

25<sup>th</sup> August 2004

## ONLINE PROPERTY LEADER DELIVERS FIRST FULL YEAR OF PROFIT

The last 12 months has seen realestate.com.au deliver significant financial growth resulting in its first full year of profitability.

Highlights for the year ending 30 June 2004 include:

- Full year profit of \$2.47 million
- Revenues increased by 100.7% to \$19.1 million
- Total expenses (operating plus depreciation & amortisation) increased by only 50.4%
- Subscribing agents increased to 5,207 at 30 June 2004
- realestate.com.au acquired property.com.au, Australia's third most visited real estate portal, from RP Data Limited

According to Simon Baker, Chief Executive Officer of realestate.com.au, "We are extremely pleased with the exceptional growth of the business over the last 12 months. We have managed to double our revenues, keep costs under control and deliver our first full year of profit."

"A key driver in the company's success is the continued strong take up of subscriptions by real estate agents. At the end of the year, 5,207, or approximately two thirds of Australian real estate offices, had purchased a realestate.com.au subscription. This is clear recognition by the industry that realestate.com.au is the leading real estate site."

"The challenge for the next 12 months will be to continue to sign up of new agents while working closely with our existing customers to assist them and their vendors in gaining ever greater value from online advertising."

### Five Year Financial Summary

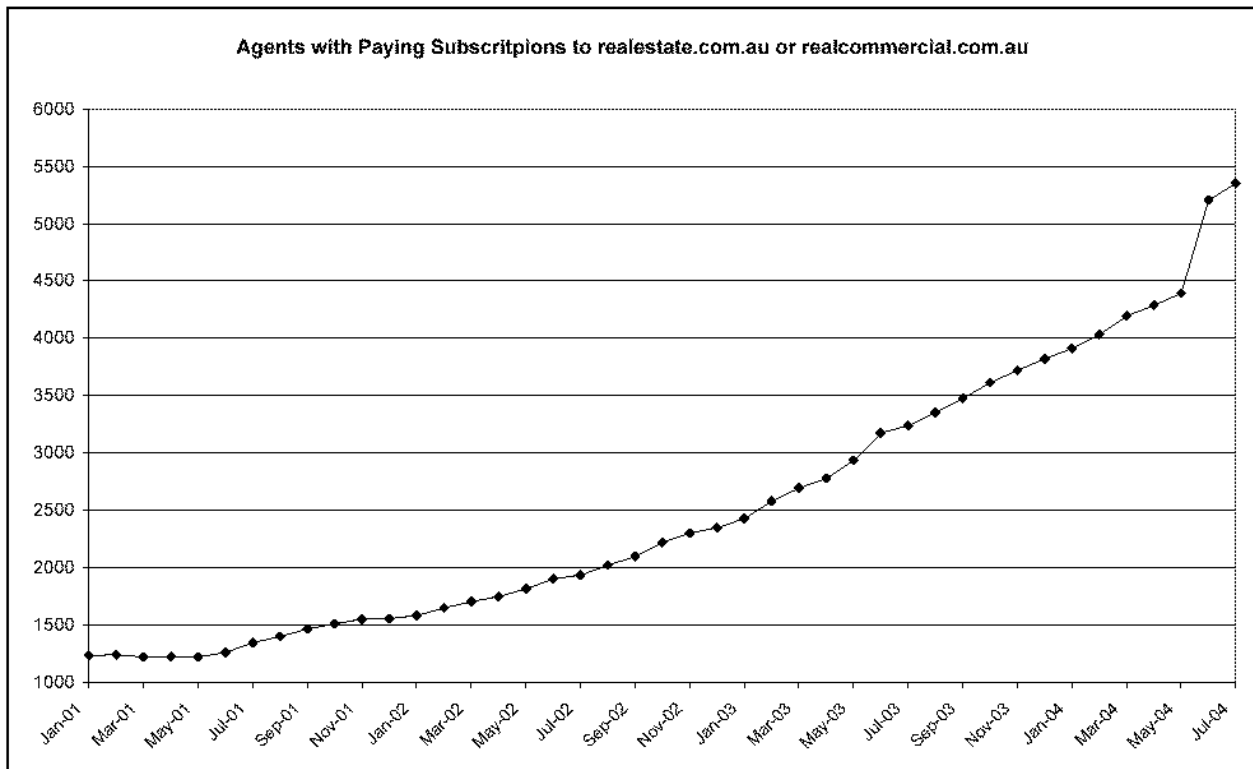
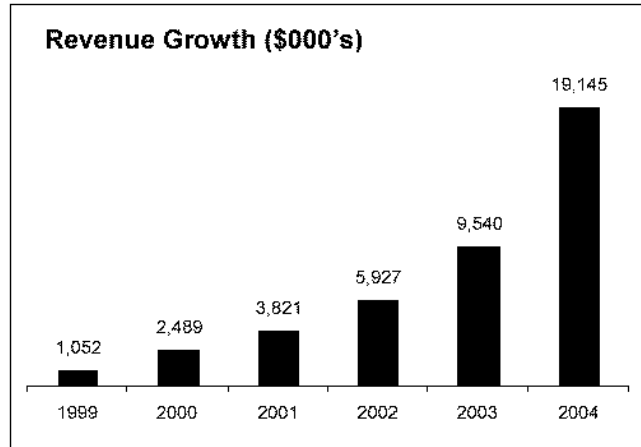
	Unit	2004	2003	2002	2001	2000
Revenue	\$'000	19,145	9,540	5,927	3,821	2,489
Operating Expenses	\$'000	(16,278)	(8,343)	(6,734)	(6,709)	(7,142)
EBITDA	\$'000	2,867	1,197	(807)	(2,888)	(4,653)
Depreciation & Amortisation	\$'000	(369)	(2,689)	(5,098)	(3,322)	(806)
Interest Expense	\$'000	(21)	(47)	(56)	(8)	(7)
Earnings Before Tax	\$'000	2,477	(1,539)	(5,961)	(6,218)	(5,466)
NPAT & abnormals	\$'000	2,477	(1,539)	(5,961)	(6,218)	(6,281)
Operating cash flow	\$'000	4,513	1,033	(165)	(3,487)	(3,712)
Closing cash position	\$'000	2,581	2,191	1,093	1,186	1,969
Total assets	\$'000	16,163	4,429	5,199	10,619	6,059
Total liabilities	\$'000	5,006	2,881	2,334	1,909	2,254
Net assets	\$'000	11,157	1,548	2,865	8,710	3,805
EPS (ordinary)	cents	2.6	(1.7)	(6.6)	(9.6)	(16.3)
EPS (diluted)	cents	2.4	(1.7)	(6.6)	(9.6)	(16.3)
Dividend		n.a.	n.a.	n.a.	n.a.	n.a.

