Rightmove plc
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RIGHTMOVE plc
2008 FULL YEAR RESULTS

Rightmove plc, the UK's number one property website, today announces its Full Year results for the year ended 31 December 2008.

Highlights:

- Revenue grew 31% from £56.7m to £74m
- Underlying operating profit* increased 33% from £30.7m to £41m*
- Underlying EPS up 27% to 23.8p (2007: 18.7p)
- Restructure completed which will provide an estimated £5m savings in 2009
- Success of Rightmove Choice – more than 30% of customers now use one or more Rightmove Choice products with over 11,000 products currently in use
- Average revenue per advertiser rose 26% to £307 per month at the end of 2008 (2007: £243)**
- 11.9m shares bought back at a total cost of £45m
- Net debt of £16.9m (2007: net cash of £11.8m)
- Proposed final dividend of 7.0p, making a total dividend of 10.0p for the year (2007: 8.0p), up 25%***

Ed Williams, Managing Director, said:

"These are tough times in the property market. It is becoming clearer and clearer that those serious about selling are doing more and more on Rightmove."

For more information please contact:
Rightmove
For Ed Williams and Nick McKittrick 020 7087 0605

** Before share-based payments, NI on share options under issue and capital reconstruction costs.*
*** Calculated as an average of period end ARPA over 12 months.*
**** For the year.*

This Annual Report contains forward looking statements. These forward looking statements are not guarantees of future performance. Rather they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors that may cause actual results to differ from any future results or dev elopments expressed or implied from the forward looking statements. Each forward looking statement speaks only as of the date of the particular statement.

Chairman's statement

It is my pleasure to present Rightmove plc's financial results for the year ended 31 December 2008.

2008 was another year of growth for Rightmove despite difficult economic conditions and the worst UK housing market in modern history. With new build starts at an 85 year low in 2008, record low home sales resulting in 2,500 to 3,000 estate agency office closures and widespread job losses, 2008 has been a challenging marketplace. Nevertheless, a combination of clear online market leadership, management dedicated to providing continuously improved customer value and a strong financial position has enabled Rightmove to continue to perform and deliver for customers and home hunters.

Financial Results

General property advertising spend will prove to have fallen dramatically during 2008. However, the compelling benefits of internet advertising and the continued migration of people online have allowed us to deliver another outstanding set of results with revenue, profits and earnings per share all increasing year on year. Revenue increased by 31% to £74m (2007: £56.7m). Operating margins of 55.4% (2007: 54.2%) resulted in underlying operating profit* up 33% to £41m (2007: £30.7m).

At the beginning of 2008, we completed a Scheme of Arrangement to establish a new holding company creating significant distributable reserves to allow return of surplus capital to shareholders for many years to come.

In April 2008, Rightmove entered into a revolving loan facility of up to £40m with the Bank of Scotland for the specific purpose of facilitating share buy backs. Following the repurchase of 11.9m shares at a cost of £45m, which was funded in part by operating cash flow, the Group's net debt position as at 31 December 2008 is £16.9m. Under the terms of the loan agreement there are committed bank funds for the conversion of the loan facility into a term loan at maturity in April 2009. In February 2009 the Board agreed to term out a minimum of £25m at maturity.

The Board announced a 3.0p (2007: 2.0p) per ordinary share interim dividend which was paid on 10 October 2008. The Board proposes to pay a final dividend of 7.0p per ordinary share which gives a total dividend for the year of 10.0p (2007: 8.0p) an increase of 25% year on year. The final dividend, subject to shareholder approval, will be paid on 12 June 2009 to members on the register on 15 May 2009.

Management and employees

The success of the Group owes much to the commitment, strength and passion of all our employees. Nevertheless, 2008 was a difficult year for our staff. Our substantial market penetration led us to convert our sales organisation into a more relationship management structure. Simultaneously, the Group undertook a programme of job reductions that are reflective of the current economic environment. Accordingly, we announced a 23% reduction in staff in November 2008. I would like to thank our former and current employees for their dedication, performance and the way in which they conducted themselves during this difficult time.

