 30 June 2013 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.

8 Adobe Omniture SiteCatalyst average monthly visits for the year ended 30 June for casa.it (main and mobile site visits, includes international traffic to site).

9 Audiweb average monthly unique audience utilising the most recent available data (July 2013 to April 2014, excludes November 2013 due to data issue)

10 Adobe Omniture SiteCatalyst average monthly visits for the year ended 30 June for athome.lu, athome.de, atoffice.lu and immoregion.fr combined (main and mobile site visits, includes international traffic to site

Hong Kong and China

The Group operates the real estate portal squarefoot.com.hk, our new Chinese site myfun.com, and 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 by 16% (12% in local currency) this year and there was a 4% increase in average monthly ARPA. Further strategic investment in marketing and myfun.com coupled with the FX impact on a capital management loan, resulted in an EBITDA loss of $1.2 million (HK$8.3 million in local currency). However, this investment has driven higher engagement on the squarefoot.com.hk website despite a challenging property market.

The Hong Kong operations are now responsible for the myfun.com site which was launched in January 2014. Average monthly visits for the Hong Kong and China sites are 0.5 million[11] inclusive of myfun.com (since its launch) representing 47% growth on the comparative year.

State of affairs

In the Directors' opinion there have been no significant changes in the state of affairs of the Group during the year. A further review of matters affecting the Group's state of affairs is contained in the Operating and Finance review.

Events since the end of the financial year

On 28 July 2014, the Group entered into a share sale agreement to purchase a 17.22% shareholding in the online property portal iProperty Group Limited (ASX: IPP) from SeLoger.com SA, for a total cash consideration of $106.3 million (31,283,140 shares at $3.40 per share). iProperty Group has online property advertising operations in Malaysia, Indonesia, Hong Kong, Macau and Singapore, as well as investments in India and the Philippines. As a result of this acquisition, REA Group will enter into discussions with iProperty Group to seek representation on the Board.

Since balance sheet date new market circumstances have arisen relating to a minority interest held in marketable securities. As a result, the Board determined to dispose of the available-for-sale (AFS) financial asset held in the Consolidated Statement of Financial Position of $88.2 million. The Group will realise a gain on disposal of the AFS financial asset in the Consolidated Income Statement however due to the timing of the disposal, the gain is unable to be precisely measured. The gain on disposal (net of tax) is expected to be in the range of $20.0 million to $22.0 million.

As at the date of this report, the Directors are not aware of any other circumstance, other than the above mentioned items, that has arisen since 30 June 2014 that has significantly affected, or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

[11] Adobe Omniture SiteCatalyst average monthly visits for the year ended 30 June for squarefoot.com.hk and myfun.com (myfun.com from January 2014) (main site visits only, includes international traffic to site)

Business strategies and future developments

The Group operates websites and apps to meet the needs of digital real estate advertisers and consumers in Australia, Europe and Asia.

The online advertising market continues to grow in all regions in which we operate and we remain committed to investing in new digital advertising products which maximise the growth trends of online media.

Everything we do is driven by our purpose which is to 'empower people by making property simple, efficient, and stress free'. Our strategy is to empower consumers with digital tools and information related to property and to empower our customers - including agents, developers and display media advertisers – with access to a large and engaged audience of property seekers and movers. By delivering on this strategy, we fulfil our purpose and create value for our consumers and customers, which in turn supports the long-term growth of the business and financial returns for shareholders.

As a result of this strategy, our business has transitioned from a revenue model focused on agent subscriptions to a model focused on individual property listings, and beyond listings to support people throughout the entire property cycle.

The underlying strength of the business and robustness of our strategy is evidenced by our excellent FY2014 financial result and ability to achieve consistent growth throughout the transition of our Chief Executive Officer and Chief Financial Officer this year. The Group has built flexibility into its culture and operating model and the strategy has been embedded in all lines of business by the leadership team. This year the Group launched a range of new products for consumers and customers and completed a number of corporate development activities.

Products launched in 2014 and which we intend to enhance over time include:

- Invest - information and suburb comparisons of price growth and rental yield to help potential investors with their investment decisions
- Sold data products - enhanced and timely sold price data to help consumers with their property decisions
- Neighbourhoods – suburb profiles showcasing local areas and providing consumers with information including average prices for buy and sell, demand for the location, and demographics of the area.

Corporate development and initiatives undertaken during the year include:

- Acquisition of Italian property portal and agent CRM software Attico.it (November 2013)
- Launch of myfun.com site for Chinese property buyers (January 2014)
- Acquisition of leading tenancy application service 1Form.com (January 2014)
- Closure of realbusinesses.com.au (March 2014).

As a result of the purchase of the 1Form business, we have released beta versions of our 'Connections' products. These products will assist users of our realestate.com.au site to compare and connect services related to property, such as finance, electricity, telecommunications and entertainment. Following further development, 'Connections' products are expected to be launched in FY2015.

Our current and in-development products will continue to stimulate the market by increasing consumer confidence, maximising the number of potential buyers for properties on the market, and generating leads and enquiries to help agents build their brand profile and win new listings. Our enhanced 'Agent Profile' product to be launched in FY2015 is an example of how we are meeting the needs of potential vendors - 67% of whom say the most stressful part of selling their house is finding the right agent[12] - and at the same time enabling agents to provide enriched information to help them win new listings.

In addition to investing in our products, we also invest in our platforms which include our main sites, mobile sites and apps. We will continue to extend our brand and maximise our audience through partnerships such as realestate.com.au's recently announced relationship with APN in Australia and myfun.com's relationship with SouFun.com (now Fang.com) in China.

Our future growth plans include continuing to invest in growth markets both domestically and internationally, as evidenced by our expansion into Asia, through myfun.com. We also continue to invest in the Group's expansion into the Northern regions of France, through immoregion.fr.

In the course of executing on our strategy, we are subject to market and operational risks which include those summarised below. As our performance this year has once again demonstrated, the Group remains resilient to global economic volatility. This is due to our business model, which is increasingly linked to transaction volumes - people buying and selling property - rather than property cycles.

Opportunities to the business include:

- A significant increase in transaction volumes in all of our markets
- Increased speed to market for new products and greater take-up of new and existing products
- Identification of additional international expansion opportunities
- Better than forecast improvements in the economies and property markets of our international operations.

Risks to the business include:

- The development and adoption of new technologies. This could occur quickly and take new forms that could impact our existing business model. We manage this risk by monitoring global markets to understand and assess potential opportunities and impacts of new technologies.

- Security or data incidents. As a technology-focused business, the management of security and consumer and client data is essential to deliver on our purpose and any incidents could impact our brand. To manage this risk we have appropriate data management, security and compliance policies, procedures and practices in place.

- Increased competition from existing or new sites and apps. We operate in a highly competitive market and constantly monitor and assess the competitive environment and any potential risks to our Australian and international operations. We recognise we must continue to earn the support of consumers and our agent partners and we focus on delivering a market-leading user experience and outstanding return on investment for agents and their vendors.

- Decline in Australian market conditions. The three key drivers of the property market are employment, interest rates and consumer confidence and a substantial decline in these market indicators could result in a deterioration in performance. In Australia, agent numbers expanded slightly this year as the market strengthened and agency consolidations slowed. Interest rates remain low and we do not foresee any significant risks in relation to the other drivers of transaction volumes in the Australian market.

[12] Source: REA Group Consumer Omnibus September 2013

- Decline in international market conditions. As a business with international operations, we have a small exposure to currency fluctuations, which we monitor and manage. As in our domestic market, significant declines in employment, interest rates and consumer confidence in our international markets would result in a deterioration in performance. Based on global economic forecasts, we expect the Italian market to improve slightly in FY2015, but remain challenging, especially in relation to financing for new property developments. Our businesses in Luxembourg and France delivered 29% EBITDA growth FY2014 and achieved further gains in its market position in France. The expansion into regional areas of France will continue in FY2015. Government price cooling measures for the Hong Kong property market continue to make this a challenging environment, however, our Hong Kong business this year expanded its operational responsibilities to include our myfun.com business in China.

- Investment opportunities. The Group is actively assessing international expansion opportunities. There are execution and integration risks associated with future potential investments and valuation risks associated with held securities and assets.

- Inability to maintain innovation tempo. Given the increasing rate of change, we recognise the risk of delays in bringing new products to market. To manage this risk and build flexibility into our business, we invest in our people, culture, technology and operating model. Employee engagement increased once again this year to a sustainable engagement score of 88%[13], putting us among the top 5% of organisations surveyed. Our organisational structure, supported by our highly engaged employees and high-performing culture, ensures we are nimble and can capitalise on market opportunities by bringing new and enhanced products and services quickly to market. Our new head office location in Melbourne (from November 2014) will further support our operating model by providing a purpose-built space to drive further collaboration and innovation.

Sustainability

This year marked a significant milestone in our management of sustainability with the appointment of a dedicated Group Sustainability Manager in January 2014 and the scoping of a company Sustainability strategy, framework and scorecard, in addition to formalised Community and Environment programs. Specific achievements include:

- A systemised approach to measurement of sustainability with the development of a Sustainability Scorecard detailing key non-financial impacts. In addition, the Group participated in the London Benchmarking Group framework (for community investment measurement) and Dow Jones Sustainability Index
- Identification of material impacts and key stakeholders and the scoping of a company Sustainability Action Plan and Framework
- Further staff engagement through the incorporation of a sustainability module into the employee Induction Program and launch of a Charity Champions and Eco-Enablers network for further advocacy of internal activities
- Increased management of environmental impacts through the measurement of the company Carbon Footprint and as signatory to the City Switch program to actively measure and reduce the environmental footprint within Australian operations

We are actively engaged with key stakeholders on social impacts including housing affordability and homelessness and is an active member of the Business Alliance to End Homelessness convened by the Council of Homeless Persons.

[13] Towers Watson 2013 independent employee engagement survey (600+ companies surveyed)

Environmental regulation

The Directors are not aware of any material breaches of any particular and/or significant environmental regulation affecting the Group's operations and the Group has complied with all required reporting.

Directors' qualifications, experience and special responsibilities

At the date of this report, the Board comprises six non-executive Directors and one executive Director, the Interim Chief Executive Officer, and has a diverse range of skills and experience. The names of Directors and details of their skills, qualifications, experience and when they were appointed to the Board are contained on pages 4 to 7 of this report.

Details of the number of Board and Board Committee meetings held during the year, Directors' attendance at those meetings and details of Directors special responsibilities are shown on page 8 of this report.

Details of directorships of other listed companies held by each current Director in the three years prior to the end of the 2014 financial year are listed on pages 4 to 7 of this report.

Company Secretary's qualifications and experience

Ms Rebecca Liatis, a qualified lawyer, was appointed Company Secretary of the Company in February 2011. Ms Liatis has over 14 years of experience working in company secretarial roles with ASX listed companies. Ms Liatis' qualifications include a Bachelor of Laws and a Graduate Diploma of Applied Corporate Governance. She is an Associate Member of the Institute of Chartered Secretaries and Administrators and Graduate Member of the Australian Institute of Company Directors.

Chief Executive Officer/Chief Financial Officer declaration

The Interim Chief Executive Officer and, given the vacancy of the Chief Financial Officer role, the Group Financial Controller have given the declarations to the Board concerning the Group's financial statements and other matters as required under section 295A(2) of the *Corporations Act 2001*.

Indemnification and insurance of directors and officers

The Company has entered into a standard form deed of indemnity, insurance and access with the non-executive Directors against liabilities they may incur in the performance of their duties as Directors of REA Group Limited, except liabilities to REA Group Limited or a related body corporate, liability for a pecuniary penalty or compensation order under the *Corporations Act*, and liabilities arising from conduct involving a lack of good faith. REA Group Limited is obliged to maintain an insurance policy in favour of non-executive Directors for liabilities they incur as Directors of REA Group Limited and to grant them a right of access to certain company records. In addition, each Director is indemnified, as authorised by the Constitution, on a full indemnity basis and to the full extent permitted by law, for all losses or liabilities incurred by the Director as a Director of a member of the Group. The indemnity operates only to the extent that the loss or liability is not covered by insurance.

During the year, the Company paid premiums totalling $113,432 (2013: $76,204) in respect of contracts insuring the Directors and Officers of REA Group Limited against costs incurred in defending proceedings for conduct involving:

- a wilful breach of duty; or
- a contravention of Sections 182 or 183 of the *Corporations Act 2001,* as permitted by section 199B of that Act.

During the year the Group has been covered under the Directors & Officers (D&O) insurance policy for the News Corp Group of companies. This cover excludes certain claims brought by a majority shareholder (News Corp Australia). In addition, REA Group Limited took out a further D&O policy to cover certain exclusions in the News Corp Group D&O policy.

Non-audit services

The Company may decide to employ the external auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

The Board of Directors has considered the position and, in accordance with advice received from the Audit, Risk and Compliance Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that these services did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit, Risk and Compliance Committee, in line with the Committee Charter, to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year the following fees were paid or payable for non-audit services provided by the external auditor (Ernst & Young) of the parent entity, its related practices and non-related audit firms:

Consolidated REA Group	**2014** **$**	2013 $
Tax compliance services	**173,250**	118,000
International tax consulting	**60,000**	-
Other assurance services	**143,000**	-
Total remuneration for non-audit services	**376,250**	118,000

Further details on the compensation paid to Ernst & Young is provided in Note 24 to the Financial Statements.

