REA Group Limited
ABN 54 068 349 066

Audited Financial Statements
for the year ended 30 June 2015

Index

Corporate Information 3

Directors' Information 4

Directors' Report 7

Auditor's Independence Declaration 18

Remuneration Report 19

Consolidated Income Statement 32

Consolidated Statement of Comprehensive Income 33

Consolidated Statement of Financial Position 34

Consolidated Statement of Changes in Equity 35

Consolidated Statement of Cash Flows 36

Notes to the Consolidated Financial Statements 37

Directors' Declaration 81

Independent Auditor's Report 82

Corporate Information

Directors	Mr Hamish McLennan (Chairman) Ms Tracey Fellows (Chief Executive Officer) Mr Roger Amos Ms Kathleen Conlon Mr Richard J Freudenstein Mr William Lewis Mr John D McGrath Mr Peter Tonagh
Chief Financial Officer	Mr Owen Wilson
Company Secretary	Ms Rebecca Liatis
Principal Registered Office in Australia	Level 3, 511 Church Street Richmond, Victoria, 3121 Australia Ph: +61 3 9897 1121 Fax: +61 3 9897 1114
Share register	Boardroom Pty Limited Level 12 Grosvenor Place 225 George Street Sydney NSW 2000 Australia Ph: 1300 737 760 (within Australia) +61 2 9290 9600 (outside Australia) 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 49

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

Skills and experience: Mr McLennan is an experienced media and marketing industry executive. He was Executive Chairman and Chief Executive Officer of Ten Network Holdings until July 2015 and prior to this he 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.

Recent directorships and offices:

Former Executive Chairman and Chief Executive Officer of Ten Network Holdings Limited (March 2013, Chairman since March 2014 – July 2014)

Former Executive Vice President, Office of the Chairman of News Corp Australia (from March 2011 to March 2013)

Board Committee membership:

Chairman of the Board

Member of the Audit, Risk and Compliance Committee (from March 2014 to August 2014)

Member of the Human Resources Committee

Ms Tracey Fellows BEc

Executive Director and Chief Executive Officer appointed 20 August 2014. Age 50

Independent: No

Skills and experience: Ms Fellows is Chief Executive Officer of REA Group, responsible for the Group's operations and investments across Australia, North America, Europe and Asia.

Prior to joining REA Group in August 2014, Ms Fellows was Executive General Manager of Communication Management Services at Australia Post, responsible for the physical and digital mail business which encompassed 13,000 employees.

Previously, she was based in Singapore as Microsoft Vice-President for the Asia-Pacific region, responsible for sales, services, and marketing across 12 countries. Prior to this, Ms Fellows was Chief Executive Officer of Microsoft Australia for four years and also served on the ninemsn Board. She has also held senior roles with Dell and IBM.

Ms Fellows holds a Bachelor of Economics from Monash University and a Postgraduate Diploma of Banking Management from the Macquarie Graduate School of Management.

Other current directorships and offices:

Member of Chief Executive Women

Board Committee membership:

Ms Fellows attends all Audit, Risk and Compliance Committee and Human Resources Committee meetings at the invitation of the Board/Committee.

Mr Roger Amos FCA, FAICD

Independent non-executive Director appointed 4 July 2006. Age 67

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 the 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 November 2009), Chairman of the Audit and Risk Committee and member of the Remuneration and Nomination Committee

Director of 3P Learning Limited (since 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)

Former Chairman of the Opera Foundation of Australia (from 2009 to 2013)

Board Committee membership:

Chair of the Audit, Risk and Compliance Committee and member of the Human Resources Committee

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

Independent non-executive Director appointed 27 June 2007. Age 51

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)

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 of the Australian Institute of Company Directors (since November 2013)

Director of Benevolent Society (since February 2013)

Member of Chief Executive Women

Chair Audit Committee for the Commonwealth Department of Health

Board Committee membership:

Chair of the Human Resources Committee and member of the Audit, Risk and Compliance Committee

Mr Richard J Freudenstein BEc, LLB (Hons)

Non-executive Director appointed 21 November 2006. Age 50

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 Limited) 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)

Chairman of Presto TV Pty Limited (since May 2015)

Director of Wenona School Limited (since September 2012)

Recent directorships and offices:

Former Director of the Bell Shakespeare Company Limited (from February 2007 to June 2013)

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 51

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 and related subsidiaries

Recent directorships and offices:

Former Director of Rawson Group Pty Limited

Board Committee membership:

Member of the Human Resources Committee

Mr William Lewis BSc, PGDip, Hon LLD, Hon D Litt

Non-executive Director appointed 13 November 2013. Age 46

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 International (now 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

Mr Peter Tonagh BComm, MBA

Executive Director appointed 13 November 2013 and Interim Chief Executive Officer from 17 March 2014 to 19 August 2014. Age 48

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

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. Mr Tonagh will assume the role of Chief Executive Officer for News Corp Australia towards the end of 2015.

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 (and CEO-elect) of News Corp Australia

Director of News Corp Australia (News Limited)

Director of Foxtel Management Pty Limited

Recent directorships and offices:

Interim CEO of REA Group Limited 17 March 2014 – 19 August 2014

Board Committee membership:

Member of the Audit, Risk, and Compliance Committee (from August 2014)

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 2015 and the Independent Auditor's Report thereon.

Directors

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

- Mr Hamish McLennan (Chairman)
- Ms Tracey Fellows (Chief Executive Officer - appointed 20 August 2014)
- Mr Roger Amos
- Ms Kathleen Conlon
- Mr Richard J Freudenstein
- Mr William Lewis
- Mr John McGrath
- Mr Peter Tonagh (Interim Chief Executive Officer from 17 March 2014 until 19 August 2014)

Meetings of Directors

The number of Board and Committee meetings held during the year, and the number of meetings attended by each Director are disclosed in the following table:

Director	Board meetings: Scheduled meetings		Board meetings: Project meetings		Independent Directors meetings		Audit, Risk & Compliance Committee		Human Resources Committee	
	A	B	A	B	A	B	A	B	A	B
Mr Hamish McLennan	12	12	14	14	-	-	3	4*	4	3
Ms Tracey Fellows	10	10	13	13	-	1*	-	5*	-	3*
Mr Roger Amos	12	12	14	14	2	2	7	7	4	4
Ms Kathleen Conlon	12	12	14	13	2	2	7	7	4	4
Mr Richard J Freudenstein	12	11	14	11	-	-	-	-	-	-
Mr William Lewis	12	9	14	10	-	-	-	-	-	-
Mr John D McGrath	12	12	14	12	2	1	-	-	4	4
Mr Peter Tonagh	12	12	14	14	-	-	7	7	-	1*

A - Indicates the number of meetings held during the period the Director was a member of the Board and/or Committee.
B - Indicates the number of meetings attended during the period the Director was a member of the Board and/or Committee. 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 Board/Committee.
* Attended at the invitation of the Board/Committee

Principal activities

REA advertises property and property-related services on websites and mobile apps in Australia, Europe and Asia.

Our purpose is to 'make property simple, efficient, and stress-free'. We fulfil this purpose by:

- helping real estate agents, property developers, property-related businesses, and advertisers promote their services through our websites, mobile sites, apps and some print. We call these users of our services 'customers'.
- helping real estate agents, property developers, property-related businesses, and advertisers promote their services through our websites, mobile sites, apps and some print. We call these users of our services 'customers'.

Our strategy for growth focuses on the three main strands of our business:

Listings

The backbone of our business entails publishing online listings and data on residential and commercial property.

This strand also includes providing some software and website development to the property developers and real estate agents who list properties on our sites.

Media and property-related services

Media: On top of listings, we also allow third parties to advertise on our sites, giving them access to the largest audience of property seekers in Australia. We also provide them with digital products and services to help them manage their data.

Property-related services: This part of our business streamlines the process of moving – whether it's by helping consumers find a home loan or assisting with the connection of their utilities.

International operations

Australia remains our largest market – a market in which we operate the top website for residential and commercial property. In addition, we continue to expand internationally and now have a presence in Europe, Asia and in North America.

Further details are set out in the Corporate expansion and investment activities of this Directors' Report.

Operating and financial review

A summary of financial results from core operations for the year ended 30 June is set out below.

For the purposes of this report, core operations is defined as the reported results per the Financial Statements adjusted for significant gains such as the gain on sale of marketable securities (other income) and the sale of the Squarefoot business as well as adjusted for the share of losses of associates.

Core operations A$'000	**2015**	**2014**	**Growth**
Revenue	**522,920**	437,459	20%
EBITDA*	**285,828**	225,106	27%
EBITDA margin	***55%***	*51%*	
EBIT	**258,885**	203,898	27%
NPAT	**185,419**	149,881	24%
Earnings per share	**140.6**	113.7	24%
Cash balance	**78,894**	253,788	(69%)

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

Reconciliation of results from core operations

A reconciliation of results from core operations and non-IFRS measures compared to the reported results per the Financial Statements on page 32 is set out below.

A$'000	**2015**	**2014**	**Growth**
Revenue from core operations	**522,920**	437,459	20%
Other income - gain on sale of marketable securities	**31,241**	-	100%
Reported revenue & other income	**554,161**	437,459	27%
EBITDA from core operations	**285,828**	225,106	27%
Gain on sale of marketable securities	**31,241**	-	100%
Share of losses of associates	**(7,053)**	-	100%
Reported EBITDA	**310,016**	225,106	38%
Net profit from core operations	**185,419**	149,881	24%
Gain on sale of marketable securities	**31,241**	-	100%
Tax on gain on sale of marketable securities	**(9,109)**	-	100%
Share of losses of associates	**(7,053)**	-	100%
Profit from sale of discontinued operations, net of tax	**9,750**	-	100%
Reported Net profit	**210,248**	149,881	40%

Group results from core operations

The Group continued our growth trend this year, achieving a 24% increase in Net Profit from core operations to $185.4 million. Group revenue from core operations grew by 20% to $522.9 million.

The Group's EBITDA from core operations increased by 27% for the year to $285.8 million and the EBITDA margin rose to 55%. The Group's operating expenses increased by 12% on the comparative year. This funded increased headcount, marketing costs and the move to our new head office in Melbourne.

The Group's cash balance was $78.9 million at the end of the period. This cash balance represents a reduction from the prior year as a result of the two strategic international investments. It also reflects the Group's strong operational performance for the year. Further details are set out below.

Our property websites in Australia, Europe and Asia all recorded traffic growth during the year. The Group's operations attracted combined average monthly visits[1] of 59.6 million[2] for the year ended 30 June 2015. This represents a 17% increase in average monthly visits on the prior year. Paying agents also increased by 6% to 23,160 across all websites.

Corporate expansion and investment activities

We have continued to expand internationally, making the following acquisitions during the year:

- In July 2014, the Group acquired an initial 17.2% strategic stake in Asian digital property advertising business, iProperty Group Limited (IPP). IPP, an ASX listed company, operates leading property portals across Malaysia, Indonesia, Hong Kong, Macau, Singapore and Thailand.

  A further 0.5% stake was acquired on-market in October 2014. The purchases were funded by cash reserves for a total consideration of $108.7 million.

  The shareholding was further increased to 19.9% on 22 December 2014 through the sale of Squarefoot, our Hong Kong business, for a total consideration of 5 million IPP shares. Further details of our IPP investment are set out in the Asia section and Events since the end of the financial year section.

- In November 2014, the Group completed an investment in Move, Inc. (Move), a leading provider of online real estate services in the United States of America. The 20% holding in Move was acquired for a consideration of $226.5 million (US$198.7 million) and funded by cash reserves. News Corp, parent of REA Group majority shareholder News Corp Australia, holds the remaining 80% of Move. The Group's share of Move for the year ended 30 June 2015 resulted in losses of $5.7 million recognised in the Income Statement. Further details are set out in the North America section below.

