ASX Announcement
25 February 2009

REA Group Limited delivers 40.7% EBITDA growth for the half-year ending December 2008

REA Group Limited (ASX: REA) and its subsidiary companies today announced a 40.7% EBITDA increase and a 28% revenue growth for the half-year ending December 2008. REA Group is a leading online real estate media company with operations in 10 countries, 22 websites and 7 print publications.

The highlights for the half-year are:

	1st Half-Year FY2009	1st Half-Year FY2008	Half-Year on Half-Year Growth
Revenues	91,285	71,396	27.9%
EBITDA	20,043	14,244	40.7%
Profit attributable to members of parent (after minority interest)	11,446	7,767	47.4%

While in the past growth was based on a combination of organic and acquisition, the first half-year of FY09 was almost purely based on organic growth except for one small strategic acquisition in the UK. REA Group has delivered its best result ever for a first half-year in revenue, profit, and profit margin.

During the last 6 months REA Group has reviewed its portfolio of businesses which resulted in the closure of the New Zealand office, the sale of the Clarke business (trust accounting software) in Australia, a refocused agent solutions business in Australia, and a write-off of the intangibles and goodwill of the Belgium agent solutions business (Altowin).

Overall, during the period the REA Group core business of online advertising has shown strong resilience during the last half-year to the current global economic crisis. The relative robustness of the online business is a result of the product structure (subscriptions with additional upgrade products) and the price and convenience of online advertising over traditional advertising.

In Australia, the REA Group's largest market, the company continues to operate the most popular residential and commercial real estate sites:

- Australian revenues were up 33% to $73.3m
- Subscribing Australian agents increased to 9,284 as at 31 December 2008, representing about 95% of the estimated Australian agent base
- Average revenue per agent increased to $926 per month for Australian agents
- Traffic (Unique Browsers) to Australian websites increased from 3.7m to 4.8m (Nielsen) – the gap between realestate.com.au and domain (#2 residential site in Australia) reached 2.1m which has realestate.com.au at more than 2 times the traffic of domain.com.au

Greg Ellis, CEO and Managing Director, said

"These excellent results reflect the hard work and dedication of our teams in Australia and overseas over the last half-year.

Our core Australian business has delivered strong growth with agents buying more products, developers and display advertisers increasing their spend, and more consumers visiting our sites – all has lead to a strong revenue and profitability growth over the last half-year.

Commercial conditions remain uncertain due to the global economic conditions. As a result, there will be continued focus on profitable revenues."

Explanatory Note: Unless otherwise specified, comparisons in this release are between half-year ending 31 December 2008 and the corresponding period of the prior half-year ending 31 December 2007.

END

For further information please contact:
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Appendix 4D

Preliminary half-year report

Name of entity

REA Group Limited

ABN or equivalent company reference

54 068 349 066

Results for announcement to the market

Half-Year to		31 Dec 08 A$'000	% Change from half-year ended 31 Dec 07	31 Dec 07 A$'000
Revenues from ordinary activities (excluding interest income)	Up	91,285	27.9%	71,396
Profit from ordinary activities after tax attributable to members	Up	6,830	37.8%	4,958
Net Profit for the period attributable to members	Up	6,830	37.8%	4,958
Net Profit for the period attributable to members of parent (after minority interest)	Up	11,446	47.4%	7,767

Dividends:

It is not proposed that dividends will be paid or provided for out of the profit for the half-year to 31 December 2008**.**

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:

Refer to Directors' Report for details.

Net Tangible Asset Backing (NTA Backing)	Dec 08	Jun 08
	Cents	Cents
Net Tangible Asset Backing per Ordinary Security	12.9	2.1

Net Asset Backing increased from 90.2 cents per ordinary share as at the end of June 2008 to 104.3 cents per ordinary share as at the end of December 2008.

Information should be read in conjunction with 30 June 2008 annual report.