The Board of directors

As previously announced in October 2008, Nigel Cooper has completed his term as a non-executive director and will not seek re-election at the 2009 Annual General Meeting. I would like to thank Nigel for his wise counsel as chair of the Audit Committee during our first three years as a public company and for his support in recruiting his successor.

As part of the organisation restructure, in early January 2009, we announced the merger of the finance and other head office functions with Rightmove's main property advertising business under the leadership of Nick McKittrick who assumes the role of Chief Operating Officer and Finance Director. As a result Graham Zacharias, who joined the business in 2006, prior to the

IPO, will stand down as Group Finance Director in the spring of 2009 and will not stand for re-election to the Board at the 2009 Annual General Meeting. I would like to thank Graham for building a strong finance team and systems and generally for his major contribution to transforming Rightmove from a private to a public company.

Annual General Meeting and resolutions

The majority of the resolutions being proposed at the Annual General Meeting are general in nature, a summary of which is described in the Directors' Report and in the Notice of Annual General Meeting which will be sent to shareholders in March 2009. I hope that shareholders will approve these resolutions and I and the rest of the Board look forward to answering any questions and updating shareholders further on the development of the business at our Annual General Meeting which will take place at 10am on 6 May 2009 at the offices of UBS Limited at 1 Finsbury Avenue, London, EC2M 2PP.

On behalf of shareholders, I would like to thank Ed Williams and his entire team for the achievements of the past year. My thanks also go to the Board for their guidance during challenging economic times.

Scott Forbes
Chairman

Notes:
[*] *Before share-based payments, NI on share options under issue and capital reconstruction costs.*

BUSINESS AND FINANCIAL REVIEW

In 2008, Rightmove extended its leadership position in online property advertising. With the property industry focused on the need for buyers, our ability to deliver enquiries at levels comparable to 2007 has allowed us to be far more resilient than traditional print advertising. The overall cost effectiveness of our service, together with products which allow our customers to target specific potential home buyers with offers and price reductions, contributed to revenue growth.

Despite the strength of our 2008 performance, the housing market downturn and the credit crunch has been and will continue to be too pronounced to insulate Rightmove. However, we believe the underlying strength of the business, and our ability to invest in marketing and product development in the tough times, will reward us with a substantial share of the industry's marketing spend as the housing market starts to return towards more normal levels of activity.

As we start 2009, our objective is to communicate unequivocally to home hunters that we remain the place to look for property and to the property industry that we are the place to advertise. Though optimism is challenging amidst the gloomy economic news, we are confident of maintaining cash flow at or ahead of 2007 levels and have the enormous benefit of a strong financial position.

Our 2008 results are the strongest possible evidence of our belief that Rightmove will be the biggest beneficiary of the structural shift of advertising spend from traditional media to online.

We wish to thank all our customers for their loyalty at a time when the dramatic fall in number of housing transactions has led them to reduce staff levels and their other marketing spend to an extent not witnessed in living memory. We also wish to express our thanks to the many former Rightmove employees who made such a big contribution to the growth of our business but who also lost their jobs as a result of the collapse of the UK property market.

Our 2008 results

2008 was a record year for Rightmove. Revenue increased by 31% to £74m (2007: £56.7m) and underlying operating profit* increased by 33% to £41m (2007: £30.7m).

Although the second half of the year was tougher than the first, both revenue and profits in the second half of the year were only slightly lower than in the first half and were substantially ahead of the second half of 2007.

Our results also reflect £0.7m of costs in relation to the headcount reduction of 78 employees (23% of the workforce), which will provide an estimated £5m of savings in 2009.

The UK property and property advertising sector

In the context of the 2008 housing market, these results bring into focus the key advertising industry question:

To what extent is the downturn in classified newspaper advertising cyclical or structural?

Regional newspaper group results in recent trading and reporting periods have pointed to greater than 50% reductions in property advertising revenue compared to the same periods a year earlier.

We believe that around 20% of estate agent offices have left the industry since the start of the downturn in July 2008. In many, though by no means all cases, these were smaller businesses that always spent less on advertising. Therefore the majority of the overall decline in property advertising spend has come from a reduction in newspaper spending by agents who continue to trade and not as a result of agents leaving the industry.