Strong operational results and key investment activities (noted above) coupled with shareholder returns in the form of dividends, resulted in a cash balance of $78.9 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 2015	Interim 2015	Final 2014
Per share (cents)	**40.5**	29.5	35.0
Total amount ($'000)	**53,345**	38,853	46,100
Franked*	**100%**	100%	100%
Payment date	**14 Sept 2015**	12 March 2015	25 Sept 2014

* 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] Main sites, mobile sites and apps for Group-wide websites utilising data from Nielsen Online Market Intelligence Home and Fashion Suite Total Traffic for Audited sites and Adobe Omniture SiteCatalyst.

Performance by region

2015	**Australia $'000**	**Europe $'000**	**North America $'000**	**Asia $'000**	**Corporate $'000**	**TOTAL $'000**
Segment revenue						
Total segment revenue	**473,672**	**45,628**	**-**	**4,675**	**-**	**523,975**
Inter-segment revenue	**(903)**	**-**	**-**	**(152)**	**-**	**(1,055)**
Revenue from external customers	**472,769**	**45,628**	**-**	**4,523**	**-**	**522,920**
Results						
Segment EBITDA from core operations	**288,054**	**9,683**	**-**	**641**	**(12,550)**	**285,828**
Share of losses of associates	**-**	**-**	**(5,721)**	**(1,332)**	**-**	**(7,053)**
Gain on sale of marketable securities	**-**	**-**	**-**	**-**	**31,241**	**31,241**
EBITDA						**310,016**
Depreciation and amortisation						**(26,943)**
EBIT						**283,073**
Net finance income						**3,453**
Profit before income tax						**286,526**

2014	**Australia $'000**	**Europe $'000**	**North America $'000**	**Asia $'000**	**Corporate $'000**	**TOTAL $'000**
Segment revenue						
Total segment revenue	393,421	42,857	-	2,538	-	438,816
Inter-segment revenue	(1,183)	-	-	(174)	-	(1,357)
Revenue from external customers	392,238	42,857	-	2,364	-	437,459
Results						
Segment EBITDA	232,351	5,225	-	(1,172)	(11,298)	225,106
Depreciation and amortisation						(21,208)
EBIT						203,898
Net finance income						9,299
Profit before income tax						213,197

Performance by region (continued)

Australia

The Group operates Australia's number one residential and commercial property sites, realestate.com.au and realcommercial.com.au.

We have continued to cement this number one position with a 5% increase in the number of Australian real estate agent offices that list properties on our sites for the year ended 30 June 2015. Average monthly revenue per agent (ARPA) increased by 14% to $2,957.[3]

Overall, Australian revenues increased by 21% to $472.8 million during the year.

In our residential business, revenues increased by 21% compared with the previous year.

Our commercial business, realcommercial.com.au, recorded a 9% revenue growth in the year.

Media and developer revenue increased by 25%. This increase is a result of continued innovation in display media products and strong take-up of Project Profiles, making it easier to present large developments.

Further details relating to the Australian operations are set out below.

Revenues driven by greater uptake of 'depth products'

Our growing revenues are particularly pleasing, given a 4% decline in the volume of property listings across the market, as well as lower average days on-market for properties as a result of high auction clearance rates in Sydney and Melbourne.

The Group's positive results, despite this backdrop, can be attributed to the successful execution of our strategic initiatives. An important factor has been a change in the way we charge for our services.

Traditionally, real estate agents have paid subscriptions for the right to list properties on our sites. However, we now offer agents 'depth products', where they pay extra to feature a more detailed listing of a particular property. As we enhanced these 'depth products' offerings and made them easier to purchase, this led to increased take-up of premium listings by both residential and commercial property agents.

We have also successfully introduced a market based pricing model, in which depth products are priced according to the location of the property, as opposed to the location of the agency.

Innovation is driving consumer engagement

We have the most engaged audience of property seekers in Australia. Combined, realestate.com.au, realcommercial.com.au and property.com.au attracted average monthly visits of 48.8 million during the year. This figure represents growth of 20% compared with the prior comparative period.[4]

Our high consumer engagement is due to our continuous efforts to enhance the online experience of people looking to buy, sell, rent or share property. Recent innovations mean consumers can now find far more detailed, personalised and up-to-date information on more properties than ever – from local price trends to information on nearby schools.

Consumers are also able to access this personalised property data from even more devices. For example, they can now receive location specific alerts via the first ever real estate app on the Apple Watch[5].

As a result of our drive to increase the range of devices we publish on, mobile site and app combined visits grew by 25% to 22.2 million[4] average monthly visits, representing 45% of total traffic. Average monthly visits for realestate.com.au's combined main and mobile sites outperformed the nearest competitor site by 5.7 times.[6] The average monthly total time on site for realestate.com.au's main and mobile sites for the year was 242.1 million minutes, extending our lead against our nearest competitor by 22% and outperforming by 5.7 times.[5] Average monthly page views for the site were 991 million[7], outperforming the nearest competitor by 6.4 times.

The expanded reach of mobile, and the increased personalisation of our sites and apps, have supported the creation of better products for real estate agents. As a result of recent innovations, these customers can now present their offering to consumers in a much

[3] ARPA calculated as residential and commercial revenue over the number of paying agents.

[4] Visits to realestate.com.au, realcommercial.com.au and property.com.au from the following sources: Main sites - Nielsen Online Market Intelligence Home and Fashion Suite Total Traffic for Audited sites (including international traffic). Mobile sites - Nielsen Online Market Intelligence Home and Fashion Suite (January 2014 to June 2015) and Domestic Report Suite (July 2013 to December 2013) Total Traffic for Audited sites. Apps - Adobe Omniture SiteCatalyst (including international traffic).

[5] The Apple Watch is a registered trademark of Apple Inc.

[6] Nielsen Online Market Intelligence Home and Fashion Suite Total Traffic for Audited sites for the main and mobile sites of realestate.com.au, compared to domain.com.au.

7 Nielsen Online Ratings

more timely and targeted way, which, in turn, increases consumer engagement. For example we have worked closely with real estate agents to profile their experience and approach to selling homes, to assist consumers in their selection process. Agent profiles have provided over 140 thousand leads and 5.3 million page views for our customers during the year. [8]

Europe

The Group's European operations comprise Italy, Luxembourg and France. We operate Italian digital property advertising business, casa.it; Luxembourg's market-leading residential and commercial property sites, atHome.lu and atOffice.lu; and immoRegion.fr in France.

Our European operations achieved 6% revenue growth for the year (10% in local currency) to $45.6 million (€31.8 million) and EBITDA growth of 85% to $9.7 million (€6.7 million).

As the Italian property market continued to improve, casa.it invested in increasing brand awareness and market share. The site grew agent numbers and increased listing volumes by 16% this year.

Our Luxembourg business continued to expand into the northern regions of France under the immoRegion.fr brand, demonstrating our ability to expand into new markets.

The immoRegion.fr brand now operates in the regions of Alsace, Lorraine, Nord-Pas-de-Calais and Pays de la Loire. Launching in Nord-Pas-de-Calais less than a year ago, ImmoRegion.fr is already leading the competition in listings volumes and agency customers.

As in Australia, we have continued to focus on innovations in mobile. Product launches during the year include:

- a new casa.it m.site and app, with enhanced depth products for customers and consumers;
- a partnership with Italy's national association of real estate agents and brokers (FIMMA). As a result, casa.it and FIMAA will share innovation and products to all 12,000 FIMAA members; and
- launch of customer "local expert" product in Luxembourg to help agents win new business.

Average monthly visits to the combined European sites (casa.it, atHome.lu, atHome.de, immoRegion.fr and atOffice.lu) increased by 7%.[9]

Asia

Our Chinese site, myfun.com, supports the Australian business by showcasing Australian residential property listings to Chinese buyers, investors, and delivering leads to agents. The myfun.com site delivered increased levels of enquiries to agents and traffic continued to increase over the year. Launched in 2014, myfun.com attracted average monthly visits of 73 thousand during the year.[10]

As part of our international growth strategy, in July 2014, the Group acquired an initial 17.2% strategic stake in Asian digital property advertising business, iProperty Group Limited (IPP). A further 0.5% stake was acquired on-market in October 2014. These purchases were funded by cash reserves for a total consideration of $108.7 million.

IPP, an ASX listed company, owns and operates Asia's leading network of property websites across Malaysia, Thailand, Indonesia, the Hong Kong region, and Singapore. Our holding was increased to 19.9% on 22 December 2014 through the sale of our Hong Kong business Squarefoot to IPP for a total consideration of 5 million IPP shares valued at $15.0 million.

Since acquiring our initial shareholding, IPP's FY2014 results released in February 2015 noted a 15% increase in revenue. More recently, on 1 April 2015 IPP acquired thinkofliving.com in Thailand which is focused on the developer market. As a result of IPP's leadership in Malaysia, Indonesia and Hong Kong, revenue grew by 40% during the quarter ended March 2015.

North America

On 18 November 2014, the Group completed its investment in Move, Inc., a leading provider of online real estate services in the United States.

We acquired a 20% holding in Move for a consideration of $226.5 million (US$198.7 million), funded by cash reserves. News Corp, parent of REA

[8] Adobe Omniture SiteCatalyst for realestate.com.au and realcommercial.com.au (main and mobile site visits, includes international traffic to site).

[9] Adobe Omniture SiteCatalyst for casa.it, atHome.lu, atHome.de, atOffice.lu and immoRegion.fr combined (main and mobile site visits, includes international traffic to site).

[10] Adobe Omniture SiteCatalyst for myfun.com (main site visits, includes international traffic to site).

Group majority shareholder News Corp Australia, holds the remaining 80% of Move. During the period, the Group paid additional capital contributions of $11.0 million (US$8.7 million) cash, relating to the funding of rollover awards held by Move employees.

Move primarily operates realtor.com®, a premier real estate information services marketplace, under a perpetual agreement and trademark license with the National Association of Realtors® (NAR), the largest trade organisation in the USA. Through realtor.com®, consumers have access to over 3.3 million properties across the U.S., including the most complete collection of homes and properties listed with Multiple Listing Services ("MLS") and displayed for sale among the competing national online portals. Realtor.com® and its related mobile applications display approximately 98% of all MLS-listed, for-sale properties in the U.S., which are primarily sourced directly from relationships with MLSs across the U.S. Over 90% of its for-sale listings are updated at least every 15 minutes, on average, with the remaining listings updated daily. Realtor.com®'s substantial content advantage attracts a highly engaged consumer audience.

We have representation on the Move Advisory Board, which was set up to advise on key strategic and operating matters impacting Move, and also includes representation from News Corp and the NAR. The partnership with News Corp provides an opportunity to leverage our digital real estate expertise and News Corp's content, distribution and marketing strengths.

The Group's share of Move, Inc. for the year resulted in $5.7 million loss recognised in the Income Statement.

State of affairs

In the Directors' opinion, other than the investments and divestments referenced in the Operating and Financial review of this Report, there have been no significant changes in the state of affairs of the Group during the year.

Events since the end of the financial year

Following the end of the year, the Group announced the on-market purchase of 2,882,903 shares (of which 167,838 were purchased prior to year end) in iProperty Group Limited (IPP), bringing our total shareholding to 21.33%. An updated substantial shareholder notice was lodged on 21 July 2015.

As at the date of this report, the Directors are not aware of any other circumstance, other than the above mentioned item, that has arisen since 30 June 2015 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.

Business strategies and future developments

The online advertising market continues to grow and we will continue to invest in innovation to capitalise on this potential.

Our growth strategy reflects the three strands of our business: listings; media and property-related services; and international expansion. This year, we reorganised our internal operations to reflect these three areas of focus.

Listings

We began as a listings business, and listings remain the backbone of what we do. However, the evolution of our business model – from one based on charging agents subscription fees for listing their properties on our sites to one based on charging them for 'depth products' (premium listings) – creates significant scope for growth.