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Corporate Information

ABN 54 068 349 066

DIRECTORS

Richard J Freudenstein	(Chairman of the Board)
Roger Amos	(Non-executive Director)
Kathleen Conlon	(Non-executive Director)
Greg Ellis	(CEO & Managing Director)
John D McGrath	(Non-executive Director)
Alasdair MacLeod	(Non-executive Director)
Stephen P Rue	(Non-executive Director)
Sam R White	(Non-executive Director)

COMPANY SECRETARY
Moana Weir

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Richmond, Vic 3121, Australia
Tel: (03) 9897 1121

PRINCIPAL PLACE OF BUSINESS
Level 2, 678 Victoria Street
Richmond, Vic 3121, Australia
Tel: (03) 9897 1121

SHARE REGISTER
Computershare Registry Services Pty Limited
Yarra Falls, 452 Johnson Street
Abbotsford, Vic 3067, Australia

REA Group Limited shares are listed on the Australian Stock Exchange.

SOLICITORS
Mallesons Stephen Jaques
Level 50, 600 Bourke Street
MELBOURNE, Vic 3000
Australia

BANKERS
National Australia Bank Limited

AUDITORS
Ernst & Young
Australia

Directors' Report

Your Directors submit their report for the half-year ended 31 December 2008.

DIRECTORS

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

Richard J Freudenstein (Chairman)
Roger Amos
Kathleen Conlon
Greg Ellis (Managing Director since 24 September 2008 and CEO)
John D McGrath
Alasdair MacLeod
Stephen P Rue
Sam R White
Simon T Baker (Managing Director / CEO until 4 August 2008)

REVIEW AND RESULTS OF OPERATIONS

During the half-year ended in December 2008, REA Group Limited and its fully consolidated subsidiaries (referred to as 'REA') have successfully delivered organic growth across its operations. While in the past growth was based on a combination of organic and acquisition, the first half-year of FY09 was almost purely based on organic growth except for one small strategic acquisition in the UK. REA has delivered its best result ever for a first half-year in revenue, profit, and profit margin. The REA core business of online advertising has shown strong resilience to the current global economic crisis. The relative robustness of the online business is a result of the product structure (subscriptions with additional upgrade products) and the price and convenience of online advertising over print advertising.

During the last six months REA has reviewed its portfolio of businesses which resulted in one-off expenses. This review led to a closure of the New Zealand office, the sale of the Clarke business (trust accounting software) in Australia, a refocused agent solutions business in Australia, and a write-off of the intangibles and goodwill of the Belgium agent solutions business (Altowin).

The financial performance of REA, compared half-year by half-year, is summarised below:

Financial Comparative Data ($'000)	**FY 2006 1st Half-Yr**	**FY 2006 2nd Half-Yr**	**FY 2007 1st Half-Yr**	**FY 2007 2nd Half-Yr**	**FY 2008 1st Half-Yr**	**FY 2008 2nd Half-Yr**	**FY 2009 1st Half-Yr**
Revenues from Services	**24,507**	**35,884**	**47,733**	**59,560**	**71,396**	**84,237**	**91,285**
Operating Expenses	(20,026)	(27,022)	(39,253)	(44,540)	(57,152)	(61,906)	(71,242)
EBITDA	**4,481**	**8,862**	**8,480**	**15,020**	**14,244**	**22,331**	**20,043**
Depreciation and Amortisation	(848)	(1,449)	(2,119)	(2,855)	(3,366)	(3,970)	(5,542)
EBIT	**3,633**	**7,413**	**6,361**	**12,165**	**10,878**	**18,361**	**14,501**
Net Interest (Expense) / Income	(258)	(204)	139	(208)	(118)	(21)	112
Earnings Before Tax	**3,375**	**7,209**	**6,500**	**11,957**	**10,760**	**18,340**	**14,613**
Income Tax (Expense)	(765)	(3,178)	(3,215)	(4,254)	(5,802)	(7,535)	(7,783)
Profit attributable to members	**2,610**	**4,031**	**3,285**	**7,703**	**4,958**	**10,805**	**6,830**
Add-back of Losses attributable to Minority Interest	252	1,329	2,392	1,684	2,809	3,772	4,616
Profit attributable to members of parent	**2,862**	**5,360**	**5,677**	**9,387**	**7,767**	**14,577**	**11,446**
Employees (FTE)	**224**	**294**	**365**	**479**	**587**	**667**	**651**
Subscribing Paying Agents	**7,058**	**10,713**	**12,140**	**17,011**	**18,931**	**22,478**	**22,099**

The key financial highlights for the first half-year are:

Revenues of $91.3 million, up by 28 percent over the corresponding period last financial year (half-year ending 31 December 2007) and by 8 percent over the last half-year (half-year ending 30 June 2008).