Auditor

Ernst & Young continues in office in accordance with section 327 of the *Corporations Act 2001*.

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 19.

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

In relation to our audit of the financial report of REA Group Limited for the financial year ended 30 June 2014, 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

Ernst & Young

David Petersen
Partner
7 August 2014

Remuneration Report

for the year ended 30 June 2014

This report forms part of the Directors' Report for the year ended 30 June 2014.

1. Introduction and scope of report

The information provided in the Remuneration Report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

This Remuneration Report for the year ended 30 June 2014 outlines the remuneration arrangements in place for the key management personnel (KMP) of REA Group Limited and its controlled entities (the Group), which comprises all Directors (executive and non-executive) and those executives who have authority and responsibility for planning, directing and controlling the activities of the Group.

The following executives of the Group were classified as KMP during the 2014 financial year and unless otherwise indicated were classified as KMP for the entire year.

Executive Director	
Peter Tonagh	Interim Chief Executive Officer (Appointed Non-executive Director 13 November 2013, appointed Interim Chief Executive Officer 17 March 2014)

Executives	
Arthur Charlaftis	General Manager Sales and Operations
Nigel Dalton	Chief Information Officer
Henry Ruiz	Chief Product Officer

Former Executives	
Greg Ellis	Managing Director and Chief Executive Officer (Resigned 14 March 2014)
Jennifer Macdonald	Chief Financial Officer (Resigned 15 February 2014)

Non-Executive Directors	
Hamish McLennan	Chairman
Roger Amos	Independent Director
Kathleen Conlon	Independent Director
Richard Freudenstein	Director
William Lewis	Director (Appointed 13 November 2013)
John McGrath	Independent Director
John Pittard	Director (Resigned 13 November 2013)
Stephen Rue	Director (Resigned 13 November 2013)

The REA Group Board (the Board) announced the appointment of the incoming Chief Executive Officer, Ms Tracey Fellows on 2 June 2014 and the appointment of the Chief Financial Officer, Mr Owen Wilson on 3 June 2014. Details of Ms Fellows Service Agreement with the Company, including remuneration details, were made available to shareholders at the time of announcement. As at the date of this report, Ms Fellows and Mr Wilson have not commenced their respective roles with the business and details of their remuneration have not been included in this report.

2. Role of the Human Resources Committee

The Human Resources Committee (HR Committee) is responsible for reviewing and making recommendations to the Board on the remuneration arrangements for the non-executive Directors, the Chief Executive Officer (CEO) and the executive team. Further information on the HR Committee's role and responsibilities is contained in its Charter, which is available on the Group's website at www.rea-group.com.

To assist in performing its duties, and making recommendations to the Board, the HR Committee seeks independent advice from external consultants on various remuneration related matters. The HR Committee follows protocols around the engagement and use of external remuneration consultants to ensure compliance with the relevant executive remuneration legislation. All remuneration recommendations are provided by the external consultant directly to the Committee.

During the 2014 financial year, the HR Committee engaged *3 degrees consulting* to provide benchmarking data for the remuneration of the CEO, the Executive Leadership Team (ELT), other key executive roles and the non-executive Directors and recommendations in relation to the remuneration of the former and incoming CEO and the ELT. Under the terms of the engagement *3 degrees consulting* provided remuneration advice (inclusive of remuneration recommendations as defined in section 9B of the *Corporations Act 2001*). *3 degrees consulting* was paid a total of $102,500 for these services during the year, comprising $90,000 for remuneration recommendations in relation to remuneration levels for the incoming CEO and ELT for the 2015 financial year and $12,500 for remuneration recommendations in relation to non-executive Directors for the 2015 financial year. For each remuneration recommendation the Board is satisfied that the recommendations were made free from any undue influence. *3 degrees consulting* provided a formal declaration confirming that the recommendations provided were free from undue influence by the members of the key management personnel to whom the recommendations related.

In addition to providing remuneration recommendations, *3 degrees consulting* provided remuneration benchmarking data and advice on other aspects of the Group's remuneration structure and was paid a total of $33,500 for these other services.

3. Executive remuneration philosophy and framework

3.1 Remuneration philosophy and principles

The Group's executive remuneration philosophy is founded on the objectives of:

- driving desired leadership behaviours
- recognising both individual and organisational performance, that are focussed on achieving the Group's longer term corporate plans
- generating acceptable returns for shareholders
- rewarding executive performance for generating high growth returns above acceptable threshold levels.

The four core 'guiding principles' of our executive reward programs approved by the Board are shown in the diagram below:

Remuneration Guiding Principles
Ownership aligned
Rewards for above threshold performance
Consistency & transparency
Simplicity

3.2 Overview of components

The diagram below sets out an overview of the components of the executive remuneration framework, as well as what the Board considered to be the optimal mix between the fixed and total 'at-risk' components for the former CEO and executives. Details on each of the individual components are set out in section 6 of this report.

Fixed Annual Remuneration ("FAR")	**Short Term Incentive ("STI")**	**Long Term Incentive ("LTI")**
50 - 60% of total remuneration	40 - 50% of total remuneration	
• Fixed salary set by reference to appropriate benchmark information and individual performance • Includes superannuation and salary-sacrificed non-monetary benefits	• Annual cash incentive • 12 month period • Targets linked to Group and individual performance	• Grant of performance rights under the LTI plan • 3 year performance period • Performance hurdles linked to revenue growth and EPS growth

During the year, the Board introduced a further executive remuneration component, a long term incentive retention share plan. The Board determined that to optimise organisational performance during the CEO and CFO transition it was appropriate that a retention share plan be introduced for key executives. Further details are set out in Section 6 of this report.

4. Linking performance to executive remuneration

A key underlying principle of the Group's executive remuneration framework is that remuneration levels should be linked to Group performance.

Whilst the remuneration philosophy and principles remained unchanged, during financial year 2014 the Board reviewed the Group strategy for executive remuneration. As a result, executive remuneration was reviewed in light of the increasing business performance including increased market capitalisation of the Group and the longer term Group strategy.

The Group's performance for the 2014 financial year has seen a significant uplift across all metrics and the Board determined that the STI target performance levels for the EBIT and Revenue financial measures have been met and exceeded. This performance is reflected in the STI payments to the current executive team, as set out in section 6.7.

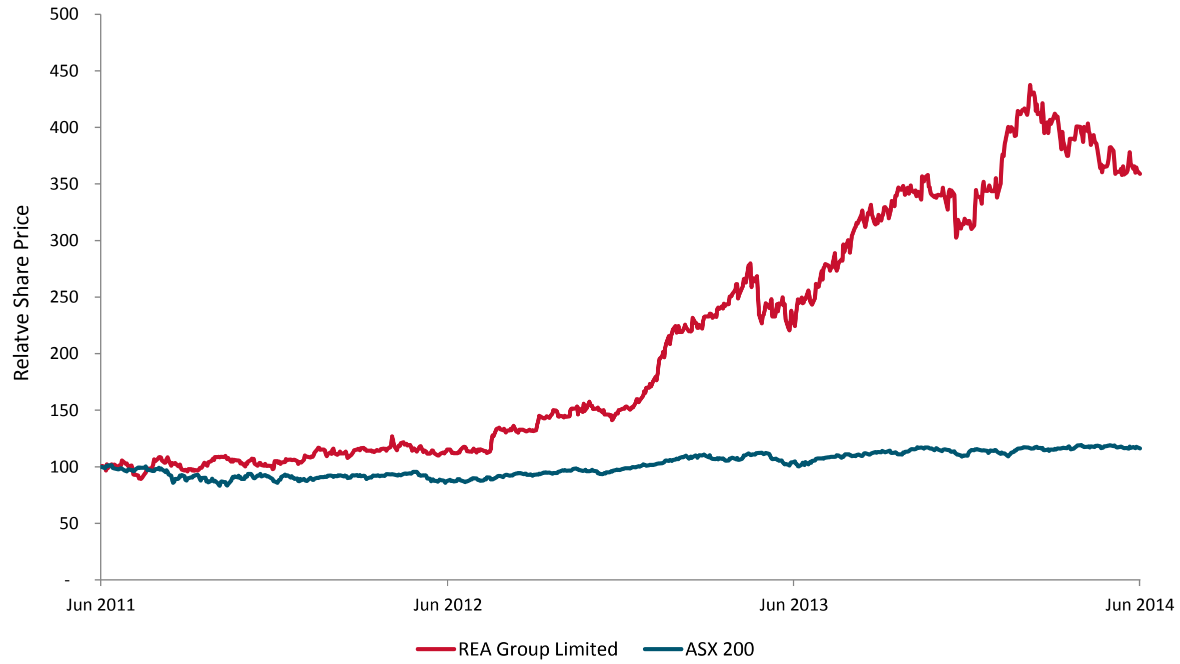
During the year, a number of performance rights previously granted to participating executives (including the former CEO) under the LTI Plan 2014 (Plan 5) vested as a result of performance against the applicable revenue & EPS targets. The number of rights that vested and the applicable over performance is shown in table 2 of section 6.4.

Further details of the Group's revenue, EBIT and EPS performance for the current and previous financial years is set out in the Directors' Report on page 9.

The table below summarises key indicators of the Group's performance and the effect on shareholder value over the past five years.

Key Indicators	**2010**	**2011**	**2012**	**2013**	**2014**
Net profit after tax from continuing operations $000's	49,366	67,505	86,782	109,746	**149,881**
Dividends per share	16.0c	26.0c	33.0c	41.5c	**57.0c**
Earnings per share	39.5c	53.1c	66.2c	83.3c	**113.7c**
Profit after tax attributable to owners of parent $000's	50,657	68,739	86,971	109,711	**149,728**
Share Price 30 June	10.67	11.90	13.46	27.53	**42.71**

REA Group's relative share price in comparison to the ASX 200 is outlined below. REA's share price has continued to grow and significantly outperform the ASX 200 in the last 3 years.



5. Interim CEO remuneration details

During the year, the former CEO resigned and the Board appointed Peter Tonagh Interim CEO. Mr Tonagh was an existing non-executive Director of the Board and the Board determined his appointment was appropriate to guide the business during the transition period while a thorough search for a permanent CEO was undertaken.

The Board, having regard to the recommendation of the HR Committee, determined that during the period of employment with the Group, the Interim CEO receive a Fixed Remuneration of $250,000 per annum with a pro rata payment of $74,160 paid in the 2014 financial year. In addition to his role as Interim CEO of the Group, Peter is also the Chief Operating Officer of News Corp Australia. His disclosed remuneration reflects his role as the Group's Interim CEO and excludes remuneration for his role as Chief Operating Officer of News Corp Australia. The Board further determined that no Short Term or Long Term incentives be paid given the interim nature of the appointment. Accordingly, the details of the additional components of remuneration detailed in section 6 do not relate to the Interim CEO.

6. Executive remuneration components

The executive remuneration components outlined below are relevant to the current executives (excluding the Interim CEO) and former executives.

6.1 Remuneration reviews

Remuneration levels for the CEO and executives are reviewed annually, taking into account individual performance and overall Group performance.

The HR Committee seeks independent advice from external consultants as part of the review process to ensure executive remuneration levels remain competitive relative to comparable ASX companies and in line with current market trends.

A review was undertaken during the 2014 financial year. Remuneration levels for the former CEO and a number of senior executives increased effective 1 July 2013, based on individual performance, alignment with market remuneration levels, retention of existing executives and, where appropriate, to attract new executives to the business. Remuneration levels for a number of executives were further reviewed during the 2014 financial year to ensure retention and business continuity of critical roles during the transition of the CEO and CFO.

6.2 Fixed remuneration

Fixed remuneration

Fixed remuneration consists of base compensation and statutory superannuation contributions. Executives may also elect to have other benefits provided out of their fixed remuneration, including additional superannuation and the provision of a motor vehicle.

6.3 Short term incentive

Detail of STI Arrangements

What is the STI and who participates?

The annual short-term incentive (STI) program is a cash-based plan that involves linking specific financial and non-financial targets with the opportunity to earn incentives based on a percentage of fixed salary for the former CEO and executives.

What is the amount that executives can earn?

The 'Target' STI opportunity was 40% of fixed remuneration for the former CEO and between 33% to 46% for executives.

Actual STI payments granted to each executive depends on the extent to which specific operating targets set at the beginning of the financial year are met. The non-financial measures are then awarded on the level of individual performance and the % of target incentive awarded ranges between 0 to 200%.

Financial measures – level of performance	**% of Target incentive awarded***
Below Threshold (i.e. ≤ 85% of Target)	0%
Target	100%
Above Target (ie. ≥ 120% of Target)	200%

** Pro-rata payment is made between these points*

What are the performance measures?

For the 2014 financial year, the performance measures are as follows:

Performance measure	**Executive allocation**	**Former CEO allocation**
EBIT	35%	40%
Revenue	35%	40%
Individual performance *(based on specific Key Performance Indicators)*	30%	20%

Why were these performance measures chosen?