As well as continuing to innovate to improve the consumer experience, we have a three-tier strategy for increasing revenues from depth products. Firstly, we will expand the number of customers who buy depth products. Secondly, we will sell more of our top tier premium listings to existing customers. Finally, we will enhance and augment our existing range of premium listings.

Media and property-related services

The Group is now the greatest source of property related information in Australia. This puts us in a strong position to develop our media and property-related services further. In particular, the depth, breadth and increased personalisation of our consumer data opens up opportunities to bring a wider range of advertisers in front of our consumer audience.

For example, our 1Form online application form for renters received 1.25 million rental applications from registered users. This technology gives us early visibility of consumers who are planning to move property. Advertisers can then target these consumers through recent initiatives, including:

- Connections, a new service rolled out in Australia in the third quarter of FY2015. Available on realestate.com.au, Connections helps consumers compare and connect services to their property, such as electricity, telecommunications and pay TV.
- Our new partnership with AFG, one of Australia's largest mortgage brokers. A new home loan tool has been integrated into property searches on realestate.com.au, presenting consumers with home loan options available through AFG from a range of lenders.

The Group will continue to invest in these products over the next year. We will also continue to extend our audience through relevant partnerships.

International expansion

Our international expansion strategy ramped up this year. As well as our continued expansion in regional France, we have made two significant investments in Asia and North America.

Our investment in IPP in Asia, gives us exposure to one the fastest-growing real estate markets in the world, with a population of over 500 million consumers increasingly moving online.

Since 30 June 2015, we have further increased our stake in IPP to 21.33% with additional shares purchased on-market. REA Group is IPP's largest shareholder and we have two nominee Directors on the IPP Board.

The U.S. is the largest real estate market in the world. On 18 November 2014, the Group made inroads into this market when it completed its investment in Move, a leading digital real estate advertising business in U.S.

This partnership has seen a successful rebranding of the realtor.com site, a new marketing campaign, and a significant increase in traffic to the site which positions realtor.com as the number two property portal in North America.

Further details of our overseas investments are set out in Corporate expansion and investment activities on page 9 of this report.

Opportunities

This year's performance shows the Group remains resilient to global economic volatility. This resilience is due to our business model.

We see opportunities to drive further value from our large consumer audience at the various stages of the property transaction process. These opportunities 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 – and how we manage them

Risks to the business include:

- The development of new technologies that could affect our existing business model. We manage this risk by monitoring global markets to understand the potential impact of new technologies
- Security or data incidents. As a technology-focused business, managing security, and taking care of consumer and customer data is essential. To manage the risk of damaging security incidents, 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
- Lack of website and app availability. As an online business, the availability of our websites, applications and systems is essential to our success. To manage the risk of any of our sites going down, we have developed and implemented disaster recovery strategies, high-availability architecture, and processes for monitoring the health of our systems on an ongoing basis
- Decline in Australian market conditions. The property market is driven by employment, interest rates and consumer confidence. A substantial change in these market indicators could result in a

deterioration in the performance of the property market in Australia. Interest rates remain low and we do not foresee any significant risks in relation to the other drivers of transaction volumes

- 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, rises in interest rates and falls in consumer confidence in our international markets would result in a deterioration in performance
- Investment opportunities. The Group is actively assessing international expansion opportunities. Potential investments may carry execution and integration risks, while exiting securities and assets may hold valuation risks
- Inability to maintain the current rate of innovation. 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. 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 supports our operating model by providing a purpose-built space to drive further collaboration and innovation.

Sustainability

The Group has achieved a number of significant milestones in our management of sustainability this year. Since the appointment of our Senior Manager for Sustainability last year, we have made significant advances in the management and measurement of its social and environmental impacts/risks including:

- Incorporation of sustainability into the REA Group Board HR Committee charter to ensure: "the Company maintains and implements an appropriate social, environmental and ethical sustainability framework and risk management system"
- A formal stakeholder identification process and independent material impact assessment and independent research to measure and benchmark stakeholder perceptions of our sustainability performance
- Benchmarking of our sustainability performance for the second year through participation in the Dow Jones Sustainability Index
- Independent measurement of the Group's carbon footprint and other environmental impacts (such as an environmental assessment/rating of REA Group's largest Australian offices and independent waste audit). REA Group is also a signatory to the City Switch program to actively measure and reduce the environmental footprint within our Australian operations
- Independent verification of social impact measurement through London Benchmarking Group (LBG). We also support industry leadership in social impact measurement as a member of the LBG Steering Group
- We are actively engaged with key stakeholders on social impacts including housing affordability and homelessness and are an active member of the Business Alliance to End Homelessness convened by the Council of Homeless Persons. The Group also supported a national conversation on housing affordability through the Australian Council of Social Services and Council of Homeless Persons conferences
- We have incorporated sustainability into our corporate induction program to educate staff of our commitment to being ethical and accountable, and individual responsibility to consider social and environmental impacts in all our operations
- Aligned to our material impact assessment, we have made a more significant contribution to the community through the national launch of our internal community program (Because we care) in September 2014 to empower our people to make a tangible positive contribution. In an Australian corporate first, this included the introduction of a "Volunteer Bank" for staff to take more than one day of volunteer leave. We also launched our flagship community partnership and established a Rapid Rehousing Fund for victims of domestic violence in December 2014 in conjunction with HomeGround (now Launch Housing)
- We also innovate and collaborate to solve social and environmental issues. Key initiatives include a dedicated Hack Day to solve social and conservation challenges and Ask Issy, a collaboration between Google, Infoxchange and News Corp to develop a mobile site of homeless services.

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 seven non-executive Directors and one executive Director, the Chief Executive Officer, who collectively have 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 6 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 7 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 2015 financial year are listed on pages 4 to 6 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 15 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 Chief Executive Officer and the Chief Financial Officer 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 $237,782 (2014: $113,432) 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. In addition, REA Group Limited took out a further D&O policy to cover certain exclusions in the News Corp Group D&O policy and to provide a dedicated program providing cover independently of the News Corp program.

Indemnification of auditors

The Group has agreed to indemnify their auditors, Ernst & Young Australia, to the extent permitted by law, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

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	2015 $	2014 $
Tax compliance services	**220,000**	173,250
International tax consulting	**20,000**	60,000
Other assurance services	**102,100**	143,000
Total remuneration for non-audit services	**342,100**	376,250

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 18.

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

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Fax: +61 3 8650 7777
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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 2015, 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
12 August 2015

Remuneration Report

This report forms part of the Directors' Report for the year ended 30 June 2015.

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 2015 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 2015 financial year and unless otherwise indicated were classified as KMP for the entire year.

Executive Directors	
Tracey Fellows	Chief Executive Officer (Appointed 20 August 2014)
Peter Tonagh	Interim Chief Executive Officer (Appointed 17 March 2014. Resigned 19 August 2014)

Senior Executives	
Arthur Charlaftis	General Manager Sales and Operations
Nigel Dalton	Chief Information Officer
Henry Ruiz	Chief Product Officer
Owen Wilson	Chief Financial Officer (Appointed 1 September 2014)

Non-Executive Directors	
Hamish McLennan	Chairman
Roger Amos	Independent Director
Kathleen Conlon	Independent Director
Richard J Freudenstein	Director
William Lewis	Director
John McGrath	Independent Director
Peter Tonagh	Director

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 senior 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 2015 financial year, the HR Committee engaged *3 degrees consulting* to provide benchmarking data for vacant executive roles. *3 degrees consulting* was paid a total of $30,000 for these services during the year. No actual remuneration recommendations were provided by *3 degrees consulting*.

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; and
- rewarding executive performance for generating high growth returns above acceptable threshold levels.

The four core 'guiding principles' of our executive remuneration framework 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 CEO and senior 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 - 55% of total remuneration	45% - 55% 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

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 2015 the Board reviewed the Group strategy for executive remuneration. As a result, executive remuneration was reviewed in light of the continuing business performance and the longer term Group strategy including a renewed focus on international investments.

The Group's performance for the 2015 financial year has seen continued growth across key metrics and the Board determined that the STI target performance levels for the EBIT and Revenue financial measures have been met. Individual performance was assessed against key strategic initiatives undertaken by the business during the year and this performance is reflected in the STI payments to the CEO and senior executives, as set out in section 6.

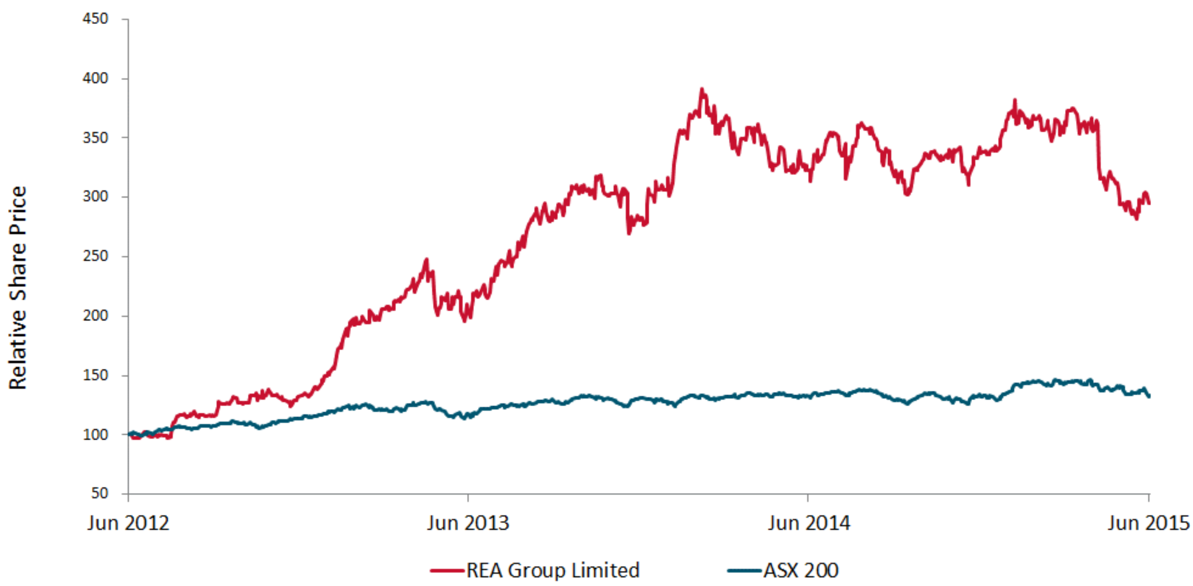
During the year, a number of performance rights previously granted to participating executives under the LTI Plan 2015 (Plan 6) vested as a result of performance against the applicable revenue & EPS targets. The number of rights that vested applied is shown in Table 2 of section 6.4.

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 8.

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

Key Indicators	**2011**	**2012**	**2013**	**2014**	**2015**
Net profit after tax from continuing operations $000's	67,505	86,782	109,746	149,881	**200,498**
Dividends per share	26.0c	33.0c	41.5c	57.0c	**70.0c**
Earnings per share	53.1c	66.2c	83.3c	113.7c	**152.0c**
Profit after tax attributable to owners of parent $000's	68,739	86,971	109,711	149,728	**210,011**
Share Price 30 June	11.90	13.46	27.53	42.71	**39.21**

REA Group's relative share price in comparison to the ASX 200 is outlined below. During the 2015 financial year REA's share price declined, however, it has significantly outperformed the ASX 200 in the last 3 years.



5. Interim CEO

In March 2014, the Board appointed Peter Tonagh Interim CEO, an existing non-executive Director of the Board, while a thorough search for a permanent CEO was undertaken. Mr Tonagh resigned from his appointment as Interim CEO on 19 August 2014 with the commencement of the new CEO, Tracey Fellows. Mr Tonagh continues in his role as a Non-executive Director. Details of Mr Tonagh's remuneration during the year is detailed in Section 6.7, Table 3.