This scale of decline reflects the realities of the current trading environment for estate agents and new homes developers. We estimate, based on conversations with estate agents, that the total number of housing transactions in 2008 was around half the level seen in more normal market conditions and even further down on the peak level of activity. Given that the start to 2008 was far better than the end, the current run rate may well be around a third of that in a normal market.

The overall decline in the number of agents, coupled with a sharp reduction in house building across the UK in 2008, has inevitably resulted in shrinkage in our advertiser base. This had an impact on revenue in the second half of 2008 and will inevitably impact 2009 as we experience the full year financial consequence of the disappearance of these advertisers.

Nonetheless, during 2008 we gained more than 2,200 individual estate agent and letting agent offices, with lettings representing an area of particularly rapid growth. Setting aside the substantial contraction in the overall base of agents in the market, the gains in agents far out-weighed the loss of agents who remain in business.

At the time of writing we have 24 of the top 25 new homes developers advertising with us. We have witnessed a decline in the total number of new homes developments being marketed across the country. One impact of extremely tough trading conditions facing developers has been both a marked increase in their willingness to spend on all Rightmove's online services during those months that they see as key sales months, coupled with decisions to stop advertising through most or all media in other months such as December.

What we do and the keys to success
Rightmove's success in 2008 in adverse conditions arises directly from what it is we do and how that differs from others.

The most effective property advertising medium
By using the Rightmove.co.uk website our advertisers reach by far the largest audience of prospective home movers in the country and in turn home movers see more properties than anywhere else. During a period of decline in circulation for local and regional newspapers, activity on the Rightmove website continued to increase, with page impressions up by 8% to 5.3bn (2007: 4.9bn). According to Hitwise, which monitors over a thousand property-related websites, Rightmove has started 2009 with as many pages of information being viewed as all other property websites put together.

Rightmove generates enquiries from prospective home buyers whether via phone, email or by other means that we cannot directly track. In the current trading environment buyer enquiries are the life-blood of agents and property developers.

The key performance indicators that we monitor are:

Page impressions		Email enquiries		Properties displayed	
+400m		**Down 6%**		**+4.5%**	
Number of page impressions in the year grew from 4.9bn (2007) to 5.3bn (2008), up 8%		Number of emails down by far less than the decline in number of agents and developers		Number of properties displayed on Rightmove.co.uk at 31 December 2008 was 1,085,000 (2007: 1,038,000)	

Rightmove's ability to out perform newspapers in these challenging times reflects:

- our increasing audience - at a time when newspapers are declining;

- the need for enquiries from home buyers - as opposed to the overwhelming focus on winning the right to sell a house during the good times;
- measurability - with all our customers seeking to reduce costs and yet make sales, measurability has been thrust to the fore;
- the belated recognition that what sellers of homes expect from their agent is that they market their property in the places that they themselves look - increasingly now the internet as opposed to the local paper as circulation declines and online users come of age.

Long-term sustained investment

The high level of site activity and enquiries is the result of our historic cash investment and the effort put into the development of the Rightmove.co.uk website and the marketing of it. 2008 has seen that investment sustained.

We have extended our range of Rightmove Choice products and widened their availability. Now our lettings advertisers and overseas homes advertisers can benefit from the increased response and branding our Choice products offer.

The site has also been redesigned to make it more visible to Google™ and thereby to increase our organic rankings across a range of search terms. This investment is already paying dividends and should continue to strengthen our presence.

Our "See More" media campaign represents our biggest investment ever in marketing. Indeed it may well represent the biggest marketing investment into a single campaign made by any property-related advertiser. The campaign launched on Boxing Day with heavy weight TV advertising across Britain running through to the start of February. This has been accompanied by outdoor advertising in high profile city centre sites, advertising on video panels on the London underground and extensive online advertising.