Operating expenses of $71.2 million, up by 25 percent over the corresponding period last financial year (half-year ending 31 December 2007) and by 15 percent over the last half-year (half-year ending 30 June 2008). The key driver of operating expenses continues to be employee costs and commission payments to staff and media agencies. While staff numbers in most countries increased slightly, they decreased overall from 667 as at the end of June 2008 to 651 as at the end of December 2008 as a result of the closure of the New Zealand office in November 2008, and the sale of Clarke Computers (see note 9). Total employee costs include redundancy payments for disposed operations and the costs in relation to the change in CIO and CEO. Total employee related costs contributed $40.0 million or 56.6 percent of the overall operating expenses.

EBITDA of $20.0 million, up by 41 percent over the corresponding period last financial year (half-year ending 31 December 2007) and down by 10 percent over the last half-year (half-year ending 30 June 2008). The group's cost base does not grow linear from half-year to half-year due to the 'one-off' transactions stated above, the impact of changes to foreign exchange rates, and seasonality. This usually leads to a lower profitability in the first half-year compared to the preceding second half year of the previous financial year.

Subscribing Paying Agents increased from 18,931 agents as at 31 December 2007 to 22,099 agents as at December 2008. Agent numbers decreased from 22,478 as at 30 June 2008 to 22,099 as at 31 December 2008 mainly due to the closure of the New Zealand office.

Unique Browsers increased from 6.1m as in December 2007 to 8.1m in December 2008 with REA reaching an all time record traffic number of 9.7m in October 2008.

As at December 2008, REA operated 22 websites and a number of publications in ten countries, with most of the sites ranked either first or second in their respective markets. The key financial highlights on a country basis are as follows:

Country *in $'000*	**Revenue**	**EBITDA**	**Margin**
1st Half Year 2009			
Australia	73,258	40,257	55%
United Kingdom	10,129	(6,999)	(69%)
Italy	2,958	(2,815)	(95%)
Luxembourg	2,108	652	31%
Other countries	2,832	(3,067)	(108%)
Unallocated overhead		(7,985)	
Total	**91,285**	**20,043**	**22%**
1st Half Year 2008			
Australia	54,936	25,707	47%
United Kingdom	10,989	(4,582)	(42%)
Italy	2,284	(1,249)	(55%)
Luxembourg	1,569	339	22%
Other countries	1,618	(1,308)	(81%)
Loss of associate (homeguru.com.au)		(185)	
Unallocated overhead		(4,478)	
Total	**71,396**	**14,244**	**20%**

AUSTRALIAN OPERATIONS

The Australian operations continue to be the key driver of value creation within REA. The Australian business operates the leading websites for online advertising for residential and commercial agents. It provides agents with market leading software through HubOnline and Web Design Services.

Australia			
	Online Advertising	Residential Properties	realestate.com.au (incl. homesite.com.au) property.com.au realholidays.com.au homeguru.com.au ozhomevalue.com.au
		Commercial Properties	realcommercial.com.au
	Agent Solutions	Real estate agents	Hub Online Web Design Services

During the last half-year, Australia has further expanded its market leadership position.

Agents Advertising
- The number of paying subscribing agents across all portals increased to 9,284, up from 9,190 as at 30 June 2008 resulting in an estimated market share of approximately 95 percent in the residential segment.
- Average revenue per month from Australian agents (ARPA) increased to $926 in December 2008, up by 5 percent from June 2008 and up by 22 percent from December 2007. The highest ARPA was reached in September 2008 with $1,001 (September 2007: $706) which is a typical seasonal high point for agent spend.
- Additional advertising now represents 38 percent (compared with 35 percent as during first half-year FY08) of the overall revenue from residential agents. Additional advertising revenue is generated from sales of Banner Advertising, Feature Properties, Guaranteed Top Spot, eBrochures, and Feature Agent advertising products. Subscription revenues account for the remaining 62 percent (65 percent) of total revenues.

Developer, third party advertising, and other business
- The display advertising segments achieved revenue growth of 9% compared to the previous half-year and 24% compared to corresponding half-year ending 31 December 2007.

- Traffic to the Australian websites (Nielsen) increased from 3.7m (in December 2007) to 4.8m (in December 2008) with an all time high in October 2008 of 5.0m. The gap between realestate.com.au and domain.com.au reached 2.1m in December 2008, which has realestate.com.au more than 2 times the traffic of domain.com.au. The recently established website realholidays.com.au focussing on holiday rentals reached almost 0.7m unique visitors in December 2008.

