

Rightmove plc
33 Soho Square
London
W1D 3QU



**EMBARGOED UNTIL
7AM 29 FEBRUARY 2008**

**RIGHTMOVE plc
2007 PRELIMINARY RESULTS**

Rightmove plc, the UK's number one property website, today announces preliminary results for the year ended 31 December 2007.

Highlights:

- Revenue grew 69% from £33.6m to £56.7m
- Underlying profit before tax increased 77% from £17.7m to £31.4m*
- Number of advertisers increased by 18% from 16,321 to 19,287 with over 90% of UK estate agents listing on the website
- Success of Rightmove Choice – more than one in five customers now uses one or more Rightmove Choice products
- Average revenue per advertiser rose 35% to £259 per month at the end of 2007 (2006: £192 per month)
- Cash balance as at 31 December 2007 was £11.8m (2006: £14.9m)
- Scheme of Arrangement completed in January 2008 creating over £400m of additional distributable reserves
- Proposed final dividend of 6.0p, making a total dividend of 8.0p for the year (2006: 4.5p)

Notes: * from continuing operations and before share-based payments, NI on share options under issue, flotation and capital reconstruction costs.

Ed Williams, Group Managing Director, said:

"2007 has been a year of continued success for Rightmove. We now have more customers using more of our products as they seek to differentiate themselves and their properties. Rightmove continues to be the website of choice for home hunters and where vendors expect to see their property advertised. Looking forward, we expect to make further progress in a tougher environment for the housing market. Rightmove is a cost effective way for our customers to advertise and makes an even stronger contribution at times in the cycle when enquiries are most scarce. The property advertising sector has, to date, seen a much more limited structural switch from traditional media to the internet. A tougher housing market means that property advertisers examine the cost effectiveness of everything they do and this plays to Rightmove's strengths – the ability to reach by far the largest audience of UK home movers. Rightmove is by far the largest single source of quality enquiries to property advertisers."

For more information please contact:

Rightmove

For Ed Williams, Group Managing Director, and
Graham Zacharias, Group Finance Director

020 7087 0605

Maitland

Neil Bennett / Brian Hudspith / Charlotte Walsh

020 7379 5151

Introduction from Scott Forbes, Chairman

It is my pleasure to present Rightmove plc's financial results for the year ended 31 December 2007.

Our first full year as a public company was a year of many achievements. Foremost was the continued delivery of our proven service to home hunters and our property advertisers. The value they associate with Rightmove is evident from their usage of our website, with 320 million visits to the site and one in four people who bought a house last year first seeing it on Rightmove. Currently nine out of ten homes for sale in the UK are advertised on our website.

This year, we have also shown that Rightmove is of value to our advertisers for far more than simply putting their properties in front of the UK's largest audience of home movers. Rightmove Choice products, introduced in February 2007, assist our customers in promoting their brands' strengths and differentiating their product. One in five customers has now adopted at least one Rightmove Choice product during the first year of their introduction. In addition, our "best price" guide provides agents with objective evidence to share with their own customers regarding the correct pricing of their property, of particular importance in a tougher housing market.

We are equally proud of the increasingly important role we play with new home developers. We now count all 25 of the largest new homes developers among our growing customer base. In addition to their adoption of Choice products we have also introduced a highly targeted email campaign service which has generated excellent responses and low customer acquisition costs.

Lastly, Rightmove has also quadrupled the size of its holiday lettings business following the acquisition of a majority stake in Holiday Lettings Limited, the fastest growing major holiday home website in the UK.

Financial Results

All these achievements are reflected in our full year results, which show a 69% increase in revenue to £56.7m (2006: £33.6m). Healthy operating margins (54%) resulted in significant fall-through to underlying profit before tax which increased by 77% to £31.4m (2006: £17.7m)*. Cash balances at the year end were £11.8m (2006: £14.9m) after a total cost on the share buy back programme of £19.5m. These financial results are underpinned by strong performance against our key metrics. Customer advertisers have increased by 18% to 19,287 (2006: 16,321). Despite a tougher housing market in the second half of the year retention rates have stayed within historical ranges of 91-94%. We have continued to increase both the value and number of product offerings we deliver to our members and this has been reflected in turn by a healthy 35% increase in their average spend with us.

The Board announced a 2.0p (2006: 1.5p) per ordinary share interim dividend which was paid on 12 October 2007. Based on our continued cash conversion capabilities, the Board proposes to pay a final dividend of 6.0p per ordinary share which, combined with the interim dividend of 2.0p, gives a total dividend for the year of 8.0p (2006: 4.5p) a 78% increase over last year's comparable payments and in line with earnings growth. The final dividend, subject to shareholder approval, will be paid on 13 May 2008 to members on the register on 11 April 2008.