## Revenue

During the financial year, realestate.com.au increased revenue by 100.7% to \$19.1 million.

This increase was primarily due to:

- A 64% increase in subscribing agents to 5,207 as at 30 June 2004 with approximately two thirds of Australian real estate agents now subscribing to realestate.com.au.
- An increase in agents purchasing platinum subscriptions to 42% of the customer base as at 30 June 2004.
- Strong adoption of additional advertising products by real estate agents. These products include feature properties, banner advertising, property of the week and eBrochures.
- A 93% growth in revenue from display advertising bought by non-real estate industry customers.



In June 2004, realestate.com.au acquired property.com.au, the third ranked real estate website in the market. This acquisition resulted in an additional 673 agents taking a paying subscription with realestate.com.au.

Real estate agents continue to purchase subscriptions with an increase in subscribers to 5,352 as at 31 July 2004.

## Expenses

While revenues increased by 100.7% over the year, total expenses increased by only 50.4% to \$16.7 million. This positive result was achieved through strong cost management and a focus on continuous cost improvement.

The key driver of total expenses continues to be employees with realestate.com.au increasing its staff from 60 at the end of June 2003 to 103 at the end of June 2004. The majority of new staff members are in sales and marketing positions allowing realestate.com.au to continue to sign up new agents while providing high quality service to our existing customer base.