The Board considers the financial measures to be appropriate as they are aligned with the Group's objective of delivering profitable growth and, ultimately, improved shareholder returns.

The non-financial performance measures have been set to drive leadership performance and behaviours consistent with the Group's corporate philosophy and its overall business strategy.

When are the performance conditions tested?

Incentive payments are determined after the preparation of the financial statements each year (in respect of the financial measures) and after a review of performance against non-financial measures by the CEO, in consultation with the HR Committee (and in the case of the former CEO, by the Board).

Payments of annual incentives are made once results are released in August, after the reviews are completed.

Table 1 – STI for the 2014 financial year

Specific information relating to the STI payable for the 2014 financial year based on achievement of the STI objectives for the current and former executives is set out below:

Executives	Actual STI payment	% of Target STI payable	% of Target STI forfeited
A Charlaftis	554,838	185%	0%
N Dalton	271,914	170%	0%
H Ruiz	554,838	185%	0%
Former executives			
G Ellis (Resigned 14 March 2014)	281,644	70%	30%
J Macdonald (Resigned 15 February 2014)	-	-	100%

6.4 Long term incentive

Detail of LTI Arrangements

What is the LTI and who participates?

The LTI plan is designed to link long-term executive reward with ongoing creation of shareholder value, with the allocation of equity awards which are subject to satisfaction of long-term performance conditions. For further details of each long term incentive plan, refer to Note 19 Share-based payments.

All executives participated in the LTI plan (excluding the interim CEO).

How is the LTI grant determined?

The number of performance rights issued to each executive is calculated by dividing their 'target LTI' value (which was 60% of fixed remuneration for the former CEO and between approximately 30% to 46% for the executives) by the value per right.

Each performance right is a right to acquire one share in REA upon vesting.

What is the performance period?

The performance rights allocated during the year are subject to a three year performance period beginning 1 July 2013 and ending on 30 June 2016.

Any performance rights which do not vest following testing of the performance hurdles at the end of the performance period will lapse.

What are the performance conditions?

The performance hurdles for the FY16 grant are based on the following:

- 50% of the performance rights are tested based on compound annual growth in Revenue; and
- 50% of the performance rights are tested based on compound annual growth in Earnings Per Share (EPS).

Each hurdle is tested following finalisation of the annual financial results at the end of the performance period in accordance with the vesting schedules set out below.

What vesting schedules apply?

The following vesting schedule applies to both performance hurdles (with pro-rata vesting between any two points) for each of the plans in place:

Performance level	% of awards vesting
Below Threshold	0% vesting
Threshold	70% vesting
Target	100% vesting
Stretch	120% vesting

During the year, the Board approved challenging Threshold, Target and Stretch growth rates (using the 2013 financial year as the base) in respect of both the Revenue and EPS hurdles, which are based on the Company's strategic plan and reflective of the Company's continued growth objectives. Both hurdles require strong double digit growth at the threshold level for any vesting to occur.

The Board considers that the growth rates required to attract full or partial vesting are commercially sensitive and therefore do not disclose them to the market. The Board however, confirms its commitment to driving double-digit growth for shareholders over the longer term as it continues to consider the Company a growth Company.

Why were these performance conditions chosen?

The Board considers the combination of the Revenue and EPS hurdles to be an appropriate counterbalance to ensure that any 'top line' growth is long-term focussed and balanced with an improvement in earnings.

In particular, Revenue is considered to be an appropriate hurdle given that the Group continues to be in a phase of growth.

In addition, the Board selected EPS as a performance measure on the basis that it:

- is a relevant indicator of increase in shareholder value; and
- is a target that provides a suitable line of sight to encourage and motivate executive performance.

Are there any restrictions placed on the rights?

REA Group policy prohibits executives from entering into transactions or arrangements which operate to transfer or limit the economic risk of any securities held under the LTI plan while those holdings are subject to performance hurdles or are otherwise unvested.

What happens in the event of a change of control?

In accordance with the LTI plan rules, the Board has discretion to waive any vesting conditions attached to the performance rights in the event of a change of control.

What happens if the executive ceases employment?

Where an executive ceases employment with the Group any unvested performance rights will lapse, unless approved by the Board in accordance with the LTI plan rules.

Table 2 - Summary of Awards under the LTI Plans

The table below sets out details of performance rights held by and granted to executives during the 2014 financial year under the LTI Plans.

Current executives	Balance at 1 July 2013	Granted during year	Number vested during year	Value of rights at grant date	Number forfeited during year	Balance at 30 June 2014
A Charlaftis						
LTI Plan 2014 (Plan 5)	6,750	1,023[1]	-	$11,366	-	7,773[2]
LTI Plan 2015 (Plan 6)	5,882	-	-	-	-	5,882
LTI Plan 2016 (Plan 7)	-	9,025	-	$227,069	-	9,025
Retention share plan	-	10,943	-	$500,000	-	10,943
Total	**12,632**	**20,991**	**-**		**-**	**33,623**
N Dalton						
LTI Plan 2015 (Plan 6)	9,158	-	-	-	-	9,158
LTI Plan 2016 (Plan 7)	-	5,564	-	$140,000	-	5,564
Total	**9,158**	**5,564**	**-**		**-**	**14,722**
H Ruiz						
LTI Plan 2013 (Plan 4)	9,525	-	9,525	-	-	-
LTI Plan 2014 (Plan 5)	11,251	1,704[1]	-	$18,931	-	12,955[2]
LTI Plan 2015 (Plan 6)	9,307	-	-	-	-	9,307
LTI Plan 2016 (Plan 7)	-	9,372	-	$235,800	-	9,372
Retention share plan	-	10,943	-	$500,000	-	10,943
Total	**30,083**	**22,019**	**9,525**		**-**	**42,577**
Former executives						
G Ellis (Resigned 14 March 2014)						
LTI Plan 2013 (Plan 4)	25,720	-	25,720	-	-	-
LTI Plan 2014 (Plan 5)	28,802	-	-	-	(2,840)[3]	25,962[2]
LTI Plan 2015 (Plan 6)	24,571	-	-	-	(24,571)	-
LTI Plan 2016 (Plan 7)	-	23,847	-	$600,000	(23,847)	-
Total	**79,093**	**23,847**	**25,720**		**(51,258)**	**25,962**
J Macdonald (Resigned 15 February 2014)						
LTI Plan 2014 (Plan 5)	12,376	-	-	-	(12,376)	-
LTI Plan 2015 (Plan 6)	10,647	-	-	-	(10,647)	-
LTI Plan 2016 (Plan 7)	-	7,551	-	$190,000	(7,551)	-
Total	**23,023**	**7,551**	**-**		**30,574**	**-**

1 These performance rights were granted as a result of combined average of 115% over-performance of hurdles rates on the LTI Plan 2014

2 Vesting subject to Board approval and exercisable at 30 June 2014

3 These performance rights reflect a pro rata proportion of rights forfeited over the 3 year performance period (from date of resignation).

The table below set out the details of the percentage performance achieved and percentage vested against the applicable LTI Plan. Refer to section 6.7 for the percentage of total remuneration that consists of performance rights.

Plan	Grant date	Vesting date[1]	Value per performance right at grant date[2]	Performance achieved	% vested
LTI Plan 2013 (Plan 4)	1 July 2010	1 July 2013	$9.99	90-100%	95%
LTI Plan 2014 (Plan 5)	1 July 2011	1 July 2014	$11.11	100-120%	100 - 115%[1]
LTI Plan 2015 (Plan 6)	1 July 2012	1 July 2015	$13.43	to be determined	-
LTI Plan 2016 (Plan 7)	1 July 2013	1 July 2016	$25.16	to be determined	-

1 Subject to board approval of the performance hurdles being met.

2 Value per grant date was calculated using the Black Scholes model with the exception of LTI Plan 2013 (Plan 4) for which the Monte Carlo model was used.

6.5 Retention share plan

During the year the Board, in consultation with the HR Committee, further reviewed the remuneration of several key executives to ensure retention and business continuity during the CEO and CFO transition period.

All elements of remuneration for key executives were reviewed and adjusted in line with the Company's remuneration philosophy and with reference to increasing company performance and business continuity. The Board issued new employment contracts to the key executives and extended their notice period to 9 months. Further, a retention scheme was introduced which included a one-off cash payment with claw-back conditions and a long term restricted share rights retention plan.

The long term incentive retention share plan is subject to satisfactory individual performance and will be forfeited if the executive resigns or is terminated for cause or performance related issues prior to the vesting date.

The retention plan share rights were granted on the 12th February 2014 with 60% of the rights to vest two years after grant date and the remaining 40% to vest three years after grant date. The share rights automatically convert into one ordinary share at an exercise price of nil. The number of share rights granted was determined based on the dollar value of the retention plan divided by the weighted average price using a 5 day volume weighted average price ("VWAP") leading up to the date of grant. Refer to Note 19 for further details of the plan.

6.6 Service agreements

The table below sets out the main terms and conditions of the employment contracts of the former CEO, Interim CEO) and executives. All contracts are for unlimited duration.

Name	Notice Period / Termination Payment
Interim CEO and incoming CEO	• 1 month either party (or payment in lieu) for Interim CEO • 9 months either party (or payment in lieu) for incoming CEO • Immediate for misconduct, breach of contract or bankruptcy • Statutory entitlements only for termination with cause
Former CEO	• 6 months either party (or payment in lieu) • Immediate for misconduct, breach of contract or bankruptcy • Statutory entitlements only for termination with cause

Executives	• 3 months either party (or payment in lieu) for Chief Information Officer and former Chief Financial Officer • 9 months either party (or payment in lieu) for Chief Product Officer, General Manager Sales and Operations and incoming Chief Financial Officer • Immediate for misconduct, breach of contract or bankruptcy • Statutory entitlements only for termination with cause

6.7 Executive remuneration table

Details of the remuneration paid to the current executives (including Interim CEO) and former executives for the 2014 and 2013 financial years are set out below.

Name	Short term employee benefits			Post-employment benefits	Long term employee benefits	Termination benefits	LTI Plan[2]	Total	Performance related %	LTIP %
	Salary	STI Plan[1]	Other							
Current executives										
P Tonagh (Interim CEO appointed 17 March 2014)										
2014	**67,881**	**-**	**-**	**6,279**	**-**	**-**	**-**	**74,160**	**-**	**-**
A Charlaftis (General Manager Sales and Operations)[6]										
2014	**521,240**	**554,838**	**150,000**	**17,775**	**4,135**	**-**	**193,818**	**1,441,806**	**62%**	**13%**
N Dalton (Chief Information Officer)										
2014	**422,116**	**271,914**	-	**17,775**	**3,668**	-	**87,661**	**803,134**	**45%**	**11%**
2013	408,530	238,400	-	16,470	1,047	-	40,997	705,444	40%	6%
H Ruiz (Chief Product Officer)										
2014	**530,200**	**554,838**	**150,000**	**17,775**	**23,789**	**-**	**231,253**	**1,507,855**	**62%**	**15%**
2013	450,000	369,000	-	16,470	8,570		115,052	959,092	50%	12%
Former executives										
G Ellis (Former Managing Director and CEO[3])										
2014	**694,264**	**281,644**	**-**	**17,775**	**-**	**-**	**(405,546)**	**588,137**	**48%[5]**	*****
2013	701,530	663,480	-	16,470	15,325	-	302,307	1,699,112	57%	18%
J Macdonald (Former Chief Financial Officer[4])										
2014	**283,901**	**-**	**-**	**17,775**	**-**	**419,920**	**(248,500)**	**473,096**	*****	*****
2013	415,530	245,245	-	16,470	3,348	-	93,496	774,089	44%	12%
TOTAL										
2014	**2,519,602**	**1,663,234**	**300,000**	**95,154**	**31,592**	**419,920**	**(141,314)**	**4,888,188**	*****	*****
2013	1,975,590	1,516,125	-	65,880	28,290	-	551,852	4,137,737	50%	13%

* Not provided as not meaningful result with current period resignations.

1 Short Term Incentive Plan represents accrued payment for current year net of under/over accrual from prior year.

2 Long Term Incentive Plan (LTIP) represents accrued expenses amortised over vesting period of grant. Refer to note 19 of the financial statements.

3 Resigned 14 March 2014

4 Resigned 15 February 2014

5 Calculated as STI Plan as a percentage of total remuneration

6 A Charlaftis met the definition of key management personnel from 1 July 2013

7. Non-executive director remuneration

7.1 Policy

Overview of policy

The Board seeks to set the fees for the non-executive Directors at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

During 2014 the Board's policy was that the Chairman and independent non-executive Directors receive remuneration for their services as Directors. The Board determined that given the Chairman was no longer an employee of the majority shareholder it was appropriate to pay him a Chairman's fee notwithstanding he remained an non-independent News nominee Director.

Aggregate fees approved by shareholders

The current aggregate fee pool for the non-executive Directors of $950,000 was approved by shareholders at the 2013 AGM (increasing from $700,000).

Board and committee fees, as well as statutory superannuation contributions made on behalf of the non-executive Directors, are included in the aggregate fee pool.

Promote independence and objectivity

The Chairman and non-executive Director remuneration consists only of fixed fees (inclusive of superannuation).