The Company also seeks to provide value to shareholders by using the significant levels of cash generated from its operations for share buy backs. In June 2007, we announced a share buy back programme and ultimately acquired 3.3m shares at a total cost of £19.5m during the period to 31 December 2007.

In order to provide the Board with greater flexibility to achieve greater returns of capital by way of dividend or share buy backs, we completed a capital reconstruction in the form of a Scheme of Arrangement on 28 January 2008. As previously announced, shareholders approved the transaction which resulted in the creation of a new public company but with no change to the Company name, directors, managers or shareholder interests and resulted in a £430m increase in distributable reserves.

Notes:

*from continuing operations and before share-based payments, NI on share options under issue, flotation and capital reconstruction costs.

Annual General Meeting

The Annual General Meeting will be held at 12 noon on 6 May 2008 at our offices at 33 Soho Square, London, W1D 3QU.

Current Trading and Outlook

Our 300 plus hard working Rightmove employees remain committed to providing greater value added products and services to our customers and home hunters alike. Thus far, our experience in a softening housing market is that Rightmove's proposition is as relevant as ever. Indeed, the tougher the market the more essential it is for agents and developers to secure enquiries from home hunters. The subscription business model should provide resilience to a direct impact from falling house prices and declining transaction volumes, though Rightmove will, in all probability, be operating in an environment where the overall size of the property advertising market is shrinking.

Following a positive start to the current year, the Board remains confident that despite a more difficult housing market further significant growth and profitability of the business will be achieved.

Business and Financial Review

Ed Williams, Group Managing Director and Graham Zacharias, Group Finance Director

2007 saw Rightmove achieve a landmark of 90% of all estate agents in the UK listing their property on the Rightmove.co.uk website. We believe we now also have three-quarters of lettings only agents and half of all the new home developments currently being actively marketed in the UK. During 2007 on average over three million different people visited the website each month spending a collective total of 10,116 years* looking at property.

Continued strong growth has resulted in underlying profit before tax increasing 77% to £31.4m in 2007 (2006: £17.7m)**.

Keys to success

Rightmove's success is the result of our contribution to our advertisers' success. We help our advertisers by providing quality enquiries at a significantly lower cost than their traditional advertising alternatives. For estate agents and letting (rental) agents, Rightmove also plays a key role in generating new opportunities to win instructions (the right to offer a property for sale or for rent on behalf of the owner). Many home movers and landlords now expect their properties to appear on Rightmove's website in order to reach the largest audience possible.

Connecting more people with more property than anyone else

We are able to make the contribution that we do to our members' businesses because we are the destination of choice for home hunters. In a typical month in 2007, between three and four million people visited the website, each averaging more than one visit a week and spending around 16 minutes on the site each time.

In 2007, usage of the Rightmove.co.uk website grew by 23% compared to 2006. This generated 15 million enquiries tracked through our systems for agents and developers. The growth in visits to our website underscores the fact that Rightmove specifically, and the internet generally, are now a key part of how people search for property. Of all people who brought a home last year 72% used the internet as part of their search and of them 82% used Rightmove.

Notes:

* Source Hitwise January – December 2007

** from continuing operations and before share-based payments, NI on share options under issue, flotation and capital reconstruction costs.

The key performance indicators that we monitor are:

Number of page impressions in the year grew from 4.0bn (2006) to 4.9bn (2007), up 22% (+900m)	Number of enquiries that we delivered increased to 15.0m (2007) from 14.2m (2006), up 6% (+800,000)	Number of properties displayed on Rightmove.co.uk at 31 December 2007 was 1,038,000 (2006: 802,000), up 29% (+236,000)
---	---	--

While our members value enquiries received, Rightmove often makes its biggest contributions at times in the cycle when enquiries in general are most scarce. Hence the number of enquiries generated is not an immediate marker of success and although the absolute number may decline in a tougher housing market, the value to our members of each enquiry increases.

Strong top-line growth

Rightmove's profit growth is driven by increased revenue. This has been achieved through:

- Increased number of advertisers;
- Increases in the perceived value our advertisers recognise from their spending with us; and
- Increased spend per advertiser.

2007 saw substantial success in terms of sales. Overall property advertiser membership increased by 18% from 16,321 to 19,287 with 90% of estate agencies now using Rightmove. Based on our estimate of the market of approximately 24,750 potential advertisers, this represents an increase in our customer base from 64% to 78% of the total addressable UK market.

The slowdown in the rate of growth compared to previous years is a consequence of the high proportion of potential UK property advertisers that are already Rightmove members. Notable areas of strong progress in 2007 were among smaller new homes developers and with central London agents.