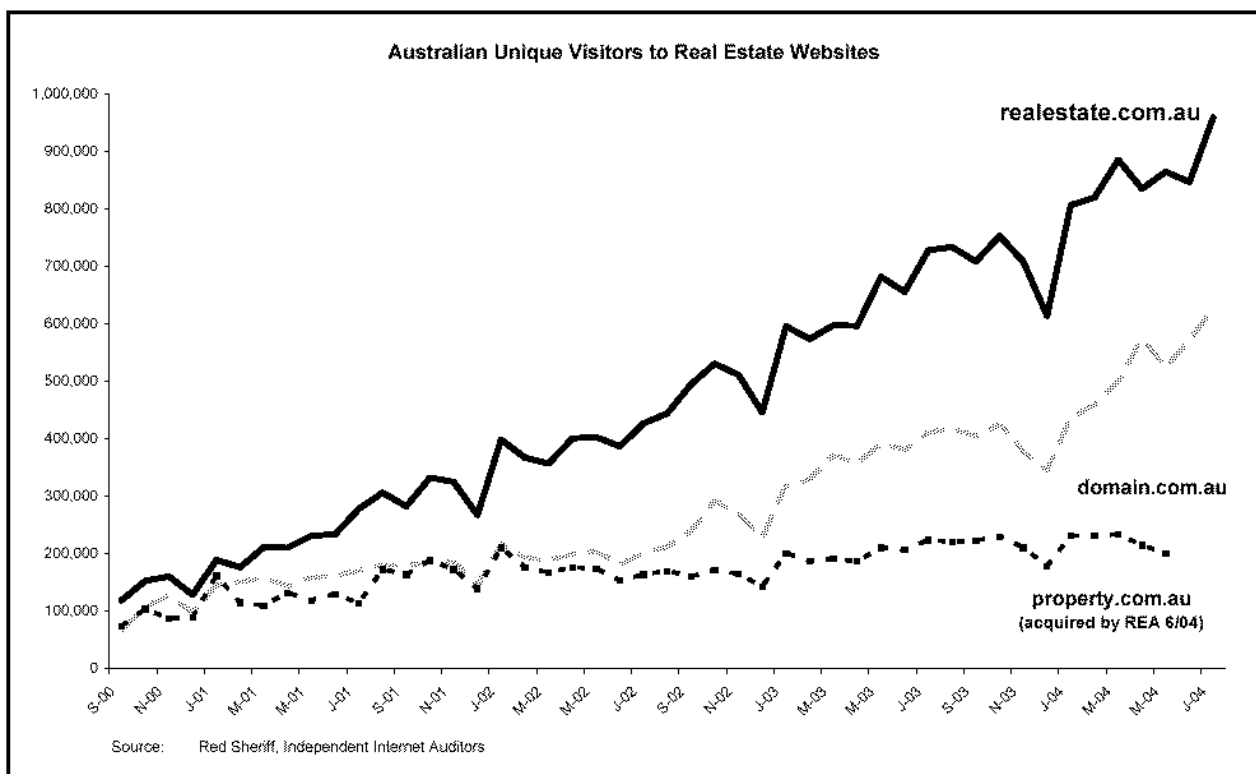
## Cash flow

During the financial year, realestate.com.au delivered \$4.5 million in operating cash flow, a 337 percent growth over the previous year. Cash outflow from investing activities was \$4.2 million, primarily reflecting the acquisition of property.com.au in June 2004.

Overall, cash at bank increased to \$2.6 million by end of year.

## Visitors to realestate.com.au

realestate.com.au continues to be Australia's most popular real estate site with Australian readership (unique visitors) of the site increasing by 42% during the year. In July 2004, 960,000 Australians and 108,000 international property hunters visited realestate.com.au.



For further information contact:

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# Appendix 4E

## Preliminary final report

Name of entity

realestate.com.au Limited

ABN or equivalent company reference

54 068 349 066

Financial year ended ('current period')