OVERSEAS OPERATIONS

Overseas			
Italy	Online Advertising	Residential Properties	casa.it
United Kingdom	Online Advertising	Residential Properties	propertyfinder.com hotproperty.co.uk ukpropertyshop.co.uk (since July 08)
Luxembourg	Online Advertising	Residential Properties	athome.lu homesolution.lu
		Commercial Properties	atoffice.lu
	Print Advertising	Residential Properties	athome magazine (Luxembourg) athome new homes (Luxembourg)

Overseas			
Other countries	Online Advertising	Residential Properties	athomeAlsace.fr (France) athomeLorraine.fr (France) athome.be (Belgium) athome.de (Germany) squarefoot.com.hk (Hong Kong) propertyfinder.ae (UAE) allglobalproperties.com (UK overseas)
		Commercial Properties	realcommercial.co.nz
	Print Advertising	Residential Properties	London Property News (UK) Renting (UK) HotProperty (UK) Squarefoot (Hong Kong) Inside Discovery Bay (Hong Kong)

Italy
Since February 2007, REA has acquired approximately 69 percent of casa.it with the remaining 31 percent owned by SkyItalia. casa.it is the leading residential real estate site in the Italian market. During the last half-year ended in December 2008, REA has consolidated casa.it's strong market position by further investing in sales and marketing. While this investment has resulted in a loss for the half-year, casa.it has increased the agent base from 5,514 paying agents in June 08 to 6,002 in December 2008. In addition, 3,560 trial agents are now also using the site. Total agent numbers have increased significantly, from 7,926 in June 2008 to 9,562 in December 2008. In December 2008, casa.it attracted 827k unique visitors to the site (December 2007: 621k). The highest traffic number in the history of casa.it was reached in January 2009 with 1.26m unique visitors (Omniture).

United Kingdom
In November 2005, REA acquired propertyfinder.com, the then number four site in the United Kingdom. Since its acquisition, propertyfinder has evolved to be in equal number two market position. This position was strengthened through two further acquisitions – hotproperty.co.uk (April 2008) and UKPropertyshop.co.uk (July 2008). Revenues of the UK operations slightly declined due to a decline in print revenues and third party advertising. In the face of very adverse market conditions, market share was maintained. Agent numbers in the UK slightly declined from 5,998 (30 June 2008) to 5,485 (31 December 2008) due to the significant reduction in agents operating in the UK market. In December 2008, propertyfinder.com had the second highest traffic behind rightmove.com in the UK market (Comscore). The highest traffic to the UK sites occurred in September 2008 (seasonality) where propertyfinder.com attracted 2.2m unique visitors (September 2007: 1.8m), and hotproperty.co.uk and UK Propertyshop attracted 0.5m unique visitors each (September 2007: nil).

Luxembourg:
In February 2007, REA acquired the atHome Group. The atHome Group comprised the number one sites in Luxembourg, athome.lu and atoffice.lu. The Luxembourg business has significantly improved its EBITDA margins from 22 percent to 31 percent while further strengthening its dominant market position.

Other countries
In addition to Luxembourg, the atHome Group has operations in Belgium, France, and Germany. Overall, the number of paying agents in the atHome Group increased from 957 (June 2008) to 1,203 (December 2008).

During the first half-year of FY09, the Dubai business was transformed from print into an online business and expanded into other emirates within the United Arab Emirates. The Hong Kong business also grew its revenues in the online and print advertising space.

Unallocated Overhead
The group allocates its back office function consisting of the IT development activities for the online portals and agent solutions business, delivering online advertising and agent solution products, as well as certain central head office functions. Unallocated costs include corporate affairs, the group finance function, the corporate development function, certain IT development costs, and costs of Board and the Company Secretarial function.

Cash Flow

During the half-year, REA delivered $10.2 million (31 December 2007: $3.7 million) in operating cash flow. The significant increase is partially due to operational growth and a one-off tax payment in the half-year ending 31 December 2007.

Rounding of Amounts

The company has applied the relief available to it in ASIC Class Order 98/100, and, accordingly, amounts in the condensed financial statements and the directors' report have been rounded to the nearest thousand dollars.