The 92% retention rate was within our historical range of 91-94%. The majority of the estate agents and lettings agents who left Rightmove did so because their own business ceased to trade or because there was a significant change in their business focus. The impact of a tougher housing market was detected in the last few months of the year but this has not resulted in a substantial decline in overall retention.

The value that our advertisers place in being a Rightmove member also increased significantly. It was particularly pleasing to see more than one in five of our customers taking up our Rightmove Choice products between launch in February and the end of December 2007. Overall the average monthly spend per advertiser rose from £192 per month at the end of 2006 to £259 per month at the end of 2007, an increase of 35%.

We continued to invest heavily in technology and in our field consultants and customer service teams. The level of support we provide, including our investment in helping our customers make the most of the service we provide them, is frequently noted within the industry as a key differentiator between Rightmove and other advertising companies. More than 5,000 estate agents took advantage of the free online learning package we provided to master the requirements of the Home Information Packs (HIPs) legislation which came into effect during 2007.

Rightmove's cost to its members continues to represent a small proportion of the total industry spend on advertising, a total of a little over £50m compared to over £600m across traditional media (based on the *Advertising Yearbook 2007* and Rightmove estimates of the size of the online property marketing spend). The considerable majority of spending by agents and developers continues to be in local and regional newspapers.

Driving the business forward

Without doubt 2008 has the characteristics of a much tougher housing market. This may or may not lead to absolute falls in house prices. It has however already caused a drop in the number of housing transactions taking place in the market. Our estate agent and new home developer customers' own business models are driven by transaction volumes.

These market conditions create opportunities for Rightmove. Our position as a cost effective means of generating enquiries from home buyers is firmly established. This is a position which is of more value to our customers when it is hard to sell properties than when there is a list of applicants queuing to snap up properties as they come onto the market or, in the case of developers, off-plan.

Our service also includes a range of reports that allows agents to justify the correct pricing of properties to vendors as well as demonstrating what is and is not currently selling.

A range of further Rightmove Choice products has been launched in the first quarter of 2008. These products have a particular focus on giving our customers the right type of advertising options for operating successfully in a tough market.

We expect many of our customers to be faced with difficult choices about how much they spend on marketing and where they spend it. Given the significantly higher return on investment from advertising with Rightmove relative to newspaper advertising, we expect a tougher market to see property advertising spend following the same profile as jobs and cars – a sharp and sustained shift from newspapers to online.

As in the past, our successes in 2007 have been achieved as a result of the hard work and dedication on the part of our employees. I would like to thank them for their efforts past and continuing. The high level of take up of our second Sharesave scheme for staff provides a further opportunity for that effort to be acknowledged and rewarded.

Financial position

Margin growth

	First half 2007	Second half 2007	Year ended 31 December 2007	First half 2006	Second half 2006	Year ended 31 December 2006
Underlying operating margin % *	51.9	56.1	54.2	54.7	50.1	52.1

** based upon operating profit from continuing operations and before share-based payments, NI on share options under issue, flotation costs and capital reconstruction costs. The above figures are unaudited.*

The operating margin for the year increased from 52.1% to 54.2% as a consequence of strong revenue growth and more modest increases in overheads. On a like-for-like basis, excluding Holiday Lettings Limited, the margin in 2007 was 55.3%.

Taxation

The Group's consolidated tax rate for the year ended 31 December 2007 was 31% (2006: 40%). The difference between this and the standard rate of tax of 30% relates chiefly to non-deductible costs.

Share-based payment (IFRS 2)

In accordance with IFRS 2, a non-cash charge of £2.3m (2006: £2.2m) is included in the income statement representing amortisation of the fair value of share options granted, including Sharesave options, since November 2002.

Earnings per share

Earnings per ordinary share of 15.2p (2006: 3.6p) is based on profit after taxation and a weighted average of 123,023,728 shares in issue (2006: 122,468,206). Underlying earnings per ordinary share based on continuing operations and before share-based payments, NI on share options under issue, flotation and capital reconstruction costs was 18.7p (2006: 10.5p).

Balance sheet

Total shareholders' funds amounted to £12.4m at 31 December 2007 (2006: £16.0m). Non-current assets rose from £4.1m to £11.0m chiefly as a result of goodwill arising on the acquisition of Holiday Lettings Limited.

Trade and other receivables increased from £2.9m to £11.2m in part due to the strong growth in revenue but also as a result of a change in the Value Added Tax (VAT) tax point date. The latter resulted in a requirement to raise the January 2008 invoices in December 2007 thereby increasing trade and other receivables as at 31 December 2007 by approximately £4.5m. Other debtors also included blocked cash balances of £0.9m which arose on the capital reconstruction carried out at the end of 2006.