6. Executive remuneration components

6.1 Remuneration reviews

Remuneration levels for the CEO and senior 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 thorough remuneration review was undertaken by the Board during the 2014 financial year based on individual performance of senior executives, alignment with market remuneration levels, retention of existing executives and, where appropriate, to attract new executives including the new CEO and CFO to the business. No substantial remuneration review was undertaken during the 2015 financial year.

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 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 CEO and senior executives.

What is the amount that executives can earn?

The 'Target' STI opportunity was 50% of fixed remuneration for the CEO and between 45% to 55% for senior executives.

Actual STI payments granted to each senior 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 (i.e. ≥ 120% of Target)	200%

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

What are the performance measures?

For the 2015 financial year, the performance measures are as follows:

Performance measure	Executive allocation	CEO allocation
EBIT	35%	40%
Revenue	35%	40%
Individual performance *(based on individual and business 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 for the CEO have been set by the Board to drive leadership performance and behaviours consistent with the Group's corporate philosophy and its overall business strategy. The CEO sets individual and business key performance indicators for the executive team in consultation with the Board.

When are the performance conditions tested?

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

Once the review is completed, payments of annual incentives are made post release of the results in August.

STI for the 2015 financial year

Specific information relating to the STI payable for the 2015 financial year based on achievement of the STI objectives for executives is set out below in Table 1:

Executives	Actual STI payment	% of Target STI payable	% of Target STI forfeited
CEO	439,619	113%	-
Senior executives	934,992	93%	7%

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 by the value per right. This target LTI value is 50% of fixed remuneration for the CEO and between approximately 45% to 55% for senior executives.

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 2014 and ending on 30 June 2017.

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 year ending 30 June 2017 (FY17) 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) from core operations.

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?

During the year, the Board reviewed the vesting schedule in light of the Company's historical financial performance and the five year Revenue and EBIT growth forecasts. The Board approved challenging Threshold, Target and Stretch growth rates (using the 2014 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 double digit growth at the threshold level for any vesting to occur.

The following vesting schedule applies to both performance hurdles (with pro-rata vesting between any two points) for the FY17 plan:

Performance level	% of awards vesting
Below Threshold	0% vesting
Threshold	80% vesting
Target	100% vesting
Stretch	200% vesting

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

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

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.

Summary of Awards under the LTI Plans

The table below (Table 2) sets out details of performance rights held by and granted to the CEO and senior executives during the 2015 financial year under the LTI Plans.

Name	Balance at 1 July 2014	Rights granted during year	Number vested during year	$ value of rights at grant date	Number forfeited during year	Balance at 30 June 2015
T Fellows						
LTI Plan 2017 (Plan 8)	-	11,155	-	449,993	-	11,155
Total	**-**	**11,155**	**-**	**449,993**	**-**	**11,155**
O Wilson						
LTI Plan 2017 (Plan 8)	-	6,197	-	249,987	-	6,197
Total	**-**	**6,197**	**-**	**249,987**	**-**	**6,197**
A Charlaftis						
LTI Plan 2014 (Plan 5)	7,773	-	7,773	-	-	-
LTI Plan 2015 (Plan 6)	5,882	1,176[1]	-	15,794	-	7,058
LTI Plan 2016 (Plan 7)	9,025	-	-	-	-	9,025
LTI Plan 2017 (Plan 8)	-	7,436	-	299,968	-	7,436
Retention share plan (FY14)	10,943	-	-	-	-	10,943
Total	**33,623**	**8,612**	**7,773**	**315,762**	**-**	**34,462**
N Dalton						
LTI Plan 2015 (Plan 6)	9,158	1,831[1]	-	24,590	-	10,989
LTI Plan 2016 (Plan 7)	5,564	-	-	-	-	5,564
LTI Plan 2017 (Plan 8)	-	4,957	-	199,965	-	4,957
Total	**14,722**	**6,788**	**-**	**224,555**	**-**	**21,510**
H Ruiz						
LTI Plan 2014 (Plan 5)	12,955	-	12,955	-	-	-
LTI Plan 2015 (Plan 6)	9,307	1,861[1]	-	24,993	-	11,168
LTI Plan 2016 (Plan 7)	9,372	-	-	-	-	9,372
LTI Plan 2017 (Plan 8)	-	7,436	-	299,968	-	7,436
Retention share plan (FY14)	10,943	-	-	-	-	10,943
Total	**42,577**	**9,297**	**12,955**	**324,961**	**-**	**38,919**

1 These performance rights were granted as a result of combined average of 120% over-performance of hurdles rates on the LTI Plan 2015.

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 2014 (Plan 5)	1 July 2011	1 July 2014	$11.11	100-120%	100 - 115%
LTI Plan 2015 (Plan 6)	1 July 2012	1 July 2015	$13.43	120%	120%[1]
LTI Plan 2016 (Plan 7)	1 July 2013	1 July 2016	$25.16	to be determined	-
LTI Plan 2017 (Plan 8)	1 July 2014	1 July 2017	$40.34	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

6.5 Retention share plan

During financial year 2014 the Board, in consultation with the HR Committee, a retention scheme was introduced that included a long term restricted share rights retention plan for key senior executives.

The long term incentive retention share plan is subject to satisfactory individual performance and will be forfeited if the senior 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 CEO and senior executives. All contracts are for unlimited duration.

Title	Notice Period / Termination Payment
CEO	• 9 months either party (or payment in lieu) • Immediate for misconduct, breach of contract or bankruptcy • Statutory entitlements only for termination with cause
Senior Executives	• 3 months either party (or payment in lieu) for Chief Information Officer • 9 months either party (or payment in lieu) for Chief Product Officer, General Manager Sales and Operations and 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 2015 and 2014 financial years are set out below (Table 3).

Name	Short term employee benefits			Post-employment benefits	Long term employee benefits	LTI Plan[2]	Total	Performance related %	LTIP %
	Salary	STI Plan[1]	Other						
Current executives									
T Fellows (Chief Executive Officer appointed 20 August 2014)									
2015	**761,462**	**439,619**	**500,000[3]**	**18,783**	**-**	**149,998**	**1,869,862**	**32%**	**8%**
A Charlaftis (General Manager Sales and Operations)									
2015	**609,366**	**278,400**	**-**	**18,783**	**9,530**	**423,936**	**1,340,015**	**52%**	**32%**
2014	521,240	554,838	150,000	17,775	4,135	193,818	1,441,806	62%	13%
N Dalton (Chief Information Officer)									
2015	**421,217**	**185,600**	**-**	**18,783**	**5,491**	**162,517**	**793,608**	**44%**	**20%**
2014	422,116	271,914	-	17,775	3,668	87,661	803,134	45%	11%
H Ruiz (Chief Product Officer)									
2015	**631,217**	**278,400**	**-**	**18,783**	**19,740**	**445,250**	**1,393,390**	**52%**	**32%**
2014	530,200	554,838	150,000	17,775	23,789	231,253	1,507,855	62%	15%
O Wilson (Chief Financial Officer appointed 1 September 2014)									
2015	**484,272**	**192,592**	**150,000[3]**	**18,783**	**-**	**83,329**	**928,976**	**30%**	**9%**
Former executives									
P Tonagh (Interim CEO resigned 19 August 2014)									
2015	**38,375**	**-**	**-**	**2,929**	**-**	**-**	**41,304**	**-**	**-**
2014	67,881	-	-	6,279	-	-	74,160	-	-
TOTAL									
2015	**2,945,909**	**1,374,611**	**650,000**	**96,844**	**34,761**	**1,265,030**	**6,367,155**	**41%**	**20%**
2014	1,541,437	1,381,590	300,000	59,604	31,592	512,732	3,826,955	57%	13%

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 Signing Bonus and is excluded from performance related remuneration.

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 2015 the Board's policy was that the Chairman and independent non-executive Directors receive remuneration for their services as Directors.

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 2014.

7.2 Non-executive director fees

The table below (Table 4) shows the structure and level of non-executive Director fees for the 2015 and 2014 financial years.

Fee applicable		Chair $	Member $
Board	**2015**	**310,000**	**120,000**
	2014	250,000	95,000
Audit, Risk & Compliance Committee	**2015**	**30,000**	**14,000**
	2014	20,000	10,000
Human Resources Committee	**2015**	**26,000**	**13,000**
	2014	20,000	10,000

7.3 Non-executive director remuneration

Details of remuneration for the Chairman and independent non-executive Directors are set out in Table 5 below. As outlined above, the remaining non-independent Directors do not receive any directors' fees.

$		Fees and allowances	Other	Post-Employment Benefits	Total
H McLennan (Chairman)	**2015**	**291,217**	**-**	**18,783**	**310,000**
	2014	232,225	-	17,775	250,000
R Amos	**2015**	**148,858**	**-**	**14,142**	**163,000**
	2014	114,416	-	10,584	125,000
K Conlon	**2015**	**146,118**	**15,000**[1]	**15,306**	**176,424**
	2014	114,416	-	10,584	125,000
J McGrath	**2015**	**121,461**	**-**	**11,539**	**133,000**
	2014	96,110	-	8,890	105,000
Total	**2015**	**707,654**	**15,000**	**59,770**	**782,424**
	2014	557,167	-	47,833	605,000

1 Additional director related fees for strategic projects.

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 related parties are set out below[1] (Table 6):

Key management personnel	Balance at 1 July 2014	Received during the year	Other changes during the year	Balance at 30 June 2015
Non-executive directors				
H McLennan	-	-	1,095	1,095
R Amos	2,481	-	-	2,481
K Conlon	2,248	-	-	2,248
J McGrath	146,080	-	-	146,080
Executives				
A Charlaftis	-	7,773	-	7,773
H Ruiz	-	12,955	(12,955)	-

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

Ms Tracey Fellows
Chief Executive Officer
Sydney
12 August 2015

Consolidated Income Statement

for the year ended 30 June 2015

	Notes	2015 $'000	2014 $'000
Revenue from continuing operations		**522,920**	437,459
Other income[1]		**31,241**	-
Total revenue & other income		**554,161**	437,459
Employee benefits expenses	7	**(113,543)**	(104,379)
Consultant and contractor expenses		**(11,017)**	(15,725)
Marketing related expenses		**(48,841)**	(37,923)
Technology expenses		**(13,212)**	(11,247)
Operations and administration expenses		**(50,479)**	(43,079)
Share of losses of associates	6	**(7,053)**	-
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**310,016**	225,106
Depreciation and amortisation expense	7	**(26,943)**	(21,208)
Profit before interest and tax (EBIT)		**283,073**	203,898
Net finance income	7	**3,453**	9,299
Profit before income tax		**286,526**	213,197
Income tax expense	8	**(86,028)**	(63,316)
Profit from continuing operations		**200,498**	149,881
Discontinued operations			
Profit after tax from sale of discontinued operations	4	**9,750**	-
PROFIT FOR THE YEAR		**210,248**	149,881
Earnings per share attributable to the ordinary equity holders of REA Group Limited		**Cents**	Cents
Basic earnings per share	23	**159.4**	113.7
Diluted earnings per share	23	**159.4**	113.7
Basic earnings per share from continuing operations	23	**152.0**	113.7
Diluted earnings per share from continuing operations	23	**152.0**	113.7

1 The Group disposed of the available-for-sale (AFS) financial asset held at 30 June 2014 during the year for a $31.2 million gain ($22.2 million after tax).

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 2015

	2015 $'000	2014 $'000
Profit for the year	**210,248**	149,881
Other comprehensive income		
Items that may be reclassified subsequently to the Income Statement		
Exchange differences on translation of foreign operations, net of tax	**31,792**	468
Net gain on cash flow hedges	**22**	-
Gain on available-for-sale financial assets, net of tax[1]	**-**	5,423
Write back on disposal of available-for-sale financial assets, net of tax[1]	**(5,423)**	-
Other comprehensive income for the year, net of tax	**26,391**	5,891
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**236,639**	155,772
Profit for the year is attributable to:		
Non-controlling interest	**237**	153
Owners of the parent	**210,011**	149,728
	210,248	149,881
Total comprehensive income for the year is attributable to:		
Non-controlling interest	**237**	153
Owners of the parent	**236,402**	155,619
	236,639	155,772

1 As a result of the disposal of available-for-sale financial assets the Group recycled the gain (net of tax) recognised in 2014 to the Income Statement.