AUDITOR'S INDEPENDENCE DECLARATION

The Directors received the following independence declaration from the Auditor of REA Group Limited.
(see next page)

Signed in accordance with a resolution of the Directors.

Richard J Freudenstein
Chairman
Sydney
25 February 2009

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

In relation to our review of the financial report of REA Group Limited for the half-year ended 31 December 2008, 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

David McGregor
Partner
25 February 2009

Condensed Financial Statements

INCOME STATEMENT for the half-year ended 31 December 2008	*Notes*	*CONSOLIDATED*	
		31 Dec 2008	*31 Dec 2007*
		$'000	*$'000*
Revenues from services		**91,285**	**71,396**
Salaries and employee benefits expense		(37,139)	(27,869)
Sales commission		(3,194)	(2,172)
Marketing related expense		(10,384)	(9,655)
Administration related costs		(3,390)	(2,859)
Share of profit / (loss) of associate			(185)
Gain on sale – Clarke Computers	9b	451	
Other expenses	3a	(17,586)	(14,412)
Profit before tax, interest, depreciation and amortisation (EBITDA)		**20,043**	**14,244**
Depreciation and amortisation expense		(4,290)	(3,366)
Impairment loss – Altowin S.A.	9a	(1,252)	
Profit before tax and interest (EBIT)		**14,501**	**10,878**
Interest income		323	328
Interest expense		(211)	(446)
Profit before income tax (EBT)		**14,613**	**10,760**
Income tax expense	4	(7,783)	(5,802)
Net profit for the period		**6,830**	**4,958**
Add-back of Losses attributable to minority interest		4,616	2,809
Profit attributable to members of parent		**11,446**	**7,767**
Earnings per share (cents per share)			
Basic EPS for profit for the half year attributable to ordinary equity holders of the parent		9.0	6.1
Diluted EPS for profit for the half year attributable to ordinary equity holders of the parent		9.0	6.1

BALANCE SHEET as at 31 December 2008	*Notes*	*CONSOLIDATED*	
		As at	*As at*
		31 Dec 2008	*30 June 2008*
		$'000	*$'000*
ASSETS			
Current assets			
Cash and cash equivalents	7	20,079	8,882
Trade and other receivables		30,639	27,763
Other current assets		2,286	2,972
Total current assets		**53,004**	**39,617**
Non-current assets			
Deferred income tax asset		1,925	1,599
Property, plant and equipment		5,800	5,052
Intangible assets		18,089	18,940
Goodwill		98,235	93,238
Total non-current assets		**124,049**	**118,829**
TOTAL ASSETS		**177,053**	**158,446**
LIABILITIES			
Current liabilities			
Payables		19,785	19,660
Interest-bearing loans and borrowings		920	1,193
Provisions		2,093	2,317
Current tax liabilities		6,939	6,218
Other current liabilities	3b	10,405	9,817
Total current liabilities		**40,142**	**39,205**
Non-current liabilities			
Interest-bearing loans and borrowings		64	367
Deferred tax liabilities		3,259	3,368
Other provisions		807	682
Total non-current liabilities		**4,130**	**4,417**
TOTAL LIABILITIES		**44,272**	**43,622**
NET ASSETS		**132,781**	**114,824**
EQUITY			
Contributed equity		56,002	56,002
Foreign currency translation reserve		(909)	(4,609)
Business combination reserve		572	568
Long Term Incentive Plan		490	
Retained earnings		46,929	35,483
Parent interests		**103,084**	**87,444**
Minority interests		29,697	27,380
TOTAL EQUITY		**132,781**	**114,824**

CASH FLOW STATEMENT **for the half-year ended 31 December 2008**	*Notes*	*CONSOLIDATED*	
		31 Dec 2008	*31 Dec 2007*
		$'000	*$'000*
Cash flows from operating activities			
Receipts from customers		98,924	77,314
Payments to suppliers and employees		(79,925)	(62,588)
Interest received		323	324
Borrowing costs (Interest paid)		(211)	(204)
Corporate income tax paid		(8,906)	(11,118)
Net cash flows from operating activities		**10,205**	**3,728**
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,372)	(1,359)
Proceeds from sale of property, plant and equipment		303	2
Purchase of intangible assets		(626)	(2,054)
Acquisition of subsidiary, net of cash acquired	8	(1,183)	(6,490)
Net cash flows used in investing activities		**(3,878)**	**(9,901)**
Cash flows from financing activities			
Proceeds from issue of ordinary shares in subsidiary		4,527	2,188
Proceeds from borrowings (net)			8,040
Payment of finance lease liabilities		(576)	(726)
Net cash flows from financing activities		**3,951**	**9,502**
Net increase in cash and cash equivalents		10,278	3,329
Net foreign exchange difference		919	10
Cash and cash equivalents at beginning of period		8,882	9,824
Cash and cash equivalents at end of period	7	**20,079**	**13,163**