Trade and other payables rose from £5.8m to £14.7m. As a consequence of the change in VAT tax point date explained above, deferred income increased by £4.5m and other taxation payable by £0.7m. Furthermore costs of £1.3m associated with the Scheme of Arrangement completed in January 2008 were accrued.

Cash flow

Net cash at 31 December 2007 was £11.8m (2006: £14.9m) with operating profit converting into operating cash flow at slightly above 100% as a consequence of a broadly neutral movement in trade working capital, notwithstanding the significant growth in sales.

A total of £19.5m was invested during 2007 in the repurchase of own shares (2006: £nil) while a further £6.2m was paid out by way of dividends (2006: £1.9m).

Capital reconstruction

On 30 January 2008, the capital reconstruction of the Group became effective following approval by the Court. As was outlined in a shareholder circular dated 11 December 2007, the object of this exercise was to create additional distributable reserves to allow Rightmove to continue its current strategy of returning capital to shareholders via dividends and share buy backs, subject to market conditions.

The costs involved in this exercise amounting to £1.7m have been fully accounted for in the 2007 results.

Current trading and outlook

Rightmove continues to be in excellent shape as the website of choice for UK home hunters to find all available property. From our advertisers' viewpoint, Rightmove remains a small proportion of their marketing spend and delivers a dramatically enhanced return on investment compared to alternatives.

Our strategy continues to focus on creating and realising the value we bring to the process of helping people find a home and helping UK property professionals to be successful in selling homes. This strategy seems all the more relevant during the stage of the housing market cycle where the real challenge for our customers is that of finding buyers.

The outlook for continued growth remains strong. Indeed, good progress has been achieved in the closing months of 2007, despite the slowdown beginning to bite and we have made a robust start to 2008. The Board is confident of meeting its expectations for 2008.

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	Year ended 31 December 2007	Year ended 31 December 2006		Total £000
		Continuing operations £000	Continuing operations £000	Discontinued operations £000	
Revenue		56,712	33,626	-	33,626
Administrative expenses		(30,285)	(19,869)	(6,668)	(26,537)
Operating profit before share-based payments, NI on share options under issue, flotation and capital reconstruction costs		30,746	17,530	(6,668)	10,862
Share-based payments	6	(2,331)	(2,168)	-	(2,168)
NI on share options under issue	6	(298)	-	-	-
Flotation costs		-	(1,605)	-	(1,605)
Capital reconstruction costs	8	(1,690)	-	-	-
Operating profit		26,427	13,757	(6,668)	7,089
Financial income		891	322	-	322
Financial expenses		(199)	(66)	-	(66)
Net financial income		692	256	-	256
Share of associate loss		-	(77)	-	(77)
Profit before tax		27,119	13,936	(6,668)	7,268
Income tax expense	3	(8,472)	(4,917)	1,993	(2,924)
Profit for the year		18,647	9,019	(4,675)	4,344
Attributable to:					
Equity holders of the Parent		18,647	9,019	(4,675)	4,344
Earnings per share (pence)					
Basic	4	15.16	7.37	(3.82)	3.55
Diluted	4	14.19	6.86	(3.55)	3.31

**CONSOLIDATED AND COMPANY STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Group Year ended 31 December 2007 £000	Group Year ended 31 December 2006 £000	Company Year ended 31 December 2007 £000	Company Year ended 31 December 2006 £000
Tax in respect of share options recognised directly in equity	-	4,681	-	4,681
Net income recognised directly in equity	-	4,681	-	4,681
Profit for the year	18,647	4,344	18,633	4,344
Total recognised income and expense for the year attributable to equity holders of the Parent	18,647	9,025	18,633	9,025

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007

	Note	31 December 2007 £000	31 December 2006 £000
Non-current assets			
Property, plant and equipment		2,042	1,375
Intangible assets		7,580	1,471
Deferred tax assets	5	1,336	1,241
Total non-current assets		10,958	4,087
Current assets			
Trade and other receivables		11,202	2,921
Income tax receivable		163	163
Cash and cash equivalents		11,807	14,881
Total current assets		23,172	17,965
Total assets		34,130	22,052
Current liabilities			
Trade and other payables		(14,714)	(5,835)
Income tax payable		(4,413)	-
Provisions		(130)	(96)
Total current liabilities		(19,257)	(5,931)
Non-current liabilities			
Deferred tax liabilities	5	(110)	-
Deferred consideration	7	(2,328)	-
Provisions		(43)	(112)
Total non-current liabilities		(2,481)	(112)
Net assets		12,392	16,009
Equity			
Share capital		1,327	1,327
Share premium		105	-
Retained earnings		10,960	14,682
Total equity attributable to the equity holders of the Parent		12,392	16,009