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 2015

	Notes	2015 $'000	2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	**78,894**	253,788
Trade and other receivables	10	**79,636**	66,188
Total current assets		**158,530**	319,976
Non-current assets			
Plant and equipment	11	**17,389**	9,403
Intangible assets	12	**106,861**	94,963
Financial assets	13	**-**	88,216
Deferred tax assets	8	**4,950**	5,159
Other non-current assets	10	**258**	851
Investment in associates	25	**381,982**	-
Total non-current assets		**511,440**	198,592
Total assets		**669,970**	518,568
LIABILITIES			
Current liabilities			
Trade and other payables	14	**41,139**	40,814
Current tax liabilities		**22,306**	26,739
Provisions	15	**6,570**	6,594
Deferred revenue		**29,506**	26,766
Total current liabilities		**99,521**	100,913
Non-current liabilities			
Other non-current payables		**1,568**	-
Deferred tax liabilities	8	**6,289**	5,983
Provisions	15	**4,513**	3,360
Total non-current liabilities		**12,370**	9,343
Total liabilities		**111,891**	110,256
Net assets		**558,079**	408,312
EQUITY			
Contributed equity	16	**98,355**	102,075
Reserves	17	**26,112**	(2,273)
Retained earnings		**433,078**	308,020
Parent interest		**557,545**	407,822
Non-controlling interest		**534**	490
Total equity		**558,079**	408,312

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

Consolidated Statement of Changes in Equity

	Contributed equity	Retained earnings	Reserves	Parent interest	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2014	**102,075**	**308,020**	**(2,273)**	**407,822**	**490**	**408,312**
Profit for the year	-	**210,011**	**-**	**210,011**	**237**	**210,248**
Other comprehensive income	-	**-**	**26,391**	**26,391**	**-**	**26,391**
Total comprehensive income for the year	**-**	**210,011**	**26,391**	**236,402**	**237**	**236,639**
Transactions with owners in their capacity as owners						
Share-based payment expense for the year	**-**	**-**	**2,722**	**2,722**	**-**	**2,722**
Acquisition of treasury shares	**(1,885)**	**-**	**-**	**(1,885)**	**-**	**(1,885)**
Settlement of vested performance rights	**(1,835)**	**-**	**(728)**	**(2,563)**	**-**	**(2,563)**
Dividends paid	**-**	**(84,953)**	**-**	**(84,953)**	**(193)**	**(85,146)**
Balance at 30 June 2015	**98,355**	**433,078**	**26,112**	**557,545**	**534**	**558,079**

	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

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 2015

	Notes	**2015** **$'000**	2014 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**566,716**	478,237
Payments to suppliers and employees (inclusive of GST)		**(288,108)**	(248,688)
		278,608	229,549
Interest received		**4,203**	9,504
Interest paid		**(159)**	-
Income taxes paid		**(88,352)**	(53,930)
Share-based payment on settlement of incentive plans		**(2,945)**	(1,542)
Net cash inflow from operating activities	9	**191,355**	183,581
Cash flows from investing activities			
Payment for acquisition of subsidiary	12	**(1,500)**	(17,931)
Investment in associates	25	**(346,541)**	-
Payment for acquisition of available-for-sale financial assets		**-**	(80,469)
Proceeds from the sale of available-for-sale financial assets		**111,710**	-
Payment for plant and equipment	11	**(14,116)**	(5,293)
Payment for intangible assets	12	**(27,726)**	(20,930)
Payment for business combination	12	**(1,263)**	-
Proceeds from sale of fixed assets		**82**	-
Net cash (outflow) from investing activities		**(279,354)**	(124,623)
Cash flows from financing activities			
Dividends paid to company's shareholders	18	**(84,953)**	(62,564)
Dividends paid to non-controlling interests in subsidiaries		**(193)**	-
Acquisition of treasury shares		**(1,885)**	-
Proceeds from borrowings		**82,000**	-
Repayment of borrowings		**(82,000)**	-
Net cash (outflow) from financing activities		**(87,031)**	(62,564)
Net (decrease) in cash and cash equivalents		**(175,030)**	(3,606)
Cash and cash equivalents at the beginning of the year		**253,788**	257,344
Effects of exchange rate changes on cash and cash equivalents		**136**	50
Cash and cash equivalents at end of the year	9	**78,894**	253,788

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 2015 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 (AASB). 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 and derivative instruments.

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 5.

The consolidated Financial Statements of the Group for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the Directors on 12 August 2015.

(b) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all those entities which the Group controls. Control is achieved when the Group is exposed to, 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 or loss 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 Statement. 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.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between approximately 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in the Income Statement, and the Group's share of movements in other comprehensive income of the investee. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Investments accounted for using the equity method are tested for impairment annually, or at each reporting date where there is an indication that the asset may be impaired. 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.

(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. They are deferred in equity if they relate to 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 the Income Statement 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 Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- Income and expenses for each Income Statement are 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 the 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 and contracts

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

(v) Interest income

Interest income 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 2014

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2014. 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.

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 are no netting arrangements.	1 July 2014
AASB 1031 Materiality The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed. AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031.	1 January 2014	There will be no significant impact on the Group.	1 July 2014

Summary	Application date of standard	Impact on Group Financial Statements	Application date for Group
AASB 2014-1 Amendments to Australian Accounting Standards The following items are addressed by this standard: AASB 2 -Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. AASB 3 -Clarifies the classification requirements for contingent consideration in a business combination by removing all references to IAS 37. AASB 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. AASB 116 & 138 -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
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 of 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 2013 Part B – 1 January 2014 Part C – 1 January 2015	There is no significant impact on the Group.	Part A – 1 July 2014 Part B – 1 July 2014 Part C – 1 July 2015
AASB 2015-3 - Withdrawal of AASB 1031 Materiality The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards	1 January 2015	There is no significant impact on the Group.	1 July 2015

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

(ii) New standards and interpretations not yet adopted

The following new accounting standards, amendments to new standards, and interpretations have been identified as those which may impact the entity in the period of initial application. They are not mandatory for 30 June 2015 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

Summary	Application date of standard	Impact on Group Financial Statements	Application date for Group
AASB 9 Financial Instruments AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. AASB 9 includes the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.	1 January 2018	There is not expected to be significant impact on the Group. The testing requirements for hedge effectiveness will be affected, however, this is not expected to have an impact on the Group's results. The Group does not currently hold debt instruments and therefore no impact to classification.	1 July 2018
AASB 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 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: Step 1: Identify the contract(s) with a customer; Step 2: Identify the performance obligations in the contract; Step 3: Determine the transaction price; Step 4: Allocate the transaction price to the performance obligations in the contract; Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.	The International Accounting Standards Board (IASB) is expected to issue an amendment in September 2015 with regards to its proposal to defer the effective date of IFRS 15 from 1 January 2017 to 1 January 2018. At this time, it is expected that the AASB will make a corresponding amendment to AASB 15, which will mean that the application date of this standard will move from 1 July 2017 to 1 July 2018.	There is not expected to be a significant impact on the recognition or measurement of the Group's revenue. Management is preparing a full assessment of the impacts of AASB 15 for all the Group's revenue streams and additional disclosure regarding the nature, timing and uncertainty of revenue is expected. Also disclosures of performance obligations (typically providing services over time) and significant judgements that affect the amount or timing of revenue recognition will be included.	1 July 2017

Summary	Application date of standard	Impact on Group Financial Statements	Application date for Group
AASB 2014-3 Accounting for Acquisitions of Interests in Joint Operations Amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require: The acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and The acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.	1 July 2016	There is no significant impact on the Group.	1 July 2016
AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138) AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The AASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	There is no significant impact on the Group.	1 July 2016

Summary	Application date of standard	Impact on Group Financial Statements	Application date for Group
AASB 2015-1 Annual Improvements 2012-2014 The following items are addressed by this standard: AASB 5 Non-current Assets Held for Sale and Discontinued Operations: Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or vice versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change. AASB 7 Financial Instruments: Disclosures: Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7. Applicability of the amendments to AASB 7 to condensed interim Financial Statements - clarify that the additional disclosure required by the amendments to AASB 7 Disclosure–Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim Financial Statements that are prepared in accordance with AASB 134 Interim Financial Reporting when its inclusion would be required by the requirements of AASB 134. AASB 119 Employee Benefits: Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. AASB 134 Interim Financial Reporting: Disclosure of information 'elsewhere in the interim financial report' - amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim Financial Statements to the location of this information.	1 January 2016	There is no significant impact on the Group.	1 July 2016

Summary	Application date of standard	Impact on Group Financial Statements	Application date for Group
AASB 2015-2 - Disclosure Initiative: Amendments to AASB 101 The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the Financial Statements. For example, the amendments make clear that materiality applies to the whole of Financial Statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	1 January 2016	There is no significant impact on the Group.	1 July 2016
AASB 2015-4 Amendments to Australia Accounting Standards Financial reporting requirements for Australian groups with a foreign parent The standard amends AASB 128 to require the ultimate Australian entity shall apply the equity method in accounting for interests in associates and joint ventures if either the entity or the group is a reporting entity, or both the entity and group are reporting entities.	1 January 2015	There is no significant impact on the Group.	1 July 2015

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3. Financial risk management

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

The Group seeks to manage risks 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 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.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in AUD	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts
Market risk – cash flow interest rate	The Group is not exposed to long-term borrowings at variable rates	Sensitivity analysis	Balance working capital needs
Market risk – security prices	Investment in equity securities	Sensitivity analysis	Monitor performance of underlying securities
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, available-for-sale debt instruments	Aging analysis Credit ratings	Diversification of bank deposits, credit limits Investment guidelines for available-for-sale
Liquidity risk	Other liabilities	Rolling cash flow forecasts	Availability of borrowing facilities

(a) Market risk

(i) Foreign exchange risk

Foreign currency risk arises when future commercial transactions, recognised financial assets or 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 $1.2 million (2014: $0.5 million loss).

Investment in associate

The Group's investment in Move, Inc. (Note 25) is 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.

	2015	2014
	$'000	$'000
Impact on Equity (lower)/higher		
AUD/USD exchange rate – increase 5.0%	**(11,983)**	-
AUD/USD exchange rate – decrease 5.0%	**13,221**	-

Derivative financial instruments

The Group has significant USD denominated transactions and has managed foreign currency risk by hedging transactions expected to occur within the 2016 financial year using forward exchange contracts. When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the exposure (cover the period of exposure up to the point of settlement).

The following table demonstrates the sensitivity to a reasonably possible change in USD exchange rates, with other variables held constant.

	2015 $'000	2014 $'000
Impact on Equity (lower)/higher		
AUD/USD exchange rate – increase 5.0%	**(642)**	-
AUD/USD exchange rate – decrease 5.0%	**731**	-

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

(ii) 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% (2014: 100%) of overall interest rate risk exposure, therefore no further analysis of the impact of foreign interest rate changes was necessary. The Group is cash flow positive without any borrowings or material long term cash commitments other than those disclosed under commitments and contingencies.

As at 30 June 2015, the Group had the following financial assets and liabilities exposed to interest rate risk:

Financial assets	2015 $'000	2014 $'000
Cash and cash equivalents	**78,894**	253,788

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 2015, 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.

	2015 $'000	2014 $'000
Impact on Post Tax Profit higher/(lower)		
+1.0% (100 basis points)	**791**	1,921
-1.0% (100 basis points)	**(791)**	(1,921)

Management believes the risk exposure at Statement of Financial Position 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.