To preserve independence and impartiality, non-executive Directors do not receive any performance related compensation.

Regular reviews of remuneration

The Chairman and non-executive Director fees are reviewed annually and set and approved by the Board based on independent advice received from external remuneration consultants (via the HR Committee).

As a result of advice received during the year, and to ensure fees remain at a level competitive with non-executive Directors of comparable companies, Board and Committee fees were increased effective 1 July 2013.

7.2 Non-executive director fees

The table below shows the structure and level of non-executive Director fees for the 2014 and 2013 financial years. During 2013, only the independent non-executive Directors received a fee and during 2014, the Chairman together with the independent non-executive directors received the following fees:

Fee applicable for 2014		Chair $	Member $
Board	**2014**	**250,000**	**95,000**
	2013	N/A	86,000
Audit, Risk & Compliance Committee	**2014**	**20,000**	**10,000**
	2013	17,500	9,000
Human Resources Committee	**2014**	**20,000**	**10,000**
	2013	17,500	9,000

7.3 Non-executive director remuneration

Details of remuneration for the Chairman and independent non-executive Directors are set out in the table below. As outlined above, the remaining non-independent Directors do not receive any directors' fees.

		Fees and allowances $	Post-Employment Benefits $	Total $
H McLennan (Chairman)	**2014**	**232,225**	**17,775**	**250,000**
	2013	-	-	-
R Amos	**2014**	**114,416**	**10,584**	**125,000**
	2013	98,624	8,876	107,500
K Conlon	**2014**	**114,416**	**10,584**	**125,000**
	2013	98,624	8,876	107,500
J McGrath	**2014**	**96,110**	**8,890**	**105,000**
	2013	87,156	7,844	95,000
Total	**2014**	**557,167**	**47,833**	**605,000**
	2013	284,404	25,596	310,000

8. Shareholdings of key management personnel

The numbers of ordinary shares in the company held during the financial year (directly and indirectly) by each non-executive Director and other key management personnel of the Group, including their personally related parties are set out below[1]:

Key management personnel	Balance at 1 July 2013	Received during the year	Other changes during the year	Balance at 30 June 2014
Non-executive directors				
R Amos	2,481	-	-	2,481
K Conlon	2,248	-	-	2,248
J McGrath	146,080	-	-	146,080
Executives				
H Ruiz	90	9,525	(9,615)	-
Former executives				
G Ellis (Resigned 14 March 2014)	40,170	N/A	N/A	N/A

[1] If KMP is not listed, there are no shares held or movements for the year.

9. Declaration

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

Mr Hamish McLennan
Chairman

Mr Peter Tonagh
Executive Director & Interim Chief Executive Officer
Sydney
7 August 2014

Consolidated Income Statement

for the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
Revenue from continuing operations		**437,459**	336,460
Employee benefits expenses	7	**(104,379)**	(85,108)
Consultant and contractor expenses		**(15,725)**	(9,682)
Marketing related expenses		**(37,923)**	(36,866)
Technology expenses		**(11,247)**	(8,742)
Operations and administration expense		**(43,079)**	(32,129)
Depreciation and amortisation expense	7	**(21,208)**	(18,670)
Profit before tax and interest (EBIT)		**203,898**	145,263
Finance income	7	**9,299**	9,245
Profit before income tax		**213,197**	154,508
Income tax expense	8	**(63,316)**	(44,762)
PROFIT FOR THE YEAR		**149,881**	109,746

		Cents	Cents
Earnings per share attributable to the ordinary equity holders of REA Group Limited			
Basic earnings per share	23	**113.7**	83.3
Diluted earnings per share	23	**113.7**	83.3

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

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2014

	2014	2013
	$'000	$'000
Profit for the year	**149,881**	109,746
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations, net of tax	**468**	2,528
Gain on available-for-sale financial assets, net of tax	**5,423**	-
Other comprehensive income for the year, net of tax	**5,891**	2,528
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**155,772**	112,274
Profit for the year is attributable to:		
Non-controlling interest	**153**	35
Owners of the parent	**149,728**	109,711
	149,881	109,746
Total comprehensive income for the year is attributable to:		
Non-controlling interest	**153**	35
Owners of the parent	**155,619**	112,239
	155,772	112,274

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

Consolidated Statement of Financial Position
as at 30 June 2014

	Notes	2014 $'000	2013 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	**253,788**	257,344
Trade and other receivables	10	**66,188**	54,131
Total current assets		**319,976**	311,475
Non-current assets			
Plant and equipment	11	**9,403**	8,348
Intangible assets	12	**94,963**	71,026
Financial assets	13	**88,216**	-
Deferred tax assets	8	**5,159**	3,914
Other non-current assets	10	**851**	-
Total non-current assets		**198,592**	83,288
Total assets		**518,568**	394,763
LIABILITIES			
Current liabilities			
Trade and other payables	14	**40,814**	31,663
Current tax liabilities		**26,739**	16,351
Provisions	15	**6,594**	4,546
Deferred revenue		**26,766**	20,441
Total current liabilities		**100,913**	73,001
Non-current liabilities			
Deferred tax liabilities	8	**5,983**	3,403
Provisions	15	**3,360**	3,489
Total non-current liabilities		**9,343**	6,892
Total liabilities		**110,256**	79,893
Net assets		**408,312**	314,870
EQUITY			
Contributed equity	16	**102,075**	102,474
Reserves	17	**(2,273)**	(8,797)
Retained earnings		**308,020**	220,856
Parent interest		**407,822**	314,533
Non-controlling interest		**490**	337
Total equity		**408,312**	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 year ended 30 June 2014

	Contributed equity	Retained earnings	Reserves	Parent interest	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2013	**102,474**	**220,856**	**(8,797)**	**314,533**	**337**	**314,870**
Profit for the year	-	**149,728**	-	**149,728**	**153**	**149,881**
Other comprehensive income	-	-	**5,891**	**5,891**	-	**5,891**
Total comprehensive income for the year	-	**149,728**	**5,891**	**155,619**	**153**	**155,772**
Transactions with owners in their capacity as owners						
Share-based payment expense for the year	-	-	**1,154**	**1,154**	-	**1,154**
Settlement of vested performance rights	**(399)**	-	**(521)**	**(920)**	-	**(920)**
Dividends paid	-	**(62,564)**	-	**(62,564)**	-	**(62,564)**
Balance at 30 June 2014	**102,075**	**308,020**	**(2,273)**	**407,822**	**490**	**408,312**

	Contributed equity	Retained earnings	Reserves	Parent interest	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2012	102,755	159,222	(11,761)	250,216	302	250,518
Profit for the year	-	109,711	-	109,711	35	109,746
Other comprehensive income	-	-	2,528	2,528	-	2,528
Total comprehensive income for the year	-	109,711	2,528	112,239	35	112,274
Transactions with owners in their capacity as owners						
Share-based payment expense for the year	-	-	787	787	-	787
Settlement of vested performance rights	(281)	-	(351)	(632)	-	(632)
Dividends paid	-	(48,077)	-	(48,077)	-	(48,077)
Balance at 30 June 2013	102,474	220,856	(8,797)	314,533	337	314,870

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

Consolidated Statement of Cash Flows

for the year ended 30 June 2014

	Notes	**2014 $'000**	2013 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**478,237**	365,696
Payments to suppliers and employees (inclusive of goods and services tax)		**(248,688)**	(192,803)
		229,549	172,893
Interest received		**9,504**	9,318
Interest paid		**-**	(34)
Income taxes paid		**(53,930)**	(36,036)
Share-based payment on settlement of incentive plans		**(1,542)**	(964)
Net cash inflow from operating activities	9	**183,581**	145,177
Cash flows from investing activities			
Payment for business acquisition	6	**(17,931)**	-
Payment for acquisition of available-for-sale financial asset	13	**(80,469)**	-
Payment for plant and equipment	11	**(5,293)**	(6,106)
Payment for intangible assets	12	**(20,930)**	(15,731)
Net cash (outflow) from investing activities		**(124,623)**	(21,837)
Cash flows from financing activities			
Payment of dividend	18	**(62,564)**	(48,077)
Net cash (outflow) from financing activities		**(62,564)**	(48,077)
Net (decrease)\increase in cash and cash equivalents		**(3,606)**	75,263
Cash and cash equivalents at the beginning of the financial		**257,344**	181,599
Effects of exchange rate changes on cash and cash equivalents		**50**	482
Cash and cash equivalents at end of year	9	**253,788**	257,344

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 consolidated financial statements of the Company as at and for the year ended 30 June 2014 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. Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board. REA Group Limited is a for-profit entity for the purposes of preparing the financial statements.

The financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These financial statements have been prepared under the historical cost convention except for available-for-sale financial assets.

New standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 are further detailed in Note 2(g). The Group has elected to apply AASB 2013-3 before its operative date in the annual reporting period beginning 1 July 2013. There is no significant impact to the Group on adoption of this standard.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The consolidated financial statements of the Group for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the Directors on 7 August 2014.

(b) Principles of consolidation

Subsidiaries are all those entities which the Group controls. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if the Group has:

- Power over the investee (i.e. ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany transactions, balances and unrealised gains and losses resulting from intra-group transactions and dividends have been eliminated in full on consolidation.

Investments in subsidiaries held by the Group are accounted for at cost in the separate financial statements of the Group less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate income statement of the parent entity, and do not impact the recorded cost of the investment.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable intangible assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

A change in ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

Non-controlling interests are allocated their share of net profit after tax in the Statement of Comprehensive Income and are presented within equity in the Consolidated Statement of Financial Position, separately from the equity of the owners of the parent. Losses are attributed to the non-controlling interest even if that results in a deficit balance.

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals of non-controlling interests result in gains and losses for the Group that are recorded in the income statements. Purchases from non-controlling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environments in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars which is the Group's functional and presentational currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statements, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income and other expenses.

Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented is translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement is translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(d) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Where services have been billed in advance and obligations are not complete revenue will be deferred.

Revenue is recognised for major business activities as follows:

(i) Subscription services

Subscription revenues are recognised on a straight-line basis over the contract period.

(ii) Listing depth products

Transaction value is allocated to customer service obligations based on the fair value and revenue is recognised as each of the obligations are fulfilled.

(iii) Banner advertising

Revenues from banner advertising are recognised in the period over which the advertisements are placed or as the advertisements are displayed depending on the type of advertising contract.

(iv) Performance advertising

Revenues from performance advertising are recognised when the performance measure occurs and is generated (e.g. cost per click).

(v) Interest income

Revenue is recognised as interest accrues using the effective interest rate method.

(vi) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statements of financial position as applicable.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(f) Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the ''rounding off'' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars unless otherwise stated.

(g) New standards and interpretations

(i) New standards effective from 1 July 2013

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2013. The following standards have been identified as those which impact the entity in the current reporting period. There is no significant impact to the group on adoption of these standards.

Title	Summary	Application Date
AASB 10 Consolidated Financial Statements	AASB 10 replaces all of the guidance on control and consolidation in AASB 127. The core principal that a consolidated entity presents a parent and its subsidiary as if they are single economic entity remains unchanged, as do the mechanics of consolidation. AASB 10 introduces a single definition of control that applies to all entities. It focuses on the need to have power, rights or exposure to variable returns and the ability to use its power to affect those returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.	1 July 2013

AASB 11 Joint Ventures	AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG-113 Jointly- controlled Entities - Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement.	1 July 2013
AASB 12 Disclosure of Interests in Other Entities	AASB 12 sets out the required disclosures for entities reporting under AASB 10 and AASB 11 and replaces the disclosure requirements currently found in AASB 127, AASB 128 and AASB 131.	1 July 2013
AASB 13 Fair Value Measurement	IFRS 13 explains how to measure fair value and aims to enhance fair value disclosures; it does not change when an entity is required to use fair value to measure an asset or liability. The standard defines fair values as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as the measurement date (exit price). It also provides guidance on how fair value should be measured.	1 July 2013
AASB 119 Employee Benefits	The IASB has clarified the distinction between short-term and long-term employee benefits. For example, many annual leave provisions will be long-term obligations in their entirety. This may also affect the presentation in remuneration disclosures.	1 July 2013
AASB 128 Investments in Associates and Joint Ventures	AASB 128 clarifies that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership change.	1 July 2013
AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities	AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of the effect or potential effect of netting arrangements. This includes rights of set-off associated with the entity's recognised financial assets and liabilities on the entity's financial position, when the offsetting criteria of AASB 132 are not all met.	1 July 2013
AASB 1053 Application of Tiers of Australian Accounting Standards	This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements: a. Tier 1: Australian Accounting Standards b. Tier 2: Australian Accounting Standards -Reduced Disclosure Requirements The following entities apply Tier 1 requirements in preparing general purpose financial statements: a. For-profit entities in the private sector that have public accountability (as defined in this standard) b. The Australian Government and State, Territory and Local governments	1 July 2013
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.	1 July 2013
AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	AASB 2013-3 amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments addressed certain unintended consequences arising from consequential amendments made to AASB 136 when AASB 13 was issued. Although the mandatory effective date for application of the amendments is for annual periods beginning on or after 1 January 2014 (and hence not applicable to the Group until 1 July 2014), the Group has elected to early adopt it in these financial statements.	1 July 2013

There are no other new accounting standards that have been adopted during the year that have an impact to the financial results of the Group.