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2007

	Note	31 December 2007 £000	31 December 2006 £000
Non-current assets			
Property, plant and equipment		2,007	1,375
Intangible assets		1,787	1,471
Investments		3,108	-
Deferred tax assets	5	1,336	1,241
Total non-current assets		8,238	4,087
Current assets			
Trade and other receivables		10,984	2,921
Income tax receivable		163	163
Cash and cash equivalents		11,600	14,881
Total current assets		22,747	17,965
Total assets		30,985	22,052
Current liabilities			
Trade and other payables		(14,137)	(5,835)
Income tax payable		(4,329)	-
Provisions		(107)	(96)
Total current liabilities		(18,573)	(5,931)
Non-current liabilities			
Provisions		(34)	(112)
Total non-current liabilities		(34)	(112)
Net assets		12,378	16,009
Equity			
Share capital		1,327	1,327
Share premium		105	-
Retained earnings		10,946	14,682
Total equity attributable to the equity holders of the Parent		12,378	16,009

**CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	Year ended 31 December 2007 £000	Year ended 31 December 2006 £000
Cash flows from operating activities			
Profit for the year		18,647	4,344
Adjustments for:			
Depreciation charges		503	385
Amortisation charges		390	304
Impairment of tangible and intangible assets		-	1,011
Loss on sale of investment in associate		-	206
Investment income		-	(129)
Interest income		(891)	(322)
Interest expense		129	1
Share-based payments charge	6	2,331	2,168
Income tax expense	3	8,472	2,924
Operating profit before changes in working capital		29,581	10,892
Increase in trade and other receivables		(8,023)	(471)
Increase/(decrease) in trade and other payables		8,337	(838)
(Decrease)/increase in provisions		(35)	208
Cash generated from operations		29,860	9,791
Interest paid		(3)	(1)
Income taxes (paid)/received		(4,250)	1,259
Net cash from operating activities		25,607	11,049
Cash flows from investing activities			
Interest received		891	322
Acquisition of property, plant and equipment		(1,157)	(938)
Acquisition of intangible assets		(643)	(249)
Acquisition of subsidiary (net of cash acquired)	7	(3,177)	-
Acquisition of investment in associate	7	-	(3,320)
Proceeds from sale of investment in associate	7	-	3,243
Net cash from investing activities		(4,086)	(942)
Cash flows from financing activities			
Dividends paid		(6,176)	(1,861)
Purchase of treasury shares		(19,362)	-
New shares issued		105	1,055
Proceeds on exercise of share options		838	-
Net cash from financing activities		(24,595)	(806)
Net (decrease)/increase in cash and cash equivalents		(3,074)	9,301
Cash and cash equivalents at 1 January		14,881	5,580
Cash and cash equivalents at 31 December		11,807	14,881

**COMPANY STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	Year ended 31 December 2007 £000	Year ended 31 December 2006 £000
Cash flows from operating activities			
Profit for the year		18,633	4,344
Adjustments for:			
Depreciation charges		499	385
Amortisation charges		327	304
Impairment of property, plant and equipment		-	1,011
Impairment of investment in associate		-	77
Interest income		(889)	(322)
Interest expense		3	1
Share-based payments charge	6	2,331	2,168
Income tax expense		8,401	2,924
Operating profit before changes in working capital		29,305	10,892
Increase in trade and other receivables		(8,063)	(471)
Increase/(decrease) in trade and other payables		8,302	(838)
(Decrease)/increase in provisions		(67)	208
Cash generated from operations		29,477	9,791
Interest paid		(3)	(1)
Income taxes (paid)/received		(4,167)	1,259
Net cash from operating activities		25,307	11,049
Cash flows from investing activities			
Interest received		889	322
Acquisition of property, plant and equipment		(1,131)	(938)
Acquisition of intangible assets		(643)	(249)
Acquisition of investment in subsidiary		(3,108)	-
Acquisition of investment in associate	7	-	(3,320)
Proceeds from sale of investment in associate	7	-	3,243
Net cash from investing activities		(3,993)	(942)
Cash flows from financing activities			
Dividends paid		(6,176)	(1,861)
Purchase of treasury shares		(19,362)	-
New shares issued		105	1,055
Proceeds on exercise of share options		838	-
Net cash from financing activities		(24,595)	(806)
Net (decrease)/increase in cash and cash equivalents		(3,281)	9,301
Cash and cash equivalents at 1 January		14,881	5,580
Cash and cash equivalents at 31 December		11,600	14,881

Notes to the Preliminary announcement

1 General Information

The Group's accounts have been prepared in accordance with International Accounting Standards and International Financial Standards that were effective at 31 December 2007 and adopted by the EU.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2007 or 2006. Statutory accounts for 2006 have been delivered to the registrar of companies, and those for 2007 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and (iii) did not contain statements under section 237 (2) or (3) of the Companies Act 1985.