30 June 2004

### Results for announcement to the market

<i>Twelve Months Ended 30 June</i>		<i>% Change from previous 12 months</i>	<i>2004 A\$'000</i>
Revenues from ordinary activities	up	100.7%	19,145
Profit from ordinary activities after tax attributable to members	up	N/A	2,477
Profit from extraordinary items after tax attributable to members	gain (loss) of	N/A	N/A
Profit for the period attributable to members	up	N/A	2,477
<b>Dividends (distributions)</b>	Amount per security	Franked amount per security	
Final dividend	Nil ¢	Nil ¢	
Previous corresponding period	Nil ¢	Nil ¢	
Date for determining entitlements to the dividend	N/A		
<p>Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:</p> <p>realestate.com.au's first full year profit of \$2.5 million was driven by:</p> <ul style="list-style-type: none"> <li>— A 100.7 percent growth in revenue to \$19.1 million. This revenue growth was primarily driven by the increase in paying subscribing real estate agents from 3,173 as at 30 June 2003 to 5,207 as at 30 June 2004.</li> <li>— A 50.4% growth in expenses to \$16.7 million. The key driver of expense growth was an increase in employees from 60 as at 30 June 2003 to 103 as at 30 June 2004.</li> </ul>			

# Statement of Financial Performance

realestate.com.au Limited

YEAR ENDED 30 JUNE 2004	Notes	Consolidated	
		2004	2003
		\$	\$
<b>REVENUE FROM ORDINARY ACTIVITIES</b>	1	19,144,851	9,539,690
Depreciation and amortisation expenses	1	(368,657)	(2,689,544)
Borrowing costs expense	1	(21,074)	(46,667)
Salaries and employee benefits expense		(6,741,225)	(3,712,276)
Sales commissions		(1,986,182)	(495,092)
Marketing expenses		(3,913,999)	(941,540)
Administration costs		(1,079,528)	(615,384)
Expenses from ordinary activities	1	(2,556,702)	(2,578,889)
<b>TOTAL EXPENSES FROM ORDINARY ACTIVITIES</b>		<b>(16,667,367)</b>	<b>(11,079,392)</b>
<b>PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE</b>		<b>2,477,484</b>	<b>(1,539,702)</b>
Income tax attributable to ordinary activities		-	-
<b>PROFIT/(LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE</b>		<b>2,477,484</b>	<b>(1,539,702)</b>
<b>NET PROFIT/(LOSS)</b>		<b>2,477,484</b>	<b>(1,539,702)</b>
<b>NET PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF REALESTATE.COM.AU LIMITED</b>	4	<b>2,477,484</b>	<b>(1,539,702)</b>
<b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS ATTRIBUTABLE TO MEMBERS OF REALESTATE.COM.AU LIMITED</b>		<b>2,477,484</b>	<b>(1,539,702)</b>
Basic earnings (loss) per share (cents per share)	5	2.6	(1.7)
Diluted earnings (loss) per share (cents per share)	5	2.4	(1.7)

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

# Statement of Financial Position

realestate.com.au Limited

AT 30 JUNE 2004	Notes	Consolidated	
		2004	2003
		\$	\$
<b>CURRENT ASSETS</b>			
Cash assets		2,580,857	2,190,767
Receivables		3,185,639	1,488,219
Other		191,601	396,136
<b>TOTAL CURRENT ASSETS</b>		<b>5,958,097</b>	<b>4,075,122</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,049,403	353,445
Intangible assets		9,155,886	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>10,205,289</b>	<b>353,445</b>
<b>TOTAL ASSETS</b>		<b>16,163,386</b>	<b>4,428,567</b>
<b>CURRENT LIABILITIES</b>			
Payables		2,186,902	798,538
Provisions		315,037	238,940
Other		2,419,672	1,060,047
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,921,611</b>	<b>2,097,525</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing liabilities		-	750,000
Provisions		84,658	33,380
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>84,658</b>	<b>783,380</b>
<b>TOTAL LIABILITIES</b>		<b>5,006,269</b>	<b>2,880,905</b>
<b>NET ASSETS</b>		<b>11,157,117</b>	<b>1,547,662</b>
<b>EQUITY</b>			
Parent entity interest			
Contributed equity	3	28,815,534	21,683,563
Accumulated losses	4	(17,658,417)	(20,135,901)
Total parent entity interest in equity		11,157,117	1,547,662
<b>TOTAL EQUITY</b>		<b>11,157,117</b>	<b>1,547,662</b>