A consequence of this is that, the Rightmove.co.uk website has generated record numbers of enquiries in January 2009. Enquiry levels have doubled in comparison to a year ago peaking at 44,250 email enquiries in a single day, equating to one email enquiry every two seconds. Our share of the home moving audience online has also increased dramatically with, on many days in January, more activity on the Rightmove website than on all the other 1,200 or so property websites put together (property websites monitored by Hitwise).

We believe that the current state of the housing market gives us an opportunity to use our financial resources to demonstrate to the home moving public and the property industry alike Rightmove's pivotal role and reinforce our market leading position.

Service and infrastructure

We have maintained the size of our customer service teams. As the burdens placed on us by the rapid growth in membership numbers eased we have been able to devote more time to talking with our customers and working with them at an individual level to improve the quality of their advertising with us (and hence its effectiveness).

In preparation for 2009 we have reshaped our sales force into a more focused team of relationship managers able to work with our customers to maximise the value they get from Rightmove and offer them wider advice on marketing effectiveness. This is supported with a programme of local seminars.

Our online reports and tools give our customers effective ways to target all their marketing activity. This has been demonstrated by the rapid growth of our email campaign service to new homes developers, allowing them to target people who have already registered an interest with us regarding the price, type and location of property.

We have also taken the opportunity in 2008 to replace the majority of our IT platforms and hardware systems. The whole of the technology platform which powers our Rightmove.co.uk website, from very technical layers, the database, through to the business logic which handles the way in which users search for properties has been upgraded. Following on from the redesign of the Rightmove.co.uk interface which was launched in December 2007, there is hardly any part of the technology that the public see and use which dates back to before then. A less obvious, large investment has been the complete replacement of our billing systems which have needed to handle increasing volumes and sophistication of product and pricing options.

Focus

We believe that the focus we have had on the core UK online property advertising market has been a vital ingredient of our success. Any investments or acquisitions which we might have made that would have extended the scope of our business into areas which are directly coupled to the level of housing activity would have been far more adversely affected by the events of the last year.

During 2008 we took the decision to stop selling general banner advertising around our AboutMyPlace mapping website. The volume of web pages available to advertisers continues to grow while generic online display advertising spend declines. Our own experience only serves to confirm the challenges faced by any property website based on a free-to-list model with revenue derived from other advertising.

We continue with two business areas that are not part of our core Rightmove.co.uk website business: Holiday Lettings Limited and our Automated Valuation business.

Holiday Lettings Limited, which we acquired early in 2007 has grown rapidly and ahead of expectations, albeit that this is not reflected in the like-for-like statutory results due to the way in which the revenue recognition policy was applied. With the UK public seeking to economise on luxuries we believe the holiday rentals market will prove one of the most resilient aspects of the travel industry. An increased focus since 2007 on UK properties should provide some protection against the consequences of a weaker pound Sterling. Meanwhile, ownership of a holiday home is no longer a one-way ticket to appreciating asset values, making the need for securing high occupancy rates by owners that much greater.

Our Automated Valuation business has faced a market where the number of valuations carried out for mortgage lending purposes fell dramatically. However, we had started the year from a very low base so this did not lead to a decline in business. Concerns about asset quality and risk have led to the growth of the use of automated valuations to revalue properties for a variety of other applications. During the year we have been working with four out of the top six mortgage lenders. We have also been selected by Experian as their strategic partner, offering further evidence of the superiority of the Rightmove AVM product and technology. These relationships should prove valuable as transaction volumes recover.

Focus does not preclude innovation. Earlier in 2008 Rightmove introduced its first Local Edition, a down-loadable magazine format, weekly online property paper. Over the course of the year we have increased the number of Local Editions to nine and intend to extend this over time. The Local Edition gives estate agents and house builders the opportunity to follow tried and trusted advertising formats, including display advertising, but for the publication to be produced ahead of the weekly newspaper and delivered to thousands of subscribers at virtually no cost.

A tough market does not preclude areas of growth in customers. In addition to the increase in number of lettings agents on Rightmove, we now have relationships with far more Housing Associations than a year ago.

The completion of our major IT investment in replacing our underlying technology will free up more time in 2009 for visible and commercially focused product development. Indeed one of the key benefits of the investment we have made in the infrastructure is to speed up development time for new products, benefits we are already seeing in our current projects.