2 Segmental reporting

The Group does not have geographical segments with all revenue derived from external operations in the UK in both years. Revenue derived outside the UK is not material in either 2006 or 2007.

Due to the discontinuance of the HIPs business in 2006 all activities in the current year relate to the property advertising segment. There were no other separately identifiable business segment income statement or balance sheet items.

For the year ended 31 December 2006

	Property advertising £000	HIPs £000	Total £000
Income statement information			
Segmental revenue	33,626	-	33,626
Depreciation and amortisation	550	139	689
Segmental results	13,757	(6,668)	7,089
Financial income	322	-	322
Financial expenses	(66)	-	(66)
Income tax expense	(4,917)	1,993	(2,924)
Share of associate loss	(77)	-	(77)
Profit for the year	9,019	(4,675)	4,344
Balance sheet information			
Capital expenditure	901	286	1,187
Property, plant and equipment	1,375	-	1,375
Intangible assets	1,471	-	1,471
Total assets	22,052	-	22,052
Total liabilities	(5,612)	(431)	(6,043)

Segmental results, total assets and total liabilities for the year ended 31 December 2006 included items directly attributable to the segment as well as those that could be allocated on a reasonable basis. There were no inter-segmental sales in 2006.

Segmental capital expenditure during 2006 represented the total cost incurred during the year to acquire segmental assets that were expected to be used for more than one period.

3 Income tax expense

	Year ended 31 December 2007 £000	Year ended 31 December 2006 £000
Current tax expense		
Current year	9,272	3,544
Deferred tax expense		
Origination and reversal of temporary differences	(896)	(620)
Reduction in tax rate	96	-
	(800)	(620)
Total income tax expense	8,472	2,924

Reconciliation of effective tax rate

The income tax expense for the year is higher (2006: higher) than the standard rate of corporation tax in the UK of 30% (2006: 30%). The differences are explained below:

	Year ended 31 December 2007 £000	Year ended 31 December 2006 £000
Profit before tax	27,119	7,268
Current tax at 30% (2006: 30%)	8,136	2,180
Share-based payments	(322)	331
Non deductible expenses	460	413
Change in tax rate	96	-
Deferred tax movement in respect of prior years	102	-
	8,472	2,924

During the year, the Company utilised tax losses brought forward of £689,000. These losses arose on the exercise of share options for which no related equity settled share option charge was recognised. The reduction in the current year tax charge resulting from the utilisation of these losses has been reflected in retained earnings in accordance with IFRS 2 and thus a notional tax charge of £689,000 has been applied for the year ended 31 December 2007 (2006: £3,544,000).

The Group's consolidated effective tax rate for the year ended 31 December 2007 is 31% (2006: 40%). The difference between the standard rate and effective rate at 31 December 2007 is attributable mainly to the high level of expenditure on which no tax relief is available but which is offset by the increase in the Company's deferred tax asset arising on share options.

4 Earnings per share

	Weighted average Number of shares	Earnings £000	Per share amount Pence
Year ended 31 December 2007			
Basic EPS	123,023,728	18,647	15.16
Diluted EPS	131,431,538	18,647	14.19
Underlying basic EPS	123,023,728	22,966	18.67
Underlying diluted EPS	131,431,538	22,966	17.47
Year ended 31 December 2006			
Basic EPS	122,468,206	4,344	3.55
Diluted EPS	131,434,219	4,344	3.31
Underlying basic EPS	122,468,206	12,792	10.45
Underlying diluted EPS	131,434,219	12,792	9.73

Underlying EPS is calculated before the charge for HIP costs, flotation and capital reconstruction costs, share-based payments and Employer's National Insurance (NI) on share options under issue. A reconciliation of the basic earnings for the year to the underlying earnings is presented below:

	Year ended 31 December 2007 £000	Year ended 31 December 2006 £000
Basic earnings for the year	18,647	4,344
HIP costs (net of tax)	-	4,675
Flotation costs	-	1,605
Capital reconstruction costs	1,690	-
Share-based payments	2,331	2,168
NI on share options under issue	298	-
Underlying earnings for the year	22,966	12,792

5 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	Year ended 31 December 2007 £000	Year ended 31 December 2006 £000	Year ended 31 December 2007 £000	Year ended 31 December 2006 £000	Year ended 31 December 2007 £000	Year ended 31 December 2006 £000
Property, plant and equipment	(84)	(232)	2	-	(82)	(232)
Tax losses	-	(689)	-	-	-	(689)
Intangible assets	-	-	108	-	108	-
Equity settled share options	(1,252)	(320)	-	-	(1,252)	(320)
Net tax (assets)	(1,336)	(1,241)	110	-	(1,226)	(1,241)

The net deferred tax asset of £1,226,000 at 31 December 2007 (31 December 2006: £1,241,000) is in respect of share options, tax losses brought forward, accelerated capital allowances and intangibles.