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

# Statement of Cash Flows

realestate.com.au Limited

YEAR ENDED 30 JUNE 2004	Notes	Consolidated	
		2004	2003
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		19,682,537	9,682,364
Payments to suppliers and employees		(15,292,196)	(8,668,457)
Interest received		143,771	55,501
Borrowing costs		(21,074)	(36,876)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>4,513,038</b>	<b>1,032,532</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(1,043,225)	(277,648)
Repayment of loan on acquisition of controlled entity		(3,000,000)	-
Payments of acquisition costs for purchase of controlled entity		(185,829)	-
Proceeds from sale of non-current assets		4,206	342,434
<b>NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		<b>(4,224,848)</b>	<b>64,786</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issues of ordinary shares		101,900	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>101,900</b>	<b>-</b>
<b>NET INCREASE IN CASH HELD</b>		<b>390,090</b>	<b>1,097,318</b>
Add opening cash brought forward		2,190,767	1,093,449
<b>CLOSING CASH CARRIED FORWARD</b>		<b>2,580,857</b>	<b>2,190,767</b>

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

# Notes

realestate.com.au Limited

30 JUNE 2004

	Notes	Consolidated	
		2004	2003
		\$	\$
<b>1. OPERATING PROFIT</b>			
<b>Revenues from operating activities</b>			
Revenue from services		18,996,874	9,140,356
Total revenues from operating activities		<u>18,996,874</u>	<u>9,140,356</u>
<b>Revenues from non-operating activities</b>			
Interest			
Other persons/corporations		143,771	56,900
Total interest		<u>143,771</u>	<u>56,900</u>
Proceeds from sale of non-current assets		4,206	342,434
Total revenues from non-operating activities		<u>147,977</u>	<u>399,334</u>
<b>Total revenues from ordinary activities</b>		<u><b>19,144,851</b></u>	<u><b>9,539,690</b></u>
<b>Expenses</b>			
<b>Depreciation of non-current assets</b>			
Office furniture and equipment		338,716	210,376
Total depreciation of non-current assets		<u>338,716</u>	<u>210,376</u>
<b>Amortisation of non-current assets</b>			
Advertising expenditure carried forward		-	2,479,168
Amortisation of goodwill		29,941	
Total amortisation of non-current assets		<u>29,941</u>	<u>2,479,168</u>
<b>Total depreciation and amortisation expenses</b>		<u><b>368,657</b></u>	<u><b>2,689,544</b></u>
<b>Borrowing costs expensed</b>			
Interest expense		21,074	46,667
Total borrowing costs		<u>21,074</u>	<u>46,667</u>
<b>Total borrowing costs expensed</b>		<u><b>21,074</b></u>	<u><b>46,667</b></u>
Bad and doubtful debts - trade debtors		72,287	24,647
Consultancy expense		350,529	947,794
Operating lease expenses		328,234	293,048
Non-current asset sold during the year		8,551	342,434
Technology expense		448,256	414,731
All other expenses		1,348,845	556,235
		<u>2,556,702</u>	<u>2,578,889</u>
<b>Losses/(Gains)</b>			
Net loss on disposal of property, plant and equipment		4,345	-

During the year, the accounting policy for the recognition of sales commission was changed. The effect of this change has been to increase commission expense by \$368,000 in the current financial year.

## Notes (continued)

realestate.com.au Limited

30 JUNE 2004

### 2. ACQUISITION OF CONTROLLED ENTITY

On 2 June 2004, realestate.com.au Limited acquired 100 percent of the share capital of property.com.au Pty Limited.

(i) The components of the acquisition cost were:

Consideration	\$
- Shares issued	6,000,000
- Acquisition Costs	185,829
	<u>6,185,829</u>

(ii) Net assets of property.com.au Limited at 2 June 2004 were:

Intellectual Property	\$
Loan Acquired	2,000,000
Goodwill arising on Acquisition	(3,000,000)
	<u>7,185,829</u>
	<u>6,185,829</u>

Consolidated	
2004	2003
\$	\$

### 3. CONTRIBUTED EQUITY

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

Ordinary shares fully paid	28,815,534	21,683,563
	<u>28,815,534</u>	<u>21,683,563</u>

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

	2004		2003	
	Number of shares	\$	Number of shares	\$
Beginning of the financial year	92,980,784	21,683,563	91,500,784	21,460,723
- Issue of shares to STB Holdings Pty Limited (Simon Baker, CEO)	803,500	280,071	1,480,000	222,840
- Options exercised by CEO (Simon Baker)	800,000	80,000	-	-
- Options exercised under Staff Share Option scheme	146,000	21,900	-	-
- Issue of shares to RPData Limited for purchase of property.com.au and related assets	8,000,000	6,000,000	-	-
- Issue of shares through conversion of News Limited loan	3,694,581	750,000	-	-
End of the financial year	<u>106,424,865</u>	<u>28,815,534</u>	<u>92,980,784</u>	<u>21,683,563</u>

#### (c) Share Options

At the end of the year there were 12,491,500 (2003: 13,670,000) unissued ordinary shares in respect of which options were outstanding.