STATEMENT OF CHANGES IN EQUITY	Attributable to equity holders of the parent						Minority interest	Total equity
CONSOLIDATED	*Issued capital*	*Accumulated earnings / (losses)*	*FX Translation Reserve*	*LTIP(1)*	Other Reserves	*Total*		
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
At 1 July 2007	**56,002**	**13,139**	**(1,210)**	**0**	**(1,703)**	**66,228**	**18,824**	**85,052**
Profit for the period		7,767				7,767	(2,809)	4,958
Foreign currency translation differences			(493)			(493)	(240)	(733)
Revaluation of put option held by founder of casa.it Srl.					(77)	(77)		(77)
Minority interest on acquisition of subsidiary							728	728
At 31 December 2007	**56,002**	**20,906**	**(1,703)**	**0**	**(1,780)**	**73,425**	**16,503**	**89,928**
At 1 July 2008	**56,002**	**35,483**	**(4,609)**	**0**	**568**	**87,444**	**27,380**	**114,824**
Profit for the period		11,446				11,446	(4,616)	6,830
Foreign currency translation differences			3,700		4	3,704	1,603	5,307
LTIP equity share				490		490	-	490
Equity injections by minority shareholders						-	4,725	4,725
Minority interest on acquisition of subsidiary						-	605	605
At 31 December 2008	**56,002**	**46,929**	**(909)**	**490**	**572**	**103,084**	**29,697**	**132,781**

(1) The LTIP was disclosed as a current provision in the 30 June 2008 annual report ($69k).

Notes to the Condensed Financial Statements

1) Basis of Preparation and Accounting Policies

Basis of preparation
This general purpose condensed financial report for the half year ended 31 December 2008 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2008 and considered together with any public announcements made by REA Group Limited during the half year ended 31 December 2008 in accordance with the continuous disclosure obligations of the *ASX listing rules*.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in Accounting Policy
Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet affective or have not been adopted by the group.

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for group
AASB Int. 15	Agreements for the Construction of Real Estate	This interpretation proposes that when the real estate developer is providing construction services to the buyer's specifications, revenue can be recorded only as construction progresses. Otherwise, revenue should be recognised on completion of the relevant real estate unit.	1 January 2009	No impact	1 July 2009
AASB Int. 16	Hedges of a Net Investment in a Foreign Operation	This interpretation proposes that the hedged risk in a hedge of a net investment in a foreign operation is the foreign currency risk arising between the functional currency of the net investment and the functional currency of any parent entity. This also applies to foreign operations in the form of joint ventures, associates or branches.	1 October 2008	No impact as no hedge arrangements in place	1 July 2009
AASB Int. 17 and AASB 2008-13	Distributions of Non-cash Assets to Owners and consequential amendments to other Australian Accounting Standards	The Interpretation outlines how an entity should measure distributions of assets, other than cash, as a dividend to its owners acting in their capacity as owners. This applies to transactions commonly referred to as spin-offs, split offs or demergers and in-specie distributions.	1 July 2009	No impact	1 July 2009
AASB 2008-2	Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation	The amendments provide a limited exception to the definition of a liability so as to allow an entity that issues puttable financial instruments with certain specified features, to classify those instruments as equity rather than financial liabilities.	1 January 2009	No impact	1 July 2009

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for group
AASB 2008-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.	1 January 2009	The group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009
AASB 2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	Refer to AASB 2008-5 above.	1 July 2009	The group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009
AASB 2008-7	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The main amendments of relevance to Australian entities are those made to AASB 127 deleting the 'cost method' and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e., parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment. AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.	1 January 2009	No impact	1 July 2009
AASB 2008-8	Amendments to Australian Accounting Standards – Eligible Hedged Items	The amendment to AASB 139 clarifies how the principles underlying hedge accounting should be applied when (i) a one-sided risk in a hedged item and (ii) inflation in a financial hedged item existed or was likely to exist.	1 July 2009	No impact	1 July 2009

In order to increase the comparability of the Income Statement in an international context, interest income is shown separately from sales revenue in order to show EBITDA as a subtotal of the results.