Protecting shareholder value

How the Board monitors performance

Our Board reviews performance at Board meetings and on a monthly basis through a detailed monthly management report, which covers all the key performance indicators featured in this report. The primary method by which risks are monitored and managed is by the monthly Executive Board, which reports to the main Board on such matters bi-annually or as the business requires. With the assistance of the Audit Committee, the Board reviews the effectiveness of internal controls at least annually.

Uncertainties, threats and risks

Thus far the Rightmove business model has proved remarkably resilient in the face of an unprecedented down-turn affecting the customers we serve. Nonetheless the business is inevitably exposed to the general uncertainty of the housing market and particularly to transaction volumes.

Rightmove, from its inception, has experienced a large number of new entrants in terms of property websites, often exhibiting a range of business models and frequently involving the offer of free advertising to agents. The new entrants who attracted the most attention over the last two years have failed to make any actual material impact in spite of big claims at the start. We cannot rule out the appearance of a completely new entrant or business model. However, we believe that the tougher market conditions reinforce the view that the long-standing competitor property portals, all owned by larger media groups, represent the most tangible source of competition.

Looking further ahead, Rightmove's success as the preferred alternative to local newspapers when property advertising spend recovers will depend on our ability to develop and commercialise an appropriate range of products and services. These may be enhanced advertising products on the Rightmove.co.uk web site, other online advertising services (such as our Local Edition) or the extension of our services from pure advertising into other aspects of marketing (such as our email campaigns for new homes developers).

We believe there are limited risks relating to operational failures, to financial and legal exposures, to fraud or embezzlement or from onerous commercial obligations or liabilities. The business has few tangible assets and the major intellectual assets are tied up in the design of our website and in our brand identity, recognition and reputation.

Financial position

Margin growth

The underlying operating margin* for the year increased from 54.2% to 55.4% as a consequence of strong revenue growth and a more modest increase in overhead.

	Year ended 31 December 2008	**Year ended 31 December 2007**	**Year ended 31 December 2006**
Underlying operating margin % *	55.4%	54.2%	52.1%

* Based upon operating profit before share-based payments, National Insurance (NI) on share options under issue, capital reconstruction costs and flotation costs.

Bad debt
During the year a bad debt charge of £1.4m was incurred (2007: £0.3m). The largest single amount written off in respect of any one customer was £44,000 in respect of an estate agency group. The bulk of the charge related to smaller amounts owed by estate agents and developers who either left the site without paying or went into administration during the year. This adversely impacted margin during the year by 1.8% and if adjusted for the margin would have been 57.2%.

Taxation
The consolidated tax rate for the year ended 31 December 2008 was 33% (2007: 31%). The difference between this and the standard rate of tax at 28.5% relates chiefly to the reversal of the deferred tax asset on share options and disallowable expenditure charges, notably share-based payments expense.

Share-based payments (IFRS 2)
In accordance with IFRS 2, a non-cash charge of £2m (2007: £2.3m) is included in the income statement representing amortisation of the fair value of share options granted, including Sharesave options, since 2006.

Net interest
Net interest payable was £1.3m (2007: net interest receivable of £0.7m). The Group has moved into a net interest payable position as a result of entering into a revolving loan facility in April 2008. The loan bore interest at LIBOR plus 150 basis points since its inception.

The Group's interest cover ratio at 31 December 2008 was 31:1, well above the minimum level of 4:1 specified in the related bank covenant.

Earnings per share
Basic earnings per ordinary share of 22.5p (2007: 15.2p) is based on profit after taxation and a weighted average of 113,405,224 shares in issue (2007: 123,023,728). Underlying basic earnings per ordinary share before share-based payments, NI on share options under issue and capital reconstruction costs was 23.8p (2007: 18.7p).

Balance sheet
Total shareholders' deficit amounted to £15.5m at 31 December 2008 (2007: retained earnings of £12.4m). The Group's net liability position at 31 December 2008 has arisen entirely as a result of the draw down of the revolving loan facility of £39.7m and the application of the funds to buy back shares during the year. It is anticipated that £25m of this facility will be converted into a five year term loan by April 2009. This is explained in detail in Note 1 to the financial statements.