The deferred tax asset relating to share options at 31 December 2007 is £1,252,000 (31 December 2006: £320,000). This increase is mainly due to the Company's share price rising from £3.95 at 1 January 2007 to £4.64 at 31 December 2007.

5 Deferred tax assets and liabilities (continued)

Deferred tax assets and liabilities are attributable to the following:

Company	Assets		Liabilities		Net	
	Year ended 31 December 2007 £000	Year ended 31 December 2006 £000	Year ended 31 December 2007 £000	Year ended 31 December 2006 £000	Year ended 31 December 2007 £000	Year ended 31 December 2006 £000
	Property, plant and equipment	(84)	(232)	-	-	(84)
Tax losses	-	(689)	-	-	-	(689)
Equity settled share options	(1,252)	(320)	-	-	(1,252)	(320)
Net tax (assets)	(1,336)	(1,241)	-	-	(1,336)	(1,241)

Movement in deferred tax during the year:

Group	1 January 2007 £000	Recognised in income £000	Recognised in equity £000	Arising on business combination £000	31 December 2007 £000
Property, plant and equipment	(232)	147	-	2	(83)
Tax losses	(689)	-	689	-	-
Intangible assets	-	(15)	-	124	109
Equity settled share options	(320)	(932)	-	-	(1,252)
	(1,241)	(800)	689	126	(1,226)

Company	1 January 2007 £000	Recognised in income £000	Recognised in equity £000	31 December 2007 £000
Property, plant and equipment	(232)	148	-	(84)
Tax losses	(689)	-	689	-
Equity settled share options	(320)	(932)	-	(1,252)
	(1,241)	(784)	689	(1,336)

The deferred tax asset arising on equity settled share options is recognised in the income statement to the extent that the related equity settled share options charge was recognised in the income statement.

6 Share-based payments

The Company operates a share incentive scheme for key management personnel and senior employees, comprising the Rightmove Unapproved Executive Share Option Plan (Unapproved Plan) and the Rightmove Approved Executive Share Option Plan (Approved Plan). The Company also operates a Savings Related Share Option Scheme (Sharesave).

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black Scholes model. The contractual life of the options is used as an input into this model.

All share incentive schemes are granted under a service condition. Such conditions are not taken into account in the fair value of the services received. There are no market conditions associated with the above grants.

6 Share-based payments (continued)

The total charge for the year relating to employee share-based payment plans was £2,331,000 (2006: £2,168,000), all of which related to share options granted in 2006 and 2007.

NI is being accrued at a rate of 12.8% on the difference between the share price at the balance sheet date and the average exercise price of share options. The charge for the year ended 31 December 2007 was £298,000 (2006: £nil).

7 Acquisitions and disposals

On 21 March 2007, the Company acquired 66.7% of the ordinary share capital of HLL, a provider of online advertising services to owners of holiday rental properties, for consideration of £3,216,000, including acquisition costs of £73,000. From the date of acquisition to 31 December 2007 the acquisition contributed £1,499,000 to Group revenue and £216,000 to Group profit. If the acquisition had been completed on the first day of the financial year, the acquisition would have contributed £1,968,000 to Group revenue and £381,000 to Group profit.

In terms of the shareholders' agreement, a put and call option exists to acquire the remaining 33.3%. The earliest opportunity HLL management has to exercise the put option is 30 June 2009 based on the audited accounts for the 12 months ending 31 December 2008. The deferred consideration element has been recognised based on management's best estimate of likely EBIT for the year then ending at a multiple of six times the agreed formula and discounted at a risk-free rate of 5.7%.

At 31 December 2007, £126,000 has been changed to financial expense representing the unwinding of the effective interest rate on deferred consideration. This results in a carrying value of £2,328,000 for deferred consideration on the balance sheet.