(ii) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2014, but have not been applied in preparing these financial statements.

Title	Summary	Application date of standard	Impact on Group financial statements	Application date for Group
AASB 2012-3 Amendments to Australian Accounting Standards -Offsetting Financial Assets and Financial liabilities	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	There will be no significant impact on the Group as there is no netting arrangements.	1 July 2014
Annual Improvements to IFRSs 2010–2012 Cycle	The following items are addressed by this standard: • IFRS 2 -Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. • IFRS 3 -Clarifies the classification requirements for contingent consideration in a business combination by removing all references to IAS 37. • IFRS 8 -Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's assets. • IAS 16 & IAS 38 -Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts.	1 July 2014	There is no significant impact on the Group.	1 July 2014
Annual Improvements to IFRSs 2011–2013 Cycle	The following items are addressed by this standard: • IFRS 13 -Clarifies that the portfolio exception in paragraph 52 of IFRS 13 applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32.	1 July 2014	There is no significant impact on the Group.	1 July 2014
AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	The Standard contains three main parts and makes amendments to a number Standards and Interpretations. • Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. • Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. • Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments.	Part A – 20 December 2012 Part B – 1 January 2014 Part C – 1 January 2015	There is no significant impact on the Group.	Part A – 1 July 2013 Part B – 1 July 2014 Part C – 1 July 2015

IFRS 15 Revenue from Contracts with Customers	Establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation	1 January 2017	There is no significant impact on the Group.	1 July 2017
AASB 9 Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets.	1 July 2018	There is no significant impact on the Group.	1 July 2018

3. Financial risk management

The Group's principal financial instruments comprise receivables, payables, investments in quoted equity shares, cash and short term deposits.

The Group seeks to manage risk in ways that will generate and protect shareholder value. Management of risk is a continual process and an integral part of business management and corporate governance. The Group's risk management strategy is aligned with the corporate strategy and company vision to ensure that the risk management strategy contributes to corporate goals and objectives. The risk management program has been designed to establish a system of risk oversight and management and internal controls by having the framework in place to identify, assess, monitor and manage risk. The risk management methodology has been developed in line with the AS/NZS 150 31000:2009. The program and methodology seeks to promote awareness of risks, intelligent risk taking and management in, and among, all levels of the business.

The Board determines the Group's tolerance for risk, after taking into account the strategic objectives and other factors including shareholder expectations, financial and reporting requirements and the financial position, organisational culture and the experience or demonstrated capacity in managing risks. Management is required to analyse its business risk in the context of Board expectations, specific business objectives and the organisation's risk tolerance.

One of the key areas of the Group's risk management focus is on financial risk management of financial instruments. The main purpose of these financial instruments (cash and cash equivalents) is to raise and distribute funds for the Group's operations and opportunities. The Group has various other financial assets and liabilities such as trade receivables and trade payables which arise directly from its operations.

The main risks arising from the Group's financial instruments are:

- Foreign currency risk – as a result of the Group's foreign operations and investments;
- Cash flow interest rate risk – as a result of the cash and short term deposits held;
- Price risk – as a result of holding equity investments; and
- Credit risk – as a result of holding financial assets.

The Group is cash flow positive without any borrowings or material long term cash commitments other than those disclosed under commitments and contingencies. As such there is no material exposure to liquidity risk.

(a) Foreign currency risk

Foreign currency risk arises when future commercial transactions and recognised financial assets and financial liabilities are denominated in a currency that is not the entity's functional currency. During the year, the net foreign exchange loss included within other expenses is $0.5 million (2013: $0.2 million gain).

The Group's available-for-sale financial assets are materially exposed to changes in the USD/AUD exchange rate. The following table demonstrates the sensitivity to a reasonably possible change in USD exchange rates, with other variables held constant.

	2014	2013
	$'000	$'000
Impact on Equity Higher/(Lower)		
USD/AUD exchange rate – increase 10.0%	**(5,614)**	-
USD/AUD exchange rate – decrease 10.0%	**6,861**	-

There is no other material exposure to foreign currency risk outside of each operating segment's functional currency.

(b) Cash flow interest rate risk

The Group's exposure to the risk of change in market interest rates relates primarily to the Group's holdings of cash and short term deposits. Domestic interest rate movements contribute to 100% (2013: 100%) of overall interest rate risk exposure, therefore no further analysis of the impact of foreign interest rate changes was necessary.

As at 30 June 2014, the Group had the following financial assets and liabilities exposed to interest rate risk:

	2014	2013
	$'000	$'000
Financial assets		
Cash and cash equivalents	**253,788**	257,344

The Group has managed its interest rate risk during the year by maximising the interest earned from the funds balanced against the working capital needs in line with the Group's cash management policy.

The following sensitivity is based on the exposure to interest rates throughout the year and was based on historic movements in interest rates. For the year ended 30 June 2014, with all other variables held constant, post tax profit and equity would have been affected by changes to interest rates on the average 12 month cash reserves as illustrated in the table below.

	2014	2013
	$'000	$'000
Impact on Post Tax Profit Higher/(Lower)		
+1.0% (100 basis points)	**1,921**	1,801
-1.0% (100 basis points)	**(1,921)**	(1,801)

Management believes the risk exposure at balance sheet date is representative of the risk exposure inherent in the financial instruments. There is uncertainty in the market if interest rates will rise further or drop in the near future. Management has consequently chosen the above variation which is representative for the annual average interest rate movements of the last two years.

(c) Price risk

The Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

As at 30 June 2014, the Group had the following financial assets exposed to price risk:

	2014	2013
	$'000	$'000
Financial assets		
Available-for-sale financial assets	**88,216**	-

The following sensitivity is based on the price risk exposure in existence at balance sheet date and was based on historic movements in quoted price. As at 30 June 2014, with all other variables held constant, equity would have been affected by changes to price of the security as illustrated in the table below. This would not have an impact on net profit.

	2014	2013
	$'000	$'000
Impact on Equity Higher/(Lower)		
+10.0%	**6,175**	-
-10.0%	**(6,175)**	-

(d) Credit risk

Receivable balances are monitored on an ongoing basis. The Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk with single counterparties within the Group. Since the Group trades only with recognised third parties, there is no requirement for collateral. The consolidated Group's maximum exposures to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet.

In the history of the Group, there have not been any significant write-offs of trade debtors. Our policies determine on an individual debtor basis, the likelihood for default. The monthly analysis performed of the trade debtor portfolio does not suggest any material credit risk exposure. With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party with a maximum exposure equal to the carrying amount of these instruments.

All assets and liabilities recognised in the balance sheet whether carried at cost or at fair value are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated.

(e) Fair value

The Group uses various methods in estimating the fair value of financial instruments comprised of the following:

- Level 1 – Quoted prices in active markets
- Level 2 – Significant observable inputs
- Level 3 – Significant unobservable inputs

At 30 June 2014 the Group held available-for-sale financial assets at fair value. The fair value of these assets, classified as level 1, is $88.2 million (2013: Nil).

4. Significant accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Significant accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 12. The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of assumptions. Refer to Note 12 for details of these assumptions and the potential impact of changes to the assumptions.

(ii) Income taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgment is required in determining the worldwide provision for income taxes. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

In addition, the Group has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same subsidiary against which the unused tax losses can be utilised. However, utilisation of the tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped.

(iii) Estimation of useful lives of assets

The estimation of useful lives of assets has been based on historic experience, lease terms, and turnover policies.

(b) Critical judgments in applying the company's accounting policies

(i) Impairment of non-financial assets other than goodwill

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment.

(ii) Share-based payment transactions

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The LTI Plan valuations were performed using the Black Scholes model. The retention plan valuation was determined using a five day VWAP. The accounting estimates and assumptions relating to equity settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

5. Segment information

Operating segments are reported in a manner consistent with internal reporting to be provided to the chief operating decision makers, being the Executive Leadership Team (ELT). The ELT consists of the Chief Executive Officer (CEO) and other Senior Executives of the consolidated company. The ELT provides the strategic direction and management oversight of the company in terms of monitoring results and approving strategic planning for the business.

(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 overhead includes the costs of certain head office functions 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 CEO 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 advertising services to the real estate industry. While the Group offers different brands to the market it is considered that it only has one product/service.

The following tables present revenue and results by operating segments for the year ended 30 June 2014 and 30 June 2013.

2014	Australia $'000	Italy $'000	Other - International $'000	Total $'000
Segment revenue				
Total segment revenue	**393,421**	**30,377**	**15,018**	**438,816**
Inter-segment revenue	**(1,183)**	**-**	**(174)**	**(1,357)**
Revenue from external customers	**392,238**	**30,377**	**14,844**	**437,459**
Result				
Country EBITDA[1]	**232,351**	**48**	**4,005**	**236,404**
Corporate overhead				**(11,298)**
EBITDA				**225,106**
Depreciation and amortisation				**(21,208)**
EBIT				**203,898**
Net finance income				**9,299**
Profit before income tax				**213,197**
Income tax expense				**(63,316)**
Net profit for the year				**149,881**

1 Information additional to IFRS measures included in the report have been derived from audited information contained in the Financial Statements. The Directors believe these measures are relevant and useful in measuring the financial performance of the Group.

2013	Australia $'000	Italy $'000	Other - International $'000	Total $'000
Segment revenue				
Total segment revenue	303,995	24,821	10,706	339,522
Inter-segment revenue	(3,062)	-	-	(3,062)
Revenue from external customers	300,933	24,821	10,706	336,460
Result				
Country EBITDA[1]	164,730	1,626	3,407	169,763
Corporate overhead				(5,830)
EBITDA				163,933
Depreciation and amortisation				(18,670)
EBIT				145,263
Net finance income				9,245
Profit before income tax				154,508
Income tax expense				(44,762)
Net profit for the year				109,746

1 Information additional to IFRS measures included in the report have been derived from audited information contained in the Financial Statements. The Directors believe these measures are relevant and useful in measuring the financial performance of the Group.

6. Business combination

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair value of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

All financial assets and liabilities assumed on acquisition are assessed as at the date of acquisition for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and any other relevant conditions.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured through the profit or loss. Upon loss of control, the Group derecognises the assets and liabilities of the subsidiary and non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit is measured in the profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Any contingent consideration on the acquisition will be recognised at fair value at the acquisition date. Any changes to the fair value will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

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	13,414
Deferred consideration [1]	1,500
Total purchase consideration	**14,914**

[1] Subsequently paid in July 2014

Assets acquired and liabilities assumed

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

	$'000
Assets	
Cash	183
Trade and other receivables	228
Intangible assets	2,146
Total assets	2,557
Liabilities	
Trade and other payables	148
Current tax liabilities	333
Provisions	3
Deferred tax liabilities	297
Total liabilities	781
Total identifiable net assets at fair value	1,776
Goodwill arising on acquisition	13,138
Purchase consideration	**14,914**

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

a) Acquired receivables

The gross and fair value of the trade receivables acquired amounted to $0.2 million. None of the trade receivables were subsequently impaired.

b) Goodwill

The goodwill of $13.1 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 was agreed being 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. This was subsequently paid in July 2014.

Purchase consideration – cash outflow

Outflow of cash to acquire subsidiary, net of cash acquired	**$'000**
Cash consideration	13,414
Less: balances acquired	(183)
Outflow of cash [1]	**13,231**

[1] Payments for business acquisitions during the year total $17.9 million after the acquisition of Attico.it for $4.7 million (€3.1 million in local currency).

d) Acquisition related costs

Acquisition-related costs of $0.1 million included in operations and administration expense in the REA Group profit or loss and in operating cash flows in the statement of cash flows.

e) Contribution to P&L

From the date of acquisition, 1Form has contributed $24 thousand of revenue and a $0.4 million reduction to the profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been $0.5 million and the profit before tax from continuing operations for the Group would have been a $0.3 million loss.

7. Expenses

Profit before income tax includes the following specific expenses:	**2014** **$'000**	2013 $'000
Employee benefits		
Salary costs	**94,034**	77,041
Defined contribution superannuation expense	**9,191**	7,280
Share-based payments	**1,154**	787
Total employee benefits	**104,379**	85,108
Finance (income)/costs		
Interest income	**(9,299)**	(9,279)
Interest paid	**-**	34
Total finance (income)	**(9,299)**	(9,245)
Expenses		
Depreciation of plant and equipment	**3,836**	3,429
Amortisation	**17,372**	15,241
Minimum lease payments	**4,138**	3,530
Loss on disposal of plant and equipment	**-**	27
Net foreign exchange loss/(gain)	**500**	(214)

Total employee benefits expensed is inclusive of:

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave due to be settled within 12 months of the reporting date are recognised in other payables or provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Short term incentive plans

The Group recognises a liability and an expense for bonuses payable under short term incentive plans. Short term incentive plans are based on the achievement of targeted performance levels set at the beginning of each financial year. The Group recognises a liability to pay out short term incentives when contractually obliged based on the achievement of the stated performance levels, or where there is a past practice that has created a constructive obligation.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted at present value.