Rounding of amounts

The company has applied the relief available to it in ASIC Class Order 98/100, and, accordingly, amounts in the condensed financial statements and the directors' report have been rounded to the nearest thousand dollars.

2) Segment Information

Geographical Segments
The group's geographical segments are determined based on the location of the group's assets. The following tables present revenue and results regarding geographical segments for the half-years ended 31 December 2008 and 31 December 2007. The method used to allocate Corporate overhead and IT costs is consistent with the allocation method applied for the 30 June 2008 and 30 June 2007 accounts. The comparative segment information for 31 December 2007 was restated using this allocation method.

Half-Year ended 31 December 2008 *$'000*	Australia	UK	Italy	Luxembourg	Others	TOTAL
Revenue						
Sales - external customers	73,258	10,129	2,958	2,108	2,832	91,285
Intersegment revenues						241
Total segment revenue						91,526
Intersegment elimination						(241)
Total consolidated revenue						**91,285**
Result						
Segment result	40,257	(6,999)	(2,815)	652	(3,067)	28,028
Unallocated expenses						(7,985)
Share of loss of associate						-
EBITDA						**20,043**
Depreciation, amortisation, and impairment loss						(5,542)
Net Finance costs						112
Profit before income tax						**14,613**
Income tax expense						(7,783)
Net Profit for the year						**6,830**

Half-Year ended 31 December 2007 *$'000*	Australia	UK	Italy	Luxembourg	Others	TOTAL
Revenue						
Sales - external customers	54,936	10,989	2,284	1,569	1,618	71,396
Intersegment revenues						296
Total segment revenue						71,692
Intersegment elimination						(296)
Total consolidated revenue						**71,396**
Result						
Segment result	25,707	(4,582)	(1,249)	339	(1,308)	18,907
Unallocated expenses						(4,478)
Share of loss of associate						(185)
EBITDA						**14,244**
Depreciation, amortisation, and impairment loss						(3,366)
Net Finance costs						(118)
Profit before income tax						**10,760**
Income tax expense						(5,802)
Net Profit for the year						**4,958**

Business Segments
There is only one significant business segment being the provision of online advertising services.

Major customers
The group has a number of customers to which it provides both products and services. The group does not rely on any of these customers and none of them amount to 10% or more of external revenue.

3) Selected Accounts

	Notes	*CONSOLIDATED*	
		Half-year ended 31 Dec 2008	*Half-year ended 31 Dec 2007*
		$'000	*$'000*
(a) Other expenses			
Consultant and contractor expense		3,909	2,672
Property expense		2,164	1,602
Technology expense		2,929	1,782
Travel expense		2,341	1,685
Printing & Distribution expense (Publications)		2,079	2,321
Recruitment expense		1,318	1,584
Other expense		2,846	2,766
Total other expense		**17,586**	**14,412**
(b) Other current liabilities		*As at 31 Dec 2008*	*As at 30 June 2008*
		$'000	*$'000*
Deferred revenues		10,250	9,458
Prepaid subscriptions		155	359
Total other current liabilities		**10,405**	**9,817**

4) Tax expense

The major components of income tax expense for the half-year ended 31 December 2008 and 31 December 2007 were:

	Notes	*CONSOLIDATED*	
		Half-year ended 31 Dec 2008	*Half-year ended 31 Dec 2007*
		$'000	*$'000*
Current Income Tax			
Current income tax charge		7,314	5,909
Adjustments in respect of current income tax of previous year		6	(246)
Deferred Income Tax			
Relating to origination and reversal of temporary differences		463	139
Income tax expense reported in the consolidated income statement		**7,783**	**5,802**

The group did not recognise any existing tax losses outside of Australia.

5) Dividends paid and proposed

As of the date of this report, the company does not plan to pay dividends.

6) Contributed equity

There were no issues of capital during the half-year ended 31 December 2008.