	Carrying values pre- acquisition £000	Fair value adjustments £000	Fair values £000
Net assets acquired			
Non-current assets			
Property, plant and equipment	12	1	13
Intangible assets – customer relationships	-	514	514
	12	515	527
Current assets			
Trade and other receivables	279	(16)	263
Cash and cash equivalents	36	-	36
	315	(16)	299
Current liabilities	(207)	(417)	(624)
Non-current liabilities			
Deferred tax liabilities	(2)	(124)	(126)
Fair value of net assets acquired	118	(42)	76
Purchase consideration – cash			3,213
Purchase consideration – accrued expenses			3
Purchase consideration – deferred			2,202
Total consideration			5,418
Goodwill			5,342

7 Acquisitions and disposals (continued)

Upon acquisition the revenue recognition policy for HLL was changed to align it with the existing Group policy. Revenue is principally billed annually in advance. An adjustment of £422,000 has been reflected in current liabilities to recognise the deferral of revenue over the 12 month contract on a straight line basis as opposed to the previous upfront recognition policy.

Included in the £5,342,000 of goodwill recognised are intangible assets that do not meet the definition of intangible assets under IAS 38. These items include an assembled workforce and operating synergies.

	Year ended 31 December 2007 £000
Net cash flow on acquisition	
Cash paid for subsidiary	(3,213)
Cash acquired	36
	<hr/>
Net cash outflow	(3,177)

During 2006, the Company acquired 25% of the ordinary share capital of TM for a consideration of £3,243,000 and acquisition costs of £77,000. This gave rise to positive goodwill of £2,140,000 and an intangible asset relating to customer lists of £1,124,000. The Group's share in the fair value of net assets of the associate at the date of acquisition was £56,000.

As a result of the discontinuance of the HIPs business, it was no longer considered appropriate to retain this shareholding. Accordingly, the holding was disposed of for £3,243,000 before costs. The sale gave rise to a consolidated loss on disposal of £206,000. Whilst TM was an associate and before the decision to sell was made, the results of the associate were equity accounted for. The Group recognised a profit of £129,000 representing its share of TM's profit for that period. The directors decided to present the loss on disposal of £206,000 and the share of associate's profit of £129,000 on the face of the income statement as share of associate loss of £77,000.

8 Subsequent event

On 28 January 2008, Rightmove Group plc (Company no: 6426485) was admitted to the official list of the London Stock Exchange and became the holding company of Rightmove plc (Company no: 3997679 (the Company)) pursuant to a Scheme of Arrangement under Section 425 of the UK Companies Act 1985 that was previously approved by shareholders on 7 January 2008 and the High Court of Justice in England and Wales (the Scheme of Arrangement).

Pursuant to the Scheme of Arrangement, the Company's ordinary shareholders received ordinary shares in Rightmove Group plc, each having a nominal value of £3.35 (Rightmove Group Ordinary Shares), in exchange for ordinary shares in the Company each having a nominal value of £0.01 (Rightmove Ordinary Shares) on a one-for-one basis (at nil cost). The Rightmove Group Ordinary Shares carry substantially the same rights as did the Rightmove Ordinary Shares. As a result of the Scheme of Arrangement, the Company became a wholly-owned subsidiary of Rightmove Group plc.

The Rightmove Ordinary Shares were cancelled on 28 January 2008. Rightmove Group Ordinary Shares were admitted to the Official List of the UK Listing Authority and to trading on the main market for listed securities of the London Stock Exchange plc on 28 January 2008.

There was no change in the Board of directors, management and corporate governance arrangements as a result of the Scheme of Arrangement. The consolidated assets and liabilities of Rightmove Group plc immediately after the Scheme of Arrangement were substantially the same as the consolidated assets and liabilities of the Company immediately prior thereto.

8 Subsequent event (continued)

Rightmove Group plc was incorporated and registered in England and Wales under the Companies Act as a private company, Rightmove Group Limited, on 14 November 2007 and re-registered as a public limited company on 29 November 2007. Prior to 28 January 2008 Rightmove Group plc had not commenced trading or made any profits or trading losses.

On 29 January 2008 the High Court of Justice in England and Wales approved a reduction of Rightmove Group plc's share capital to take effect on 30 January 2008 when the nominal value of each Rightmove Group plc Ordinary Share was reduced from £3.35 to £0.01 each. This reduction increased the distributable reserves available to Rightmove Group plc to approximately £430m, which the directors of Rightmove Group plc can utilise for future distributions to shareholders.

The corporate restructuring will be accounted for as a reverse acquisition. Accordingly, the historical financial statements prior to the reorganisation will be labelled as those of Rightmove Group plc, but represent the operations of the Company. After the Scheme of Arrangement, shareholders' equity will represent the equity of Rightmove Group plc.

All share options granted to Directors and employees under the Company's existing Executive Share Option and Sharesave plans, prior to the Scheme of Arrangement are exchangeable for share options over shares in Rightmove Group plc on a one-for-one basis with no change in the terms or conditions.

With effect from 28 January 2008 Rightmove Group plc changed its name to Rightmove plc. With effect from 28 January 2008, the Company re-registered as a private company and changed its name to Rightmove Group Limited.

Ends