On 8 February 2001, 10,000,000 options were issued to News Limited, each exercisable at 20 cents into fully paid ordinary shares on a one-for-one basis. These options expire on 8 February 2006. As at balance date, none of these options had lapsed or been exercised.

On 24 July 2002, 2,840,000 staff options over ordinary shares were issued with an exercise price of 15c each and an expiry date of 24 July 2007, and 80,000 staff options expiring on 11 November 2004 with an exercise price of 15c each. At 30 June 2004, 2,491,500 staff options were remaining to be exercised.

Staff Options issued 24 July 2002

Vesting Date	Balance 24 July 2002	Lapsed in year to 30 June 2003	Balance 1 July 2003	Exercised in year to 30 June 2004	Lapsed during year	Closing 30 June 2004
24 Jul 2003	852,000	15,000	837,000	136,000	22,500	678,500
24 Jul 2004	852,000	15,000	837,000	-	90,000	747,000
24 Jul 2005	1,136,000	20,000	1,116,000	-	120,000	996,000
	<b>2,840,000</b>	<b>50,000</b>	<b>2,790,000</b>	<b>136,000</b>	<b>232,500</b>	<b>2,421,500</b>
<i>Staff Options issued on 11 Nov 1999</i>						
Already Vested	80,000	-	80,000	10,000	-	70,000
<b>TOTAL STAFF OPTIONS</b>	<b>2,920,000</b>	<b>50,000</b>	<b>2,870,000</b>	<b>146,000</b>	<b>232,500</b>	<b>2,491,500</b>

At the 2001 Annual General Meeting, shareholders approved the issue of 800,000 options over ordinary shares exercisable on a one-for-one basis at 10 cents per share to the CEO, Mr Simon Baker. These options were exercised during the financial year

**(d) Terms and conditions of contributed equity**

*Ordinary shares*

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote per share, either in person or by proxy, at a meeting of the company.

**4. ACCUMULATED LOSSES**

	2004 \$	2003 \$
Accumulated losses	(17,658,417)	(20,135,901)
<b>(a) Accumulated losses</b>		
Balance at the beginning of year	(20,135,901)	(18,596,142)
Net profit/(loss) attributable to members of realestate.com.au Limited	2,477,484	(1,539,759)
Balance at end of year	(17,658,417)	(20,135,901)

**5. EARNINGS PER SHARE**

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

Net profit/(loss)	2,477,484	(1,539,702)
Earnings used in calculating basic and diluted earnings per share	2,477,484	(1,539,702)
	<b>Number of shares</b>	<b>Number of shares</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	96,664,664	92,264,084
<b>Effect of dilutive securities:</b>		
Share options	7,204,414	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	103,869,078	92,264,084

## Notes (continued)

realestate.com.au Limited

### 6. ACCOUNTING POLICIES

#### (a) Basis of accounting

The financial report is a general purpose financial report that has been prepared in accordance with the requirements of the Corporations Act 2001 that includes applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

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

#### (b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year except for the accounting policy with respect to commissions paid to sales staff.

From 1 July 2003, sales commissions are deemed to be incurred and expensed upon signing of the sales contracts. Prior to 1 July 2003, sales commissions were deferred in the Statement of Financial Position and recognised over the life of the related sales contracts. The effect of the revised policy has been to decrease current period profits by \$368,000 and decrease other current assets by \$368,000

### 7. NTA BACKING

	2004	2003
Net Tangible Backing per Ordinary Security (undiluted)	1.9 cents	1.7 cents

### 8. SUBJECT TO AUDIT

The accounts are in the process of being audited and are not likely to be subject to dispute or qualification.