Trade and other receivables increased from £11.2m to £12.6m in part due to the strong growth in revenue but also as a result of £1m of marketing related prepayments.

Trade and other payables decreased from £14.7m to £12.4m principally due to a reduction in payroll related accruals and the payments during the year of capital reconstruction costs accrued as at 31 December 2007.

Cash flow and net debt
Cash generated from operations was £38.7m (2007: £29.9m) and cash flow conversion remained high at 98% in line with our historical record. Net cash from operating activities was £11.5m lower at £27.2m (2007: £25.6m) due to the payment of taxes of £10m and interest of £1.5m. Capital expenditure was lower than the previous year at £1m (2007: £1.8m) as 2007 included £0.4m non-recurring spend in relation to the investment in the new finance billing system.

A total of £45m was invested during 2008 in the repurchase of our own shares (2007: £19.4m) while a further £10.4m was paid by way of dividends (2007: £6.2m).

Net debt at 31 December 2008 was £16.9m (2007: net cash of £11.8m).

The Board's priorities for the usage of cash are: investment in the business; payment of the dividend; and the return of excess cash to shareholders via share buy backs. We believe that the future working capital and capital expenditure requirements of the business will continue to be low and that the business will be in a position to return surplus capital to shareholders during 2009 through sustained dividends.

Current trading and outlook
2009 has started with the Rightmove.co.uk website experiencing high levels of site traffic and enquiries, including several of the busiest days ever in terms of email enquiries generated to our advertisers. We have seen an initial decrease in the rate of estate agents leaving the industry and more marketing activity from developers compared to late in 2008.

We believe that the outlook for the UK residential housing market as a whole will be driven by the wider economic environment in the UK. The current levels of housing transactions are unsustainably low, the equivalent of people on average never moving from the first home they buy for the rest of their life-time. Given the dramatic reduction in the cost base of the property industry, we believe that relatively modest increases in transaction volumes even if only to the levels seen early in 2008 will transform the viability of many of the most threatened estate agents and developers. The number of developments available to be marketed is likely to decline given the reduction in housing starts, though with transaction levels so low this may be a gradual process.

So is the downturn in property advertising in traditional media cyclical or structural?

There can be no doubt that the current situation represents a huge cyclical downturn. Our results in 2008 and our start to 2009 suggest that online property portals are also bringing about a major structural shift. The ultimate answer to the question will become clear as property advertising spend starts to increase again.

Hence, our strategy is to remain the clear leader in the UK online property advertising market, to continue to invest in our product and brand and to continue to prepare for the market recovery. In many ways we believe the opportunities to build on our market share of the industry spend on advertising will be considerable in the future as the trend to use traditional media in the UK property market fails to return.

The Board is confident of meeting its expectations for the coming year.

E. Williams

Ed Williams, Managing Director

Graham Zacharias, Finance Director

Notes:
[*] *Before share-based payments, NI on share options under issue and capital reconstruction costs.*

BOARD OF DIRECTORS

Scott Forbes
Chairman

Scott Forbes was appointed Chairman of Rightmove plc in July 2005. He is also the Chief Executive of Bridge Capital Advisors Ltd which he founded in 2007. Scott has nearly 30 years' experience in operations, finance and mergers & acquisitions which includes 15 years at Cendant Corporation. Cendant was formerly the largest provider of residential property services worldwide. Scott established the international headquarters in London in 1999 and led this division as Group Managing Director until he joined Rightmove. He was Chairman or Chief Executive of various residential property and travel industry businesses during his tenure at Cendant and held similar roles for other companies in other sectors, including National Car Parks and Green Flag. Prior to his time at Cendant, Scott was a certified public accountant. (Appointed 13 July 2005.)

Ed Williams
Managing Director

Ed Williams was appointed to the Board of Rightmove plc in December 2000, shortly after joining the newly founded business as the then Group Managing Director. Ed formed the senior management team that continues to run Rightmove and leads the day-to-day operational management of the Group. He is Chairman of Holiday Lettings Limited in which Rightmove has a two-thirds ownership stake. His prior experience is in business strategy and IT consulting with McKinsey & Co, Accenture and JPMorgan. (Appointed 19 December 2000.)