(v) Share-based payments

Refer to Note 19 for a description of share-based payments.

8. Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Where there are current and deferred tax balances attributable to amounts recognised directly in equity, these are also recognised directly in equity.

Tax consolidation legislation

The Company and its wholly owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2006.

The head entity, REA Group Limited and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, REA Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details about the tax funding agreement are disclosed in Note 22.

(a) Income tax expense	**2014**	2013
	$'000	$'000
Current tax	**64,868**	45,620
Adjustments for current tax of prior periods	**(861)**	(404)
Deferred tax	**(1,153)**	(454)
Adjustments for deferred tax of prior periods	**462**	-
Aggregate income tax expense	**63,316**	44,762

(b) Numerical reconciliation of income tax expense to prima facie tax payable	**2014**	2013
	$'000	$'000
Profit from continuing operations before income tax expense	**213,197**	154,508
Tax at the Australian tax rate of 30% (2013: 30%)	**63,959**	46,352
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Effect of foreign tax rate	**154**	(168)
Foreign subsidiary losses not recognised in the Group	**1,172**	99
Foreign subsidiary losses utilised by the Group	**(28)**	(272)
Losses utilised – release of DTA	**32**	-
Long term incentive plan	**(19)**	80
Research and development tax deduction	**(2,432)**	(1,565)
Prior year adjustments including premium research and development claim	**(399)**	(404)
Other	**877**	640
Aggregate income tax expense	**63,316**	44,762

(c) Amounts recognised directly in equity	**2014**	2013
	$'000	$'000
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Current tax – credited directly to equity	**(8)**	(30)
Net deferred tax – credited directly to equity	**1,710**	(298)
	1,702	(328)

(d) Summary of deferred tax	**2014**	2013
	$'000	$'000
The balances comprise temporary differences attributable to:		
Tax losses	**428**	428
Employee benefits	**2,077**	1,642
Doubtful debts	**384**	384
Accruals and other	**2,270**	1,460
Intangible assets	**(3,659)**	(3,403)
Available-for-sale financial assets	**(2,324)**	-
	(824)	511
Reflected in the consolidated statement of financial position as follows:		
Deferred tax assets	**5,159**	3,914
Deferred tax liabilities	**(5,983)**	(3,403)
	(824)	511
Movements:		
Opening balance	**511**	(140)
Credited to the income statements	**691**	454
(Debited)/credited to equity	**(1,710)**	197
Deferred taxes on acquisition of subsidiary	**(297)**	-
Exchange differences	**(19)**	-
	(824)	511
Deferred tax assets expected to be recovered within 12 months	**4,340**	3,382
Deferred tax assets expected to be recovered after more than 12 months	**819**	532
Deferred tax liabilities expected to be payable within 12 months	**(432)**	(216)
Deferred tax liabilities expected to be payable after more than 12 months	**(5,551)**	(3,187)
	(824)	511

(e) Unrecognised temporary differences

The group has unused tax losses for which no deferred tax asset has been recognised of $20.0 million (2013: $19.1 million) on the basis that it is not probable that the group will derive future assessable income of a nature and amount sufficient to enable the temporary difference to be realised.

9. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of less than three months and are subject to an insignificant risk of change in value.

For cash flow statements presentation purposes, cash and cash equivalents are as defined above, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(a) Cash and short term deposits	**2014**	2013
	$'000	$'000
Cash at bank and in hand	**22,212**	11,631
Short term deposits	**231,576**	245,713
	253,788	257,344

(b) Cash flow reconciliation	**2014**	2013
	$'000	$'000
Profit for the year	**149,881**	109,746
Depreciation and amortisation	**21,208**	18,670
Long Term Incentive plan expense	**1,154**	787
Net loss/(gain) on exchange differences	**500**	(214)
Loss on disposal of fixed assets	**-**	27
Share-based payment on settlement of LTI Plan	**(1,542)**	(964)
Other non-cash items	**(6)**	(64)
Change in operating assets and liabilities		
(Increase) in trade receivables	**(9,237)**	(10,969)
(Increase) in other current assets	**(2,820)**	(692)
(Increase) in deferred tax assets	**(1,245)**	(672)
(Increase) in other non-current assets	**(851)**	-
Increase in trade and other payables	**9,151**	10,828
Adjust for increase in other payables resulting from deferred consideration	**(1,500)**	-
Increase in other current liabilities	**6,325**	6,682
Increase in provisions	**1,919**	2,604
Increase in deferred tax liabilities (charged to the income statement)	**256**	218
Increase in current tax liabilities	**10,388**	9,190
Net cash inflow from operating activities	**183,581**	145,177

10. Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Trade receivables are generally due for settlement between 15 – 45 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows.

The amount of the impairment loss is recognised in the income statements within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statements.

Reflected in the consolidated statement of financial position as follows:	**2014**	2013
	\$'000	\$'000
Current	**66,188**	54,131
Non-current	**851**	-
	67,039	54,131

	2014	2013
	\$'000	\$'000
Trade receivables (a)	**66,473**	55,238
Provision for impairment of receivables (b)	**(6,358)**	(4,360)
	60,115	50,878
Current prepayments	**3,615**	1,578
Non-current prepayments	**851**	-
Other receivables (c)	**2,458**	1,675
	67,039	54,131

(a) Ageing of trade receivables	**2014**	2013
	$'000	$'000
Not due	**49,902**	40,888
1-30 days past due not impaired	**6,649**	5,607
31-60 days past due not impaired	**1,272**	1,401
61+ days past due not impaired	**2,292**	2,982
Considered impaired	**6,358**	4,360
	66,473	55,238

(b) Impaired trade receivables

As at 30 June 2014 the amount of the provision was $6.4 million (2013: $4.4 million). The individually impaired receivables mainly relate to customers which are in unexpectedly difficult economic situations.

Movements in the provision for impairment of receivables are as follows:

	2014	2013
	$'000	$'000
At 1 July	**(4,360)**	(4,278)
Provision for impairment recognised during the year	**(3,772)**	(3,182)
Receivables written off during the year as uncollectible	**1,774**	3,100
At 30 June	**(6,358)**	(4,360)

(c) Other receivables

The other receivables balance is mainly attributable to accrued interest.

(d) Risk

Information about the Group's exposure to foreign currency, interest rate and credit risk in relation to trade and other receivables is provided in Note 3.

11. Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

- Leasehold improvements - the lease term
- Plant and equipment – over 2 to 10 years

The assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate, at each financial year end. Assets other than goodwill and intangible assets that have an indefinite useful life are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset is written down immediately if its carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

	Plant and equipment $'000	**Leasehold improvements $'000**	**Total $'000**
Year ended 30 June 2014			
Opening net book amount	**6,965**	**1,383**	**8,348**
Exchange differences (net)	**18**	**10**	**28**
Additions	**3,782**	**1,511**	**5,293**
Transfer	**(358)**	**-**	**(358)**
Disposals (net of accumulated depreciation)	**(72)**	**-**	**(72)**
Depreciation charge	**(3,211)**	**(625)**	**(3,836)**
Closing net book amount	**7,124**	**2,279**	**9,403**
At 30 June 2014			
Cost	**16,127**	**3,620**	**19,747**
Accumulated depreciation	**(9,003)**	**(1,341)**	**(10,344)**
Net book amount	**7,124**	**2,279**	**9,403**
Year ended 30 June 2013			
Opening net book amount	4,715	937	5,652
Exchange differences (net)	42	60	102
Additions	5,293	813	6,106
Disposals (net of accumulated depreciation)	(80)	(3)	(83)
Depreciation charge	(3,005)	(424)	(3,429)
Closing net book amount	6,965	1,383	8,348
At 30 June 2013			
Cost	17,253	2,099	19,352
Accumulated depreciation	(10,288)	(716)	(11,004)
Net book amount	6,965	1,383	8,348

12. Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. Each of those cash generating units represents the Group's investment in each country of operation by each primary reporting segment, refer Note 5.

(ii) IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis generally over 3 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

(iii) Customer lists / domain names / brand names / advertising relationships

When these assets are acquired as part of a business combination they are recognised separately from goodwill. The assets are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which currently vary from 5 to 10 years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

	Goodwill	Software [1]	Customer contracts	Total
	$'000	$'000	$'000	$'000
Year ended 30 June 2014				
Opening net book amount	**43,038**	**26,441**	**1,547**	**71,026**
Additions	**-**	**20,930**	**-**	**20,930**
Acquisition of subsidiaries (Note 6)	**13,138**	**1,574**	**572**	**15,284**
Other business combinations [2]	**358**	**2,194**	**2,149**	**4,701**
Disposals (net of amortisation)	**-**	**(286)**	**-**	**(286)**
Amortisation charge	**-**	**(16,461)**	**(911)**	**(17,372)**
Transfer	**-**	**358**	**-**	**358**
Exchange differences	**333**	**(11)**	**-**	**322**
Closing net book amount	**56,867**	**34,739**	**3,357**	**94,963**
At 30 June 2014				
Cost	**56,867**	**86,440**	**10,807**	**154,114**
Accumulated amortisation and impairment	**-**	**(51,701)**	**(7,450)**	**(59,151)**
Net book amount	**56,867**	**34,739**	**3,357**	**94,963**
Year ended 30 June 2013				
Opening net book amount	40,506	25,692	1,925	68,123
Additions	-	15,731	-	15,731
Disposals (net of amortisation)	-	(305)	-	(305)
Amortisation charge	-	(14,705)	(536)	(15,241)
Exchange differences	2,532	28	158	2,718
Closing net book amount	43,038	26,441	1,547	71,026
At 30 June 2013				
Cost	43,038	61,467	8,018	112,523
Accumulated amortisation and impairment	-	(35,026)	(6,471)	(41,497)
Net book amount	43,038	26,441	1,547	71,026

1 Software includes capitalised development costs being an internally generated intangible asset.
2 Acquisition of Attico.it in November 2013

(b) Impairment tests for goodwill

The carrying amount of goodwill acquired through business combinations has been allocated to three individual cash generating units (CGU) for impairment testing as follows:

	2014	2013
	$'000	$'000
Australia	**36,426**	23,289
Italy	**15,551**	14,942
Other - International	**4,890**	4,807
Total	**56,867**	43,038

Australia

The recoverable amount of this unit has been determined based on a value in use calculation using cash flow projections based on financial forecasts approved by senior management covering a five year period. The pre-tax discount rate applied to cash flow projections 12.6% (2013: 14.2%) and cash flows beyond the five year period are extrapolated using a growth rate of 3.4% (2013: 2.5%).

Italy

The recoverable amount of this unit has been determined based on a value in use calculation using cash flow projections based on financial forecasts approved by senior management covering a ten year period. Cash flows are projected over a ten year period to appropriately reflect the current economic conditions in Europe and the growth profile of the business. The pre-tax discount rate applied to cash flow projections is 17.9% (2013: 22.2%) and cash flows beyond the ten year period are extrapolated using a growth rate of 2.1% (2013: 1.8%).

Other - International

The recoverable amount of this unit has been determined based on a value in use calculation using cash flow projections based on financial forecasts approved by senior management covering a five year period. The pre-tax discount rate applied to cash flow projections is 12.0% (2013: 13.4%) and cash flows beyond the five year period are extrapolated using a growth rate of 2.3% (2013: 2.0%).

(c) Key assumptions used for value in use calculations

The calculation of value in use for each CGU is most sensitive to the following assumptions:

Discount rates represent the current market specific to each CGU, taking into consideration the time value of money and individual risks that have not been incorporated in the cash flow estimates. The discount rate calculation is based off specific circumstances of the Group and the operating segment and is derived from its weighted average cost of capital (WACC). Segment specific risk is incorporated by applying additional regional risk factors. The WACC is evaluated annually based on publically available market data.

Growth rate estimates are based on industry research and publically available market data. The rates used to extrapolate the cash flows beyond the budget period includes an adjustment to current market rates where required to approximate a reasonable long term average growth rate.

Real estate industry conditions impact assumptions including volume of real estate transactions, number of real estate agencies and new development project spend. Assumptions are based on research and publically available market data.

(d) Sensitivity to changes in assumptions

For all CGUs, there is no reasonably possible change in a key assumption used to determine the recoverable amount that would result in impairment.

13. Financial assets

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets, refer Note 10.

Available-for-sale financial investments include equity investments that are neither classified as held for trading nor designated at fair value through profit or loss. After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income through the available-for-sale reserve until the investment is de-recognised, at which time the cumulative gain or loss is recognised in other operating income.

The Group assesses at each reporting date whether there is objective evidence that an available-for-sale investment is impaired. If the investment is determined to be impaired the cumulative loss is reclassified from the available-for-sale reserve to the statement of profit or loss.

A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets is de-recognised when:

- The rights to receive cash flows from the asset have expired;
- The group retains the right to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Available-for-sale investments at fair value through OCI	**2014**	2013
	$'000	$'000
Marketable securities	**88,216**	-

The Group purchased a minority interest in marketable securities for AUD $80.5 million cash payment. Subsequent to year end, the Board has determined to dispose of these securities.

The Group has investments in listed equity securities. Fair values of these securities are determined by reference to published price quotations in an active market.