7) Cash and cash equivalents

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

	Notes	*CONSOLIDATED*	
		Half-year ended 31 Dec 2008	*Half-year ended 31 Dec 2007*
		$'000	*$'000*
Cash at bank and in hand		19,805	12,709
Short-term deposits		410	454
		20,215	13,163
Bank overdrafts		(136)	
Cash and cash equivalents		**20,079**	**13,163**

8) Business combinations – Acquisition of UK Property Shop Limited (UK)

The key factors contributing to the provisional calculation of goodwill in all acquisitions, relate to the synergies existing within the acquired business and also synergies expected to be achieved as a result of combining with the rest of the group.

On 8 July 2008, REA Group Limited acquired via its 50% owned, but through a board majority, controlled subsidiary REA UK Limited all the shares of UK Property Shop Limited. The total purchase price was A$1,210k. The company is an unlisted online directory of real estate agents in the UK and lists the details of most of estate agents in the UK. At the date of the acquisition, it was the 7th most popular site in the UK (Comscore). The key rationale for buying UK Property Shop was the traffic the site attracts of around 0.5m unique browsers per month. As the business is fully integrated into the propertyfinder.com business, results can not be shown separately post acquisition. Also, a restatement of the pre-acquisition results, thereby providing results as if the combination had taken place at the beginning of the year, is impracticable and is therefore not disclosed here.

The fair value of the identifiable assets and liabilities as at the date of acquisition are:

	CONSOLIDATED	
	Book value $'000	**Fair value recognised $'000**
Cash and cash equivalents	27	27
Trade and other receivables	35	35
Other current assets		
Property, plant and equipment	2	2
Deferred tax assets		
Intangible assets*		773
Total Assets	**64**	**837**
Payables	6	6
Current tax liabilities		
Other current liabilities	83	83
Deferred tax liabilities		216
Total Liabilities	**89**	**305**
Net Assets	**(25)**	**532**
Purchase price		
Cash paid by the acquirer		1,107
Costs associated with the acquisition		103
Total cost of the combination		1,210
Less: Fair value of net assets acquired		(532)
Goodwill on acquisition		**678**
The cash outflow on acquisition is as follows:		
Cash consideration paid		1,210
Less: Net cash acquired with the subsidiary		(27)
Net cash outflow		**1,183**

* = Identifiable intangible assets comprise on line subscriber relationships calculated using the excess earnings valuation method and are being amortised over 10 years.

9) Disposals

a) Impairment loss recognized - Altowin S.A.
An impairment loss of $1,252k was recognised in the half-year accounts to write-down the goodwill of $972k and intangibles of $280k relating to Altowin S.A. The impairment loss has been recognized in the income statement in a separate line item 'Impairment loss – Altowin S.A.'. Altowin S.A. is a provider of office management tools for real estate agents in Belgium and Luxembourg. Due to ongoing losses, REA has decided to stop selling Altowin products. As REA do not regard Altowin as a major line of business or geographic segment no separate discontinued operation disclosure has been made.

REA's accounting policy is that impairment losses recognised at the interim period can not be reversed in subsequent periods.

b) Sale of the assets of Clarke Computers
On 4 December 2008, REA completed a sale agreement to dispose of the assets of Clarke Computers for $650k. The assets of Clarke Computers were acquired on 23 November 2006 for $650k and had a net book value of $199k as at the date of sale. The resulting transaction resulted in a gain of $451k. Clarke Computers has been a provider of trust accounting and rent roll management software to the commercial and residential real estate industry. The balance of prepaid revenues as at the date of sale ($44k) were adjusted against operating revenue.

10) Contingent claims and liabilities

Various claims arise in the ordinary course of business against REA Group Limited and its subsidiaries. The amount of the liability (if any) at 31 December 2008 cannot be ascertained, and the parent entity believes that any resulting liability would not materially affect the financial position of the group.

Directors' Declaration

In accordance with a resolution of the directors of REA Group Limited, I state that:

In the opinion of the directors:

(a) the condensed financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the financial position as at 31 December 2008 and the performance for the half year ended on that date of the consolidated entity; and

   (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

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

On behalf of the Board

Richard J Freudenstein
Chairman of the Board of Directors

Sydney
25 February 2009

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To the members REA Group Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of REA Group Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of REA Group Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

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

i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the six months ended on that date; and

ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

David

David McGregor
Partner
Melbourne
25 February 2009