Nick McKittrick
Chief Operating Officer

Nick McKittrick joined Rightmove plc in 2000. He led the development of the Company's original website and then went on to build the new homes, lettings and overseas businesses. At the start of 2005 Nick became the Managing Director of the main Rightmove.co.uk operating subsidiary overseeing a trebling of revenue in three years. In January 2009, he was promoted to the role of Chief Operating Officer and Finance Director in preparation for the retirement of Graham Zacharias who retires from the Board in April 2009. Before joining the Company he worked in Accenture for eight years in the technology consulting division. (Appointed to the Board on 5 March 2004.)

Graham Zacharias FCA
Finance Director

Graham Zacharias was appointed Finance Director of Rightmove plc in January 2006. He is also a non-executive director of Umeco plc. He qualified as a chartered accountant with Coopers and Lybrand, working in Spain for several years before joining Schlumberger where he held a number of finance roles in Dubai and London. He then moved to Singapore as Managing Director of a small, publicly-quoted company before returning to the UK as Finance Director of BTR's Aerospace Group. Graham was formerly Group Finance Director for over nine years at Spectris plc, a process and control and instrumentation company in the FTSE 250. (Appointed 17 January 2006. Graham will retire from the Board in April 2009.)

Jonathan Agnew
Non-executive Director

Jonathan joined the Board in January 2006 as Senior Independent Director. He is Chairman of Beazley Group, LMS Capital, The Cayenne Trust and Ashmore Global Opportunities. Jonathan was an investment banker for over 25 years, including being a Managing Director of Morgan Stanley and Group Chief Executive of Kleinwort Benson. He has been Chairman of Nationwide Building Society, Limit and Gerrard Group and has served on the Council of Lloyd's. (Appointed 16 January 2006.) (Chairman of the Remuneration Committee, member of the Audit and Nomination Committees.)

Nigel Cooper
Non-executive Director
Nigel joined Rightmove plc in January 2006 as a non-executive director and also as Chairman of the Audit Committee, where he provides oversight of the financial reporting practices, internal control environment and compliance with the various listed company regulations. He is also a member of the Remuneration Committee. Nigel is a non-executive director of Metro International S.A. (a Nordix OMX listed company) where he also chairs the Audit Committee. Nigel was formerly a senior partner at KPMG LLP and was Lead Audit and Advisory Partner for KPMG's Information, Communications and Entertainment Group based in London. (Appointed 16 January 2006. Having completed his three year term, Nigel will retire from the Board in March 2009.) (Chairman of the Audit Committee and member of the Remuneration Committee.)

Colin Kemp
Non-executive Director
Colin Kemp was appointed to the Board in July 2007. He is Managing Director of Halifax Bank of Scotland (HBOS) Retail Network, North Division covering bank branches across Scotland, Northern Ireland and the North of England. With over 25 years' experience in high street retail banking, Colin has worked for HBOS companies since 1979. His roles have included running the HBOS Retail Contact Centres, one of the largest call centre operations in Europe, and heading up the Halifax Employee Share Services business administering employee share plans to over 400 UK companies, including 27 of the FTSE 100. Colin is a Cranfield MBA and an Associate of the Chartered Institute of Marketing. (Appointed 3 July 2007.)

Stephen Shipperley
Non-executive Director
Stephen Shipperley joined the Board on its formation in 2000. Stephen has over 30 years of experience in the property industry. He is Group Executive Chairman of Connells Limited, which has grown to become the second largest estate agency business in the UK with interests in residential estate agency, surveying, financial services, relocations and conveyancing. (Appointed 30 June 2000.)

Judy Vezmar
Non-executive Director
Judy is Chief Executive Officer of LexisNexis International. LexisNexis®, part of the global media group Reed Elsevier PLC, is a leading worldwide provider of content-enabled workflow solutions designed specifically for professionals in the legal, risk management, corporate, government