(iii) 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 2015, the Group had the following financial assets exposed to price risk:

Financial assets	2015 $'000	2014 $'000
Investment in associates[1]	**117,334**	-
Available-for-sale financial assets	**-**	88,216

1 Refer to Note 25 for further details on carrying value of listed equity securities.

(b) 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 Statement of Financial Position.

In the history of the Group, there have not been 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 Statement of Financial Position whether carried at cost or at fair value are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. At the end of the reporting period the Group held deposits at call of $25.2 million (2014: $231.6 million) that are expected to readily generate cash inflows for managing liquidity risk.

Management monitors rolling forecasts of the Group's cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group. As such there is no material exposure to liquidity risk.

(d) Fair value

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

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

At 30 June 2015 the Group held derivative financial assets at fair value. The fair value of these assets, classified as level 2 is $22 thousand (2014: nil). This was based upon present values and the discount rates used were adjusted for counterparty credit risk. Refer to Note 13 for review of fair value of financial assets.

4. Discontinued operations

On 14 October 2014 the Group announced the sale of its Hong Kong business, Squarefoot to iProperty Group Limited ("IPP") for a consideration of 5 million IPP shares. On 22 December 2014 the Group announced it had completed the sale and had become IPP's largest shareholder with a 19.9% holding. The Group now has representation on the Board of Directors. The gain recognised on the sale of the Squarefoot business was $9.8 million. The contributions of Squarefoot up to the date of sale and the comparative period are not considered material to the Group's consolidated results and therefore not reclassified to discontinued operations. As the applicable assets and liabilities of Squarefoot were transferred during the year they are no longer included in the Statement of Financial Position.

5. 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 and short term incentive plans valuation were 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.

6. Segment information

Operating segments are reported in a manner consistent with internal reporting to be provided to the chief operating decision makers, being the Chief Executive Officer who 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.

During the period, the Group acquired investments in two new geographical regions being North America (Move, Inc.) and Asia (IPP). As a result of the significant investment in these associates, two new reportable segments have been disclosed.

Following these significant acquisitions and upon the sale of the Squarefoot business, neither, Italy, Luxembourg or France meet the quantitative thresholds to be a reportable segment. Italy, Luxembourg and France operated in the Eurozone and the Group has elected to aggregate these regions into one reportable operating segment titled 'Europe' given their similar economic conditions, products, production processes, types of customers and methods used to distribute products. Prior period amounts have been adjusted retrospectively to reflect the segment changes.

(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 table's present revenue and results by operating segments for the year ended 30 June 2015 and 30 June 2014.

2015	**Australia**	**Europe**	**North America**	**Asia**	**Corporate**	**TOTAL**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Segment revenue						
Total segment revenue	**473,672**	**45,628**	**-**	**4,675**	**-**	**523,975**
Inter-segment revenue	**(903)**	**-**	**-**	**(152)**	**-**	**(1,055)**
Revenue from external customers	**472,769**	**45,628**	**-**	**4,523**	**-**	**522,920**
Results						
Segment EBITDA from core operations	**288,054**	**9,683**	**-**	**641**	**(12,550)**	**285,828**
Share of losses of associates	**-**	**-**	**(5,721)**	**(1,332)**	**-**	**(7,053)**
Gain on sale of marketable securities	**-**	**-**	**-**	**-**	**31,241**	**31,241**
EBITDA						**310,016**
Depreciation and amortisation						**(26,943)**
EBIT						**283,073**
Net finance income						**3,453**
Profit before income tax						**286,526**

2014	**Australia**	**Europe**	**North America**	**Asia**	**Corporate**	**TOTAL**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Segment revenue						
Total segment revenue	393,421	42,857	-	2,538	-	438,816
Inter-segment revenue	(1,183)	-	-	(174)	-	(1,357)
Revenue from external customers	392,238	42,857	-	2,364	-	437,459
Results						
Segment EBITDA	232,351	5,225	-	(1,172)	(11,298)	225,106
Depreciation and amortisation						(21,208)
EBIT						203,898
Net finance income						9,299
Profit before income tax						213,197

7. Expenses

	2015	2014
	$'000	$'000
Profit before income tax includes the following specific expenses:		
Employee benefits		
Salary costs	**103,184**	95,188
Defined contribution superannuation expense	**10,359**	9,191
Total employee benefits	**113,543**	104,379
Finance (income)/expense		
Interest (income)	**(3,612)**	(9,299)
Interest expense	**159**	-
Total finance (income)	**(3,453)**	(9,299)
Expenses		
Depreciation of plant and equipment	**6,057**	3,836
Amortisation of intangibles	**20,886**	17,372
Minimum lease payments	**6,122**	4,138
Loss on disposal of assets	**461**	-
Net foreign exchange loss	**1,161**	500

Total employee benefits expensed is inclusive of:

(i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Statement of Financial Position. The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(ii) Other long term employee benefit obligations

The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period 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 end of the reporting period of high quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Income Statement.

The obligations are presented as current liabilities in the Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) 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.

(iv) 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.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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 nor 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

	2015 $'000	2014 $'000
Current tax	**85,104**	64,868
Adjustments for current tax of prior periods	**(894)**	(861)
Deferred tax	**1,247**	(1,153)
Adjustments for deferred tax of prior periods	**571**	462
Aggregate income tax expense	**86,028**	**63,316**

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2015 $'000	2014 $'000
Profit from continuing operations before income tax expense	**286,526**	213,197
Tax at the Australian tax rate of 30% (2014: 30%)	**85,95 8**	63,959
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Research and development current year deduction	**(2,863)**	(2,432)
Share of losses of associates	**2,116**	-
Prior period adjustments including premium research and development claim	**(323)**	(399)
Effect of foreign tax rate	**(140)**	154
Other	**1,280**	2,034
Aggregate income tax expense	**86,028**	**63,316**

(c) Amounts recognised directly into equity

	2015 $'000	2014 $'000
Aggregate current and deferred tax arising in the reporting period and not recognised in the Income Statement or other comprehensive income but directly (credited) or debited to equity:		
Current tax – (credited) directly to equity	**(51)**	(8)
Net deferred tax – (credited)/debited directly to equity	**(1,303)**	1,710
	(1,354)	1,702

(d) Summary of deferred tax

	2015 **$'000**	2014 $'000
The balances comprise temporary differences attributable to:		
Tax losses	**428**	428
Employee benefits	**2,447**	2,077
Doubtful debts	**444**	384
Accruals and other	**1,631**	2,270
Intangible assets	**(4,938)**	(3,659)
Foreign currency revaluation of associate	**(1,351)**	-
Available-for-sale financial assets	**-**	(2,324)
	(1,339)	(824)
Deferred tax assets	**4,950**	5,159
Deferred tax liabilities	**(6,289)**	(5,983)
	(1,339)	(824)
Movements:		
Opening balance	**(824)**	511
(Debited)/credited to the Income Statement	**(1,830)**	691
Credited/(debited) to equity	**1,303**	(1,710)
Deferred taxes on acquisition of subsidiary	**-**	(297)
Exchange differences	**12**	(19)
	(1,339)	(824)
Deferred tax assets expected to be recovered within 12 months	**4,358**	4,340
Deferred tax assets expected to be recovered after more than 12 months	**592**	819
Deferred tax liabilities expected to be payable within 12 months	**(456)**	(432)
Deferred tax liabilities expected to be payable after more than 12 months	**(5,834)**	(5,551)
	(1,339)	(824)

(e) Unrecognised temporary differences

The Group has unused tax losses for which no deferred tax asset has been recognised of $21.7 million (2014: $20.0 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 statement presentation purposes, cash and cash equivalents are as defined above, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

(a) Cash and short term deposits	**2015 $'000**	2014 $'000
Cash at bank and in hand	**53,708**	22,212
Short term deposits	**25,186**	231,576
	78,894	253,788

(b) Cash flow reconciliation	**2015 $'000**	2014 $'000
Profit for the year	**210,248**	149,881
Depreciation and amortisation	**26,943**	21,208
Long Term Incentive Plan expense	**2,722**	1,154
Net exchange differences	**(183)**	500
Gain on sale of available-for-sale financial assets	**(31,241)**	-
Gain on sale of business	**(9,750)**	-
Share of losses of associates	**7,053**	-
Loss on disposal of fixed assets	**461**	-
Share-based payment on settlement of LTI Plan	**(2,945)**	(1,542)
Other non-cash items	**(41)**	(6)
Change in operating assets and liabilities		
(Increase) in trade receivables	**(11,831)**	(9,237)
(Increase) in other current assets	**(1,594)**	(2,820)
Decrease/(increase) in deferred tax assets	**539**	(1,245)
Decrease/(increase) in other non-current assets	**559**	(851)
(Decrease)/increase in trade and other payables	**(763)**	7,651
Increase in deferred revenue	**2,796**	6,325
Increase in provisions	**1,204**	1,919
Increase in deferred tax liabilities charged to the Income Statement	**1,281**	256
(Decrease)/increase in current tax liabilities	**(4,103)**	10,388
Net cash inflow from operating activities	**191,355**	183,581

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.

0Collectability 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 made 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 operations and administrations 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 operations and administration expenses in the Income Statement.

Trade and other receivables	**2015** **$'000**	2014 $'000
Current	**79,636**	66,188
Non-current	**258**	851

Trade and other receivables	**2015** **$'000**	2014 $'000
Trade receivables (a)	**78,518**	66,473
Provision for impairment of receivables (b)	**(6,572)**	(6,358)
	71,946	60,115
Current prepayments	**5,321**	3,615
Non-current prepayments	**258**	851
Accrued income and other	**2,369**	2,458
	79,894	67,039

(a) Ageing of trade receivables	**2015** **$'000**	2014 $'000
Not due	**61,198**	49,902
1-30 days past due not impaired	**6,905**	6,649
31-60 days past due not impaired	**1,734**	1,272
61+ days past due not impaired	**2,109**	2,292
Considered impaired	**6,572**	6,358
	78,518	66,473

(b) Provision for impairment of receivables

The individually impaired receivables mainly relate to customers in Europe which are in unexpectedly difficult economic situations.

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

	2015 **$'000**	2014 $'000
Opening amount	**(6,358)**	(4,360)
Provision for impairment recognised during the year	**(2,264)**	(3,772)
Receivables written off during the year as uncollectible	**2,050**	1,774
Closing amount	**(6,572)**	(6,358)

(c) 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 5 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 the carrying amount. These are included in the Income Statement.

	Plant and equipment $'000	Leasehold improvements $'000	Total $'000
Year ended 30 June 2015			
Opening net book amount	**7,124**	**2,279**	**9,403**
Exchange differences (net)	**24**	**27**	**51**
Additions	**6,765**	**7,351**	**14,116**
Disposals (net of accumulated depreciation)	**(124)**	**-**	**(124)**
Depreciation charge	**(4,592)**	**(1,465)**	**(6,057)**
Closing net book amount	**9,197**	**8,192**	**17,389**
At 30 June 2015			
Cost	**20,436**	**10,178**	**30,614**
Accumulated depreciation	**(11,239)**	**(1,986)**	**(13,225)**
Net book amount	**9,197**	**8,192**	**17,389**
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

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 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.

(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 3 to 5 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 the Income Statement when the asset is derecognised.