Dividends from quoted equity investments recognised during the period were nil (2013: nil).

14. Trade and other payables

Trade and other payables are carried at amortised cost and are not discounted. These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition.

	2014	2013
	$'000	$'000
Trade payables	**9,974**	9,016
Accrued expenses	**25,493**	19,184
Other payables	**5,347**	3,463
	40,814	31,663

Information regarding the effective interest rate and credit risk of current payables is set out in Note 3.

15. Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Employee benefits expenses and provisions are disclosed in Note 7.

Provision for make good obligations are recognised when the Group has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

The liability for employment severance indemnity is an Italian employee benefit obligation and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to annual salaries and is revalued (indexed) annually. The provision decreases at each resignation/termination for the amount accrued during the service period.

	2014	2013
	$'000	$'000
Current provisions		
Employee benefits	**5,417**	4,503
Rental lease incentive	**43**	43
Make good provision	**1,134**	-
Total current provisions	**6,594**	4,546
Non-current provisions		
Employee benefits	**1,120**	870
Employment severance indemnity	**1,961**	1,502
Rental lease incentive	**97**	141
Make good provision	**182**	905
Other provisions	**-**	71
Total non-current provisions	**3,360**	3,489

The current provision for employee benefits includes all accrued annual leave and long service leave which is expected to be used within the next 12 months.

(a) **Movement**	**Rental lease incentive** **$'000**	**Make good provision** **$'000**	**Total** **$'000**
Balance at 1 July 2013	**184**	**905**	**1,089**
Additional provisions recognised	**-**	**411**	**411**
Amounts used during the year	**(44)**	**-**	**(44)**
Balance at 30 June 2014	**140**	**1,316**	**1,456**
Current	**43**	**1,134**	**1,177**
Non-Current	**97**	**182**	**279**

16. Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

	2014 **Shares**	2013 Shares
Ordinary shares	**131,714,699**	131,714,699

(a) **Movement**	**Contributed equity** **$'000**	**Other contributed equity** **$'000**	**Total** **$'000**
Balance at 1 July 2013	**102,603**	**(129)**	**102,474**
Settlement of vested performance rights	**-**	**(399)**	**(399)**
Balance at 30 June 2014	**102,603**	**(528)**	**102,075**
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

(b) Capital risk management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

The Group's Dividend Policy provides scope for the Board to determine whether to pay a dividend, the timing and the amount of any dividend payment. The Board bases its decision on existing financial data, forecasts and existing growth projections.

At 30 June 2014, the Group is in a positive net cash position and has no borrowings or outstanding bank facilities. Therefore, the gearing ratios as at 30 June 2014 and 2013 are nil. The Group is not subject to externally imposed capital requirements.

(c) Settlement of LTI Plan

The settlement of the LTI Plan during the year ended 30 June 2014 was performed through purchase of the shares directly from market, not issuing of shares. Refer to Note 19 for more details of LTI Plans.

17. Reserves

(a) Movements	Share-based payments reserve $'000	Foreign currency translation reserve $'000	Available-for-sale reserve $'000	Business combination reserve $'000	Total $'000
Balance at 1 July 2013	**1,458**	**(4,256)**	**-**	**(5,999)**	**(8,797)**
Other comprehensive income:					
Foreign currency translation differences	**-**	**468**	**-**	**-**	**468**
Gain on available-for-sale financial assets, net of tax	**-**	**-**	**5,423**	**-**	**5,423**
Total other comprehensive income	**-**	**468**	**5,423**	**-**	**5,891**
Transactions with owners in their capacity as owners					
Share-based payments expense	**1,154**	**-**	**-**	**-**	**1,154**
Settlement of vested performance rights	**(521)**	**-**	**-**	**-**	**(521)**
Balance at 30 June 2014	**2,091**	**(3,788)**	**5,423**	**(5,999)**	**(2,273)**

	Share-based payments reserve $'000	Foreign currency translation reserve $'000	Available-for-sale reserve $'000	Business combination reserve $'000	Total $'000
Balance at 1 July 2012	1,022	(6,784)	-	(5,999)	(11,761)
Other comprehensive income:					
Foreign currency translation differences	-	2,528	-	-	2,528
Total other comprehensive income	-	2,528	-	-	2,528
Transactions with owners in their capacity as owners					
Share-based payments expense	787	-	-	-	787
Settlement of vested performance rights	(351)	-	-	-	(351)
Balance at 30 June 2013	1,458	(4,256)	-	(5,999)	(8,797)

(b) Nature and purpose of reserves

Share-based payments reserve

This amount represents the value of the grant of rights to executives under the Long Term Incentive Plans and other compensation granted in the form of equity. The amounts are transferred out of the reserve when the rights vest and the shares are purchased on market. Refer to Note 19.

Currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of its overseas subsidiaries.

Available-for-sale Reserve

The available-for-sale reserve is used to record changes in the fair value of available-for-sale financial assets.

Business Combination Reserve

This amount is the result of the change in Sky Italia's non-controlling interest from 34% to 30.6% (30 April 2008) with the remaining 30.6% being acquired in December 2011. Sky Italia is a subsidiary of 21st Century Fox.

18. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the company, on or before the end of the reporting period but not distributed at the end of the reporting period.

(a) Dividends declared or paid

The following dividends were declared or paid by the Group:

2014	**Per share**	**Total amount $'000**	**Franked[1]**	**Payment date**
2013 Final	**25.5 cents**	**33,587**	100%	24 September 2013
2014 Interim	**22.0 cents**	**28,977**	100%	18 March 2014
Total		**62,564**		

2013	**Per share**	**Total amount $'000**	**Franked[1]**	**Payment date**
2012 Final	20.5 cents	27,003	100%	27 September 2012
2013 Interim	16.0 cents	21,074	100%	20 March 2013
Total		48,077		

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

(b) Dividends not recognised at year end

On release of the 2014 accounts, the Directors declared a final ordinary dividend for 2014 of $46.1 million (35 cents per share fully franked) to be paid on 25 September 2014 out of retained earnings as at 30 June 2014. The final dividend has not been recognised in the financial statements for the year ended 30 June 2014, but will be in subsequent financial statements. The impact on the franking account is disclosed in Note (c).

(c) Franked dividends

The franked portions of the final dividends recommended after 30 June 2014 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2014.

	2014 $'000	2013 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2013: 30%)	**139,423**	109,317

The above amounts represent the balance of the franking account as at the end of the financial year net of tax refunds received, adjusted for franking credits that will arise from the payment of the amount of the provision for income tax.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

The impact on the franking account of the dividend recommended by the Directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of $19.8 million (2013: $14.4 million).

19. Share-based payments

The Group provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date). At each subsequent reporting date until vesting, the cumulative charge to the income statement is in accordance with the vesting conditions.

Equity settled awards granted by the Company to employees of subsidiaries are recognised in the subsidiaries' separate financial statements as an expense with a corresponding credit to equity. As a result, the expense recognised by the Group is the total expense associated with all such awards. Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated.

(a) Long Term Incentive Plan

The Group has a Long Term Incentive Plan for executives identified by the Board. The plan is based on the grant of performance rights that vest into shares on a one-to-one basis at no cost to the employee subject to performance hurdles. Settlement of the performance rights is made in ordinary shares purchased on market.

The performance measures approved by the Board are based upon Group revenues and EPS for all executives responsible for the Group.

If the executive leaves during or before the performance period due to illness, redundancy or death, the Board has discretion to allow any granted rights to vest, which otherwise will lapse. If the executive leaves due to other reasons, the granted rights may be forfeited at the Board's discretion.

Plan	Performance period end date	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited/ cancelled during the year Number	Balance at end of the year Number
LTI Plan 2013 (Plan 4)	1 July 2013	52,157	-	(52,157)	-	-
LTI Plan 2014 (Plan 5)	1 July 2014	75,560	5,209 [1]	-	(15,216)	65,553
LTI Plan 2015 (Plan 6)	1 July 2015	73,562	-	-	(35,218)	38,344
LTI Plan 2016 (Plan 7)	1 July 2016	-	69,863	-	(31,398)	38,465
Total		**201,279**	**75,072**	**(52,157)**	**(81,832)**	**142,362**

1 These performance rights were granted as a result of combined average of 115% over-performance of hurdles rates on the LTI Plan 2014

Rights are vested after the performance period. The LTI Plan 2014 rights performance period ends at the end of the year and they will vest upon approval by the Board in August 2014. In case of under or over performance the eligible rights will be adjusted as per below:

Payment Scale

Target achieved	% LTIP to be paid
<70%	None
70% - 100%	70% - 100% vesting
100% - 105%	100% vesting
>105% - 120%	>105% - 120% vesting
>120%	120% vesting

As all other performance periods lie in the future, no performance rights are exercisable (or have been exercised) at balance date. The tables below show the number of performance rights granted at grant date.

Plan	Grant Date	Performance Period	Vesting date (and earliest exercise date)	Number of rights granted	Value of rights as at grant date
LTI Plan 2014 (Plan 5)	1 July 2011	2014	1 July 2014	92,659	$1,029,441
LTI Plan 2015 (Plan 6)	1 July 2012	2015	1 July 2015	77,433	$1,039,925
LTI Plan 2016 (Plan 7)	1 July 2013	2016	1 July 2016	69,863	$1,757,762

The fair value of each performance right is estimated on the grant date using the Black Scholes model.

The plan hurdles for the LTI Plan 2014 have been met or exceeded as noted in the rights granted during the year for LTI Plan 2014 (Plan 5). Refer to section 6.4 of the Remuneration report.

Plan	Value per right at grant date[1]	Exercise price	Expected volatility	Risk-free interest rate	Expected life of performance rights
LTI Plan 2013 (Plan 4)	$9.99	$0.00	40.5%	4.409%	38 months
LTI Plan 2014 (Plan 5)	$11.11	$0.00	35.0%	4.838%	38 months
LTI Plan 2015 (Plan 6)	$13.43	$0.00	25.7%	2.395%	38 months
LTI Plan 2016 (Plan 7)	$25.16	$0.00	30.0%	2.81%	38 months

1 The value per right at grant date and the weighted average fair value per right.

The Black Scholes model used to value the rights at grant date required the following inputs:

- The dividend yield in the LTI Plan 2016 of 2.00% (2013: 2.31%) applied reflects the fact that the Group only started paying dividends in 2009 and that the expected life of the right is up to the vesting date
- The share price at grant date for the LTI Plan 2016 was $25.70 (2013: $13.71)
- The expected volatility is based on the Group's historic volatility and is designed to be indicative of future trends, which may also not be the actual future outcome.

(b) Retention share plan

During the year the Board introduced a long term retention share plan. The retention share plan rights were granted on the 12th February 2014 with 60% of the rights to vest two years after grant date and the remaining 40% to vest three years after grant date. The share rights automatically convert into one ordinary share at an exercise price of nil. The number of share rights granted was determined based on the dollar value of the retention plan divided by the weighted average price using a 5 day volume weighted average price (“VWAP”) leading up to the date of grant. Refer to section 6.5 of remuneration report for further details.

Grant Date	Weighted average price of rights at grant date	Vesting date 60%	Vesting date 40%	Number of rights granted	Value of rights as at grant date
12 February 2014	$45.69	12 February 2016	12 February 2017	32,829	$1,499,957

The long term retention share plan is subject to satisfactory individual performance and will be forfeited if the executive resigns or is terminated for cause or performance related issues prior to the vesting date. There were no other rights granted or forfeited during the year.

The long term incentive and other compensation plans resulted in a net share-based compensation expense of $1.2 million (2013: $0.8 million).

(c) Share option plan

The Company also operates an annual Exempt Employee Share Plan. The terms of the Plan enable eligible employees to contribute $850 per annum from their before-tax salary by way of a salary sacrifice to acquire Shares in the Company. The contributed amount is deducted from their monthly pay in equal amounts over the twelve month period. The Company then contributes a bonus $150 per annum to the Plan on behalf of the participating employee.

Employees are eligible to participate in the Plan if they are a permanent full time or permanent part-time employee of the Group in Australia and have passed their probation period as at the Invitation Date and they are an Australian resident for tax purposes.

The shares acquired under the Plan are designed to be income tax-free upon initial acquisition provided the participating employee's adjustable taxable income for the year (which includes reportable fringe benefits, reportable superannuation contributions and negative gearing losses) is under the tax office's threshold (in 2014 it was $180 thousand or less). There is a three-year restriction period on selling, transferring or otherwise dealing with the Exempt Shares while the participating employee remains an employee of the Group.

20. Commitments and Contingencies

(a) Contingent liabilities

(i) Claims

Various claims arise in the ordinary course of business against REA Group Limited and its subsidiaries. The amount of the liability (if any) at 30 June 2014 cannot be ascertained, and the REA Group Limited entity believes that any resulting liability would not materially affect the financial position of the Group.

(ii) Guarantees

At 30 June 2014, the Group had bank guarantees totalling $1.6 million (2013: $1.6 million) in respect of various property leases for offices used by the Group. No liability is expected to arise.

Post 30 June 2014, the Group has entered into new bank guarantees totalling $4.4 million in respect of the group's property leases. No liability is expected to arise.