	Goodwill	Software[1]	Customer contracts	Total
	$'000	$'000	$'000	$'000
Year ended 30 June 2015				
Opening net book amount	**56,867**	**34,739**	**3,357**	**94,963**
Additions - acquired and internally generated	**-**	**27,726**	**-**	**27,726**
Other business combinations[2]	**2,259**	**3,000**	**-**	**5,259**
Disposals (net of amortisation)	**-**	**(476)**	**-**	**(476)**
Amortisation charge	**-**	**(19,888)**	**(998)**	**(20,886)**
Exchange differences	**157**	**57**	**61**	**275**
Closing net book amount	**59,283**	**45,158**	**2,420**	**106,861**
At 30 June 2015				
Cost	**62,126**	**116,881**	**11,237**	**190,244**
Accumulated amortisation and impairment	**(2,843)**	**(71,723)**	**(8,817)**	**(83,383)**
Net book amount	**59,283**	**45,158**	**2,420**	**106,861**
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[3]	13,138	1,574	572	15,284
Other business combinations	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

1 Software includes capitalised development costs being an internally generated intangible asset.

2 Acquisition of a property platform which connects developers to end buyers and investors.

3 Amount includes deferred consideration.

(a) 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:

	2015	2014
	$'000	$'000
Australia	**38,685**	36,426
Italy	**15,670**	15,551
Other – International	**4,928**	4,890
Total	**59,283**	56,867

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 is 12.6% (2014: 12.6%) and cash flows beyond the five year period are extrapolated using a growth rate of 2.7% (2014: 3.4%).

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 16.5% (2014: 17.9%) and cash flows beyond the ten year period are extrapolated using a growth rate of 1.6% (2014: 2.1%). Over the extended forecast period, growth rate assumptions are above the terminal growth rate as the Group operates in a high growth industry.

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 10.4% (2014: 12.0%) and cash flows beyond the five year period are extrapolated using a growth rate of 2.1% (2014: 2.3%).

(b) 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 on specific circumstances of the Group and the CGU and is derived from its weighted average cost of capital (WACC). CGU 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.

(c) Sensitivity to changes in assumptions

For all CGUs, there is no reasonable 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 the Income Statement, 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 the Income Statement, 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 to Note 10.

(i) Available-for-sale financial assets

Available-for-sale financial assets include equity investments that are neither classified as held for trading nor designated at fair value through the Income Statement. After initial measurement, available-for-sale financial assets 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 derecognised, at which time the cumulative gain or loss is recognised in other income.

The Group assesses at each reporting date whether there is objective evidence that an available-for-sale asset is impaired. If the asset is determined to be impaired the cumulative loss is reclassified from the available-for-sale reserve to the Income Statement.

A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets is derecognised 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.

During the year the Group disposed of the available-for-sale (AFS) financial assets held at 30 June 2014 for a $31.2 million gain ($22.2 million after tax). As at 30 June 2015 the amount of fair value for available-for-sale assets that was recorded in the Statement of Financial Position is nil (2014: $88.2 million).

Dividends from quoted equity investments recognised during the period were nil (2014: nil).

(ii) Derivatives

For the purposes of hedge accounting, hedges are classified as:

- Fair value hedges: hedges of the fair value of recognised assets or liabilities or a firm commitment;
- Cash flow hedges: hedges of highly probable forecast transactions; or
- Net investment hedges: hedges of the net investment in a foreign operation.

For cash flow hedges the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity in the cash flow hedge reserve. Any gain or loss relating to the ineffective portion is recognised immediately in the Income Statement. Gains or losses that are recognised in Equity are transferred to the Income Statement in the same year in which the hedged firm commitment affects the Income Statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the Income Statement.

The Group does not have any fair value or net investment hedges. For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the Income Statement.

Derivatives are only used for economic hedging purposes and not as trading or speculative investments. The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are cash flow hedges of forecasted USD denominated transactions and are designated hedging instruments.

The derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Any gains or losses arising from changes in the fair value of derivatives are taken to other comprehensive income until the related forecasted payment occurs, at which time, the accumulated gain or loss in other comprehensive income is recognised in the Income Statement. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

The Group performs effectiveness testing as defined by AASB 139. The contracts are entered into on terms and for periods consistent with the underlying transactions. As a result, no hedge ineffectiveness arises requiring recognition through the Income Statement. If the hedging instrument expires, is terminated, is exercised, or if its designation as a hedge is revoked any cumulative gains or losses previously recognised in other comprehensive income remains separately in equity until the forecasted transaction occurs or the foreign currency firm commitment is met in which case it is reclassified to the Income Statement as a reclassification adjustment.

At 30 June 2015, the notional amount of forward exchange rates held was US$10.4 million (AU$13.6 million).

The cash flow hedges of the expected future transactions are assessed to be highly effective and a net unrealised gain of $22 thousand is included in other comprehensive income. These contracts will expire and affect the Income Statement in the 2016 financial year.

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 paid in accordance with vendor terms.

	2015	2014
	$'000	$'000
Trade payables	**9,017**	9,974
Accrued expenses	**24,774**	25,493
Other payables	**7,348**	5,347
	41,139	40,814

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 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.

	2015	2014
	$'000	$'000
Current provisions		
Employee benefits	**6,507**	5,417
Rental lease incentive	**63**	43
Make good provision	**-**	1,134
Total current provisions	**6,570**	6,594
Non-current provisions		
Employee benefits	**1,460**	1,120
Employment severance indemnity	**2,411**	1,961
Rental lease incentive	**129**	97
Make good provision	**513**	182
Total non-current provisions	**4,513**	3,360

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) Movements	**Rental lease incentive**	**Make good provision**	**Total**
	$'000	**$'000**	**$'000**
Balance at 1 July 2014	**140**	**1,316**	**1,456**
Additional provisions recognised	**100**	**62**	**114**
Amounts used during the year	**(48)**	**(865)**	**(865)**
Balance at 30 June 2015	**192**	**513**	**705**
Current	**63**	**-**	**63**
Non-current	**129**	**513**	**642**

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. No new shares were issued during the year (2014: nil).

	2015	2014
	Shares	Shares
Ordinary shares	**131,714,699**	131,714,699

(a) Movements	**Contributed equity $'000**	**Other contributed equity $'000**	**Total $'000**
Balance at 1 July 2014	**102,603**	**(528)**	**102,075**
Acquisition of treasury shares	**-**	**(1,885)**	**(1,885)**
Settlement of vested performance rights	**-**	**(1,835)**	**(1,835)**
Balance at 30 June 2015	**102,603**	**(4,248)**	**98,355**
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

(b) Settlement of LTI Plan

The settlement of the LTI Plan during the year ended 30 June 2015 was performed through the on-market purchase of the shares, not issuing of shares. Refer to Note 19 for more details of LTI Plans.

17. Reserves

(a) Movements	Share-based payments reserve	Foreign currency translation reserve	Available-for-sale reserve	Cash flow hedge reserve	Business combination reserve	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2014	**2,091**	**(3,788)**	**5,423**	**-**	**(5,999)**	**(2,273)**
Other comprehensive income/(loss):						
Foreign currency translation differences	**-**	**31,792**	**-**	**-**	**-**	**31,792**
Cash flow hedge reserve	**-**	**-**	**-**	**22**	**-**	**22**
Disposal of available-for-sale financial assets, net of tax	**-**	**-**	**(5,423)**	**-**	**-**	**(5,423)**
Total other comprehensive income/(loss)	**-**	**31,792**	**(5,423)**	**22**	**-**	**26,391**
Transactions with owners in their capacity as owners						
Share-based payments expense	**2,722**	**-**	**-**	**-**	**-**	**2,722**
Settlement of vested performance rights	**(728)**	**-**	**-**	**-**	**-**	**(728)**
Balance at 30 June 2015	**4,085**	**28,004**	**-**	**22**	**(5,999)**	**26,112**

	Share-based payments reserve	Foreign currency translation reserve	Available-for-sale reserve	Cash flow hedge reserve	Business combination reserve	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2013	1,458	(4,256)			(5,999)	(8,797)
Other comprehensive income/(loss):						
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)

(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 and equity investments.

Available-for-sale reserve

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

Cash flow hedge reserve

The hedging reserve is used to record the portion of gains and losses on a hedging instrument that is determined to be an effective hedge, as described in Note 13.

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:

2015	Per share	Total amount $'000	Franked[1]	Payment date
2014 Final	**35.0 cents**	**46,100**	**100%**	**25 September 2014**
2015 Interim	**29.5 cents**	**38,853**	**100%**	**12 March 2015**
Total amount		**84,953**		

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 amount		62,564		

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

(b) Dividends not recognised at year end

On release of the 2015 accounts, the Directors declared a final ordinary dividend for 2015 of $53.3 million (40.5 cents per share fully franked) to be paid on 14 September 2015 out of retained earnings as at 30 June 2015. The final dividend has not been recognised in the Financial Statements for the year ended 30 June 2015, 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 2015 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax for the year ending 30 June 2015.

	2015	2014
	$'000	$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2014: 30%)	**181,551**	139,423

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 and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

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 $22.9 million (2014: $19.8 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.

The Long Term Incentive and other compensation plans resulted in a net share-based compensation expense of $2.7 million (2014: $1.2 million).

(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 for all executives are based upon Group revenues and EPS.

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 2014 (Plan 5)	1 July 2014	65,553	-	(65,553)	-	-
LTI Plan 2015 (Plan 6)	1 July 2015	38,344	6,861	-	-	**45,205**
LTI Plan 2016 (Plan 7)	1 July 2016	38,465	-	-	(7,086)	**31,379**
LTI Plan 2017 (Plan 8)	1 July 2017	-	51,308	-	(6,444)	**44,864**
Total		**142,362**	**58,169**	**(65,553)**	**(13,530)**	**121,448**

Rights are vested after the performance period. The LTI Plan 2015 rights performance period ends at the end of the year and they will vest upon approval by the Board in August 2015. 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 sets out the number of performance rights granted under each plan 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 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
LTI Plan 2017 (Plan 8)	1 July 2014	2017	1 July 2017	51,308	$2,069,765

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 2015 have been met or exceeded as noted in the rights granted during the year for LTI Plan 2015 (Plan 6). 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 2015 (Plan 6)	$13.43	$0.00	25.7%	2.4%	38 months
LTI Plan 2016 (Plan 7)	$25.16	$0.00	30.0%	2.8%	38 months
LTI Plan 2017 (Plan 8)	$40.34	$0.00	30.0%	2.6%	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:

1. The dividend yield in the LTI Plan 2017 of 1.75% (2014: 2.00%) 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;
2. The share price at grant date for the LTI Plan 2017 was $42.50 (2014: $26.70); and
3. 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 2014 the Board introduced a long term retention share plan. The retention share plan rights were granted on 12 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.

(c) STI deferred share plan

During 2015 the Board introduced short term incentive (STI) deferred share plan to selected senior employees below the executive leadership team by invitation of the Board. The 35,533 STI deferred share plan rights were granted on the 1st September 2014 with 50% of the rights to vest 12 months after grant date and the remaining 50% to vest two 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 plan divided by the weighted average price using a 5 day volume weighted average price ("VWAP") of $45.13 leading up to the date of grant. The value of the rights granted were $1,603,604.

Grant Date	Weighted average price of rights at grant date	Vesting date 50%	Vesting date 50%	Number of rights granted	Value of rights as at grant date
1 September 2014	$45.13	1 September 2015	1 September 2016	35,533	$1,603,604

(d) 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. 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 2015 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 2015, the Group had bank guarantees totalling $5.7 million (2014: $1.6 million) in respect of various property leases for offices used by the Group. No liability is expected to arise.

(b) Lease commitments

(i) Non-cancellable operating 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 Statement 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 1 month up to 76 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:

Non-cancellable operating leases	**2015 $'000**	2014 $'000
Within one year	**5,180**	4,233
Later than one year but not later than five years	**17,522**	11,499
Greater than five years	**4,712**	4,208
	27,414	19,940

(ii) Finance 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.

The Group has no capital commitments at 30 June 2015 (2014: $8.8 million) as a result of the Group relocating to a new corporate office during the year.

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 $1.0 million (2014: $1.2 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. During the year, the Group utilised advertising services from Channel 10 on commercial terms and conditions. These services were purchased predominately through an independent media consultant.

(iii) Other transactions

During the year the Group paid dividends of $52.4 million (2014: $38.5 million) to News Corp Australia in cash.

During the year the Group paid a management fee to News Corp Australia of $0.3 million (2014: $0.3 million). Additionally, during the year, insurance premiums were paid to News Corp Australia as well. News Corp Australia recharged the Group relating to the use of IT content delivery services.

(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

	2015	2014
	$	$
Short term employee benefits	**5,693,174**	5,040,003
Post-employment benefits	**156,615**	142,987
Long term employee benefits	**34,761**	31,592
Termination benefits	**-**	419,920
Long Term Incentive Plan (LTIP)	**1,265,029**	(141,314)
	7,149,579	5,493,188

(ii) Performance right holdings of key management personnel

The number 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-Jul-14	Granted as remuneration	Rights exercised	Balance at 30-Jun-15
LTI Plan 2014 (Plan 5)	46,690	-	(46,690)	**-**
LTI Plan 2015 (Plan 6)	24,347	4,870	-	**29,217**[1]
LTI Plan 2016 (Plan 7)	23,961	-	-	**23,961**
LTI Plan 2017 (Plan 8)	-	37,181	-	**37,181**
Retention plan	21,886	-	-	**21,886**

1 Granting of additional shares and vesting of total plan is subject to Board approval and exercisable at 30 June 2015

(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 and associates

The consolidated Financial Statements incorporate the assets, liabilities and results of the following subsidiaries and associates of REA Group Limited as at 30 June 2015 in accordance with the accounting policy described in Note 2(b):

Name of entity	Country of incorporation	Investment Type	Equity interest 2015 %	2014 %
realestate.com.au Pty Ltd	Australia	Subsidiary	**100**	100
• 1Form Online Pty Ltd	Australia	Subsidiary	**100**	100
• Media Cell Pty Ltd	Australia	Subsidiary	**56.2**	56.2
• • Ozhomevalue Pty Ltd[1]	Australia	Subsidiary	**56.2**	56.2
Property.com.au Pty Ltd	Australia	Subsidiary	**100**	100
Property Look Pty Ltd	Australia	Subsidiary	**100**	100
Hub Online Global Pty Ltd	Australia	Subsidiary	**100**	100
• Web Effect Int. Pty Ltd	Australia	Subsidiary	**100**	100
REA Austin Pty Ltd	Australia	Subsidiary	**100**	-
• iProperty Group Ltd	Malaysia	Associate	**19.9**	-
NL/HIA JV Pty Ltd	Australia	Subsidiary	**100**	100
REA US Holdings Co. Pty Ltd	Australia	Subsidiary	**100**	-
• Move, Inc.	United States	Associate	**20**	-
REA Group Hong Kong Ltd	Hong Kong	Subsidiary	**100**	100
• Primedia Ltd	Hong Kong	Subsidiary	**100**	100
• REA HK Co. Ltd (previously Squarefoot Ltd)	Hong Kong	Subsidiary	**100**	100
• • REA Group Consulting (Shanghai) Co. Ltd[2]	China	Subsidiary	**100**	100
REA Group Europe Ltd	UK	Subsidiary	**100**	100
• REA Italia Srl	Italy	Subsidiary	**100**	100
• Casa.it Srl	Italy	Subsidiary	**100**	100
• atHome Group S.A.	Luxembourg	Subsidiary	**100**	100
• REA Group European Production Centre S.A.	Luxembourg	Subsidiary	**100**	100
• atHome International S.A.	Luxembourg	Subsidiary	**100**	100

1 Ozhomevalue Pty Ltd is 100% owned by Media Cell Pty Ltd.

2 REA Group Consulting (Shanghai) Co. Ltd is 100% owned by REA HK Co (previously Squarefoot Ltd.).

(e) 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, Statement of Financial Position and Retained Earnings of REA Group Limited and realestate.com.au Pty Limited as members of the Closed Group is as follows:

	2015 $'000	2014 $'000
Consolidated Income Statement		
Profit from continuing operations before income tax	**279,399**	221,684
Income tax expense	**(74,936)**	(61,523)
Profit for the year	**204,463**	160,161
Other comprehensive income		
Total comprehensive income for the year, net of tax	**204,463**	160,161
Summary of movements in consolidated retained earnings		
Retained earnings at beginning of the financial year	**339,388**	241,791
Dividends provided for or paid during the year	**(84,956)**	(62,564)
Retained earnings at end of the financial year	**458,895**	339,388

(e) Deed of Cross Guarantee (continued)

	2015 $'000	2014 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**65,559**	249,407
Trade and other receivables	**79,838**	145,991
Total current assets	**145,397**	395,398
Non-current assets		
Plant and equipment	**15,577**	7,314
Intangible assets	**40,638**	27,820
Deferred tax assets	**4,936**	5,133
Other non-current assets	**258**	-
Investments in subsidiaries	**445,671**	98,676
Total non-current assets	**507,080**	138,943
Total assets	**652,477**	534,341
LIABILITIES		
Current liabilities		
Trade and other payables	**32,210**	28,162
Current tax liabilities	**19,853**	25,560
Provisions	**5,253**	5,406
Deferred revenue	**25,502**	27,162
Total current liabilities	**82,818**	86,290
Non-current liabilities		
Deferred tax liabilities	**4,631**	3,098
Provisions	**2,103**	1,399
Other non-current liabilities	**1,568**	-
Total non-current liabilities	**8,302**	4,497
Total liabilities	**91,120**	90,787
Net assets	**561,357**	443,554
EQUITY		
Contributed equity	**98,355**	102,075
Reserves	**4,107**	2,091
Retained earnings	**458,895**	339,388
Total Equity	**561,357**	443,554

22. Parent entity financial information

The individual Financial Statements for the parent entity, REA Group Limited show the following aggregate amounts:

Information relating to the parent entity, REA Group Limited	**2015**	2014
	$'000	$'000
Current assets	**4,664**	312,718
Non-current assets	**437,088**	90,409
Total assets	**441,752**	403,127
Current liabilities	**14,154**	139,643
Total liabilities	**14,154**	139,643
Net assets	**427,598**	263,484
Contributed equity	**100,078**	102,075
Reserves	**2,324**	1,541
Retained earnings	**325,196**	159,868
Total shareholders' equity	**427,598**	263,484
Profit and other comprehensive income of the parent entity	**250,283**	39,771

There were no contractual commitments or contingent liabilities by the parent entity for the acquisition of plant or equipment during the current financial year (2014: $nil).

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 and associates

Investments in subsidiaries and associates are accounted for at cost in the Financial Statements of the Company. Dividends received from associates are recognised in the parent entity's Income Statement, 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.

For details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries refer to Note 21.

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 year.

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	**2015 Cents**	2014 Cents
Basic earnings per share attributable to the ordinary equity holders	**159.4**	113.7
Diluted earnings per share attributable to the ordinary equity holders	**159.4**	113.7

(b) Earnings per share from continuing operations	**2015 Cents**	2014 Cents
Basic earnings per share from continuing operations	**152.0**	113.7
Diluted earnings per share from continuing operations	**152.0**	113.7

(c) Weighted average number of shares	**2015 Shares**	2014 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 $210.0 million (2014: $149.7 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:

	2015	2014
	$	$
(a) EY Australia		
Audit and review of Financial Statements	**518,250**	361,800
Taxation services	**240,000**	233,250
Other assurance services	**102,100**	143,000
Total remuneration of EY Australia	**860,350**	738,050
(b) Related practices of EY		
Audit and review of Financial Statements	**119,152**	59,113
Other assurance services	**-**	4,433
Total remuneration of EY	**979,502**	801,596
(c) Non EY audit firms		
Audit and review of Financial Statements	**81,476**	49,919
Taxation services	**69,292**	78,870
Other assurance services	**22,986**	28,630
Total remuneration of non EY audit firms	**173,754**	157,419

25. Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment.

At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group recognises the loss as share of profit of an associate in the Income Statement.

At 30 June 2015, the Group had a 19.9% interest in iProperty Group Limited ("IPP"), a public company listed on the Australian Stock Exchange. IPP has online property advertising operations in Malaysia, Indonesia, Hong Kong, Macau, Thailand and Singapore as well as investments in India and the Philippines. The holding was acquired in stages in the 2015 financial year for total consideration of $108.4 million cash in addition to the sale of the Squarefoot business to IPP (fair valued deemed to be $12.5 million). The total investment is $117.3 million, representing an average price of $3.14 per share held.

As at 30 June 2015 the number of shares held are 37,321,778 and the quoted share price was $2.40. The high volatility and relatively short ownership period combined with recent IPP ASX announcements (which indicate improved underlying financial performance of the business) and strong positive movements in key metrics, support the carrying value of the investment.

The Group also has a 20% interest in Move Inc. ("Move"), a leading provider of online real estate services in the United States. Move primarily operates realtor.com® a premier real estate information services marketplace, under a perpetual agreement and trademark license with the National Associate of Realtors® ("NAR"), the largest trade organisation in the USA. The holding was acquired in November 2014 for a cash consideration of $226.5 million (US$198.7 million). During the period an additional capital contribution of $11.0 million (US$8.7 million) cash was paid by the Group relating to the funding of rollover awards held by Move employees. The Group has representation on the Advisory Board designed to advise on key strategic and operating matters impacting Move. The remaining 80% of Move is held by News Corp. News Corp. granted the Group a put option to require News Corp. to purchase the Group's interest in Move, which can be exercised at any time beginning two years from the date of acquisition at fair value.

The Group's interests in IPP and Move are accounted for using the equity method in the Consolidated Financial Statements.

The following illustrates the summarised financial information of the Group's investments in associates:

	IPP[1]	**Move**
	30 June 2015 (estimated & adjusted)	**30 June 2015 (adjusted)**
	$'000	**$'000**
Current assets	**17,086**	**155,115**
Non-current assets	**582,188**[2]	**1,356,922**
Current liabilities	**(9,656)**	**(87,752)**
Non-current liabilities	**-**	**(101,045)**
Equity	**589,618**	**1,323,240**
Proportion of the Group's ownership	**19.9%**	**20.0%**
Carrying amount of the investment	**117,334**	**264,648**
Revenue	**34,250**[3]	**225,172**
(Loss) for the year from continuing operations	**(6,693)**[4]	**(28,604)**
Total comprehensive loss	**(6,693)**	**(28,604)**
The above profit for the year includes the following:		
Depreciation and amortisation (inclusive of amortisation of fair value uplift on acquisition of associates)	**(7,347)**[4]	**(24,837)**
Interest/dividend income	**368**	**89**
Interest (expense)	**-**	**(23)**
Income tax (expense)/benefit	**(124)**	**18,318**

[1] Estimation on IPP results is based upon the most recent public information, adjusted for acquisition fair value and other adjustments on REA's acquisition of IPP shares. As such these amounts do not represent and cannot be reconciled to IPP standalone entity results.
[2] Amount includes fair value uplift of intangible assets acquired.
[3] Estimation on IPP results is based upon the most recent public information. As such these amounts do not represent and cannot be reconciled to IPP standalone entity results.
[4] Estimation on IPP results is based upon the most recent public information, adjusted for REA's amortisation of the fair value uplift on intangible assets acquired.

26. Events after the Statement of Financial Position date

Following the end of the year, the Group announced the on-market purchase of 2,882,903 shares (of which 167,838 were purchased prior to year-end) in iProperty Group Limited (IPP), bringing our total shareholding to 21.33%. An updated substantial shareholder notice was lodged on 21 July 2015.

Directors’ Declaration

In the Directors' opinion:

(a) the Financial Statements and notes of the consolidated entity for the financial year ended 30 June 2015 set out on pages 32 to 80 are in accordance with the *Corporations Act 2001*, including:

  giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and

  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 2015; 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.

Mr Hamish McLennan
Chairman

Ms. Tracey Fellows
Chief Executive Officer
Sydney
12 August 2015

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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 2015, the consolidated income statement and 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, 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 2015 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.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. 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 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

David Petersen
Partner
Melbourne
12 August 2015