(b) Lease commitments

(i) Non-cancellable operating leases

Leases of plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The Group does not have any finance leases.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statements on a straight-line basis over the period of the lease.

The Group has entered into commercial leases for office property and motor vehicles. These leases have remaining lives ranging from 4 months up to 87 months. There are no restrictions placed upon the lessee by entering into these leases. Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease. Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2014	2013
	$'000	$'000
Within one year	**4,233**	3,763
Later than one year but not later than five years	**11,499**	11,088
Greater than five years	**4,208**	5,315
	19,940	20,166

(ii) Finance Leases

The Group has no finance leases at 30 June 2014 (2013: nil)

(c) Other commitments

Other commitments relating to contracts entered into by the Group are as follows:

	2014	2013
	$'000	$'000
Within one year	**3,849**	2,522
Later than one year but not later than five years	**3,799**	4,066
Greater than five years	**-**	-
	7,648	6,588

(d) Capital commitments

At 30 June 2014 the Group had $8.8 million of capital commitments in respect of the Group's property leases (2013: nil).

21. Related party disclosures

(a) Parent entities

The parent entity within the Group is REA Group Limited. The ultimate parent entity of the Group is News Corp, a resident of the United States of America, who owns 61.6% of REA Group Limited via its wholly owned subsidiary News Corp Australia. News Corp is listed on the New York Stock Exchange.

(b) Transactions with related parties

(i) Sales of goods and services

During the year, the Group sold residential subscription, other advertising products and training sponsorships at arm's length terms, normal terms and conditions to the franchisees and offices of the John McGrath Estate Agents (a Director-related entity).

(ii) Purchases of goods and services

During the year, the Group utilised advertising and support services of News Corp Australia of $0.4 million (2013: $0.2 million) on commercial terms and conditions. Apart from these purchases, News Corp Australia promoted the Group by displaying the realestate.com.au logo at no charge in its real estate section of selected print publications. News.com.au and its sister sites (all owned by News Corp Australia) and realestate.com.au have in place cross promotion arrangements (reciprocal link exchanges) at no charge.

(iii) Other transactions

During the year the Group paid dividends of $38.5 million (2013:$29.6 million) to News Corp Australia in cash.

During the year the Group paid a management fee to News Corp Australia of $0.3 million (2013: $0.3 million). Additionally, during the year, insurance premiums of $0.2 million (2013: $0.1m) were paid to News Corp Australia. Also, payroll tax on LTIP assessed under News Corp Australia of $0.1 million was recharged back to the Group (2013: nil).

(c) Transactions with key management personnel

For a list of key management personnel and additional disclosures, refer to the Remuneration report.

(i) Compensation of key management personnel of the Group

	2014	2013
	$	$
Short-term employee benefits	**5,040,003**	3,776,119
Post-employment benefits	**142,987**	91,476
Long term employee benefits	**31,592**	28,289
Termination benefits	**419,920**	-
Long Term Incentive Plan (LTIP)	**(141,314)**	551,852
	5,493,188	4,447,736

(ii) Performance right holdings of key management personnel

The numbers of performance rights in the company held during the financial year by key management personnel of the Group, including their personally related parties, are set out below.

Plan	**Balance at 1 July 2013**	**Granted as remuneration**	**Rights exercised**	**Net change other#**	**Balance at 30 June 2014**
LTI Plan 2013 (Plan 4)	35,245	-	(35,245)	-	**-**
LTI Plan 2014 (Plan 5)	59,179	2,727	-	(15,216)	**46,690**[1]
LTI Plan 2015 (Plan 6)	59,565	-	-	(35,218)	**24,347**
LTI Plan 2016 (Plan 7)	-	55,359	-	(31,398)	**23,961**
Retention share plan	-	21,886	-	-	**21,886**

includes forfeitures

1 Vesting subject to Board approval and exercisable at 30 June 2014

(iii) Other transactions with key management personnel

Other than performance rights granted under the LTI Plan and the Retention Share Plan (Note 19) noted above, there are no other options or rights over shares held by key management personnel.

(d) Investment in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries of REA Group Limited as at 30 June 2014 in accordance with the accounting policy described in Note 2(b):

Name of entity	Country of incorporation	Equity interest		Investment	
		2014	2013	**2014**	2013
		%	%	**$'000**	$'000
realestate.com.au Pty Ltd	Australia	**100**	100	**31,495**	31,495
• 1Form Online Pty Ltd	Australia	**100**	-	**-**	-
• Media Cell Pty Ltd (previously HomeGuru)	Australia	**56.2**	56.2	**-**	-
o Ozhomevalue Pty Ltd[1]	Australia	**56.2**	56.2	**-**	-
Property.com.au Pty Ltd	Australia	**100**	100	**-**	-
Property Look Pty Ltd	Australia	**100**	100	**-**	-
Hub Online Global Pty Ltd.	Australia	**100**	100	**-**	-
• Web Effect Int. Pty Ltd	Australia	**100**	100	**-**	-
Homesite (NL/HIA JV Pty Ltd)	Australia	**100**	100	**-**	-
REA Group Hong Kong Limited	Hong Kong	**100**	100	**131**	131
• Square Foot Limited	Hong Kong	**100**	100	**-**	-
• Primedia Limited	Hong Kong	**100**	100	**-**	-
• REA Group Consulting (Shanghai) Co. Ltd	China	**100**	-	**-**	-
REA Group Europe Limited	UK	**100**	100	**57,542**	57,542
• REA Italia Srl	Italy	**100**	100	**-**	-
• Casa.it Srl	Italy	**100**	100	**-**	-
• atHome Group S.A.	Luxembourg	**100**	100	**-**	-
• REA Group European Production Centre S.A.	Luxembourg	**100**	100	**-**	-
• atHome International S.A.	Luxembourg	**100**	100	**-**	-
				89,168	89,168

1. Ozhomevalue Pty Ltd is 100% owned by Media Cell Pty Ltd (previously HomeGuru)

(i) Deed of Cross Guarantee

Pursuant to ASIC Class Order 98/1418, relief has been granted to realestate.com.au Pty Limited from the *Corporations Act 2001* requirements for the preparation, audit and lodgement of its financial statements.

As a condition of the Class Order, REA Group Limited and realestate.com.au Pty Limited (the Closed Group) entered into a Deed of Cross Guarantee on 26 May 2009. The effect of the deed is that REA Group Limited guarantees to each creditor payment in full of any debt in the event of winding up of realestate.com.au Pty Limited under certain provisions or if it does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities have also given a similar guarantee in the event that REA Group Limited is wound up or if it does not meet its obligations under the terms of overdrafts, leases or other liabilities subject to the guarantee.

The summarised income statement, balance sheet and retained earnings of REA Group Limited and realestate.com.au Pty Limited as members of the Closed Group is as follows:

	2014 $'000	2013 $'000
Consolidated income statement		
Profit from continuing operations before income tax	**221,684**	152,160
Income tax expense	**(61,523)**	(43,447)
Profit for the year	**160,161**	108,713
Other comprehensive income		
Total comprehensive income for the year, net of tax	**160,161**	108,713
Summary of movements in consolidated retained earnings		
Retained earnings at beginning of the financial year	**241,791**	181,155
Dividends provided for or paid during the year	**(62,564)**	(48,077)
Retained earnings at end of the financial year	**339,388**	241,791

	2014 $'000	2013 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**249,407**	252,758
Trade and other receivables	**140,466**	45,940
Other current assets	**5,525**	2,336
Total current assets	**395,398**	301,034
Non-current assets		
Investments in subsidiaries	**98,676**	83,762
Plant and equipment	**7,314**	6,729
Intangible assets	**27,820**	24,138
Deferred tax assets	**5,133**	3,847
Total non-current assets	**138,943**	118,476
Total assets	**534,341**	419,510
LIABILITIES		
Current liabilities		
Trade and other payables	**28,162**	30,452
Current tax liabilities	**25,560**	16,030
Provisions	**5,406**	3,459
Other current liabilities	**27,162**	18,944
Total current liabilities	**86,290**	68,885
Non-current liabilities		
Deferred tax liabilities	**3,098**	2,914
Provisions	**1,399**	1,987
Total non-current liabilities	**4,497**	4,901
Total liabilities	**90,787**	73,786
Net assets	**443,554**	345,724
Contributed equity	**102,075**	102,474
Reserves	**2,091**	1,459
Retained earnings	**339,388**	241,791
Parent interest	**443,554**	345,724
Non-controlling interest	**-**	-
Total Equity	**443,554**	345,724

22. Parent entity financial information

Information relating to the parent entity, REA Group Limited	**2014**	2013
	$'000	$'000
Current assets	**312,718**	246,675
Non-current assets	**90,409**	90,063
Total assets	**403,127**	336,738
Current liabilities	**139,643**	50,140
Non-current liabilities	**-**	-
Total liabilities	**139,643**	50,140
Net assets	**263,484**	286,598
Contributed equity	**102,075**	102,474
Reserves	**1,541**	1,459
Retained earnings	**159,868**	182,665
Total shareholders' equity	**263,484**	286,598
Profit of the parent entity	**39,771**	81,837
Total comprehensive income of the parent entity	**39,771**	81,837

There were no contractual commitments or contingent liabilities by the parent entity for the acquisition of plant or equipment during the current financial year (2013: $nil).

For details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries refer to Note 20.

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the Company. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Tax consolidation legislation

The Company and its wholly-owned Australian controlled entities implemented the tax consolidation legislation. The head entity, REA Group Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone tax payer in its own right.

In addition to its own current and deferred tax amounts, REA Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate the Company for any current tax payable assumed and are compensated by the Company for any current tax receivable and deferred taxes relating to unused tax losses or unused tax credits that are transferred to REA Group Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable or payable to other entities in the group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(iii) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

23. Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(a) Earnings per share	**2014** **Cents**	2013 Cents
Basic earnings per share attributable to the ordinary equity holders	**113.7**	83.3
Diluted earnings per share attributable to the ordinary equity holders	**113.7**	83.3

The Group does not have discontinued operations as at 30 June 2014 (2013: Nil).

(b) Weighted average number of shares	**2014** **Shares**	2013 Shares
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**131,714,699**	131,714,699
Effect of share options on issue during the financial year	**-**	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**131,714,699**	131,714,699

Profit attributable to the ordinary equity holders of the company of $149.7 million (2013: $109.7 million) was used in calculating basic and diluted earnings per share.

There is no effect of the share options granted under the share-based payment plans (refer to Note 19) on the weighted average number of ordinary shares as shares are purchased on market. There is no material effect on future settlement of LTI Plans.

24. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2014 $	2013 $
(a) EY Australia		
Audit and review of financial statements	**361,800**	340,750
Taxation services	**233,250**	118,000
Other assurance services	**143,000**	-
Total remuneration of EY Australia	**738,050**	458,750
(b) Related practices of EY		
Audit and review of financial statements	**59,113**	68,493
Other assurance services	**4,433**	-
Total EY remuneration	**801,596**	527,243
(c) Non EY audit firms		
Audit and review of financial statements	**49,919**	77,577
Taxation services	**78,870**	65,196
Other assurance services	**28,630**	-
Total remuneration of non EY audit firms	**157,419**	**142,773**

25. Events after the balance sheet date

On 28 July 2014, the Group entered into a share sale agreement to purchase a 17.22% shareholding in the online property portal iProperty Group Limited (ASX: IPP) from SeLoger.com SA, for a total cash consideration of $106.3 million (31,283,140 shares at $3.40 per share). iProperty Group has online property advertising operations in Malaysia, Indonesia, Hong Kong, Macau and Singapore, as well as investments in India and the Philippines. As a result of this acquisition, REA Group will enter into discussions with iProperty Group to seek representation on the Board.

Since balance sheet date new market circumstances have arisen relating to a minority interest held in marketable securities. As a result, the Board determined to dispose of the available-for-sale (AFS) financial asset held in the Consolidated Statement of Financial Position of $88.2 million. The Group will realise a gain on disposal of the AFS financial asset in the Consolidated Income Statement however due to the timing of the disposal, the gain is unable to be precisely measured. The gain on disposal (net of tax) is expected to be in the range of $20.0 million to $22.0 million.

From the end of the reporting period to the date of this report, no matter or circumstance other than the above events, has arisen which has significantly affected the operations of the Group, the results of the operations or the state of affairs of the Group.

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes of the consolidated entity for the financial year ended 30 June 2014 set out on pages 34 to 82 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 30 June 2014 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

(b) Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board;

(c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

(d) the Directors have been given the declarations by the Interim Chief Executive Officer and Group Financial Controller required by section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2014; and

(e) as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 21 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

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

Hamish McLennan

Mr Hamish McLennan
Chairman

Mr Peter Tonagh
Executive Director & Interim Chief Executive Officer
Sydney
7 August 2014

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Independent auditor's report to the members of REA Group Limited

Report on the financial report

We have audited the accompanying financial report of REA Group Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated income statement , the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit 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.

Opinion

In our opinion:

a. the financial report of REA Group Limited is in accordance with the *Corporations Act 2001*, including:

    i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

    ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(a).

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of REA Group Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

David Petersen
Partner
Melbourne
7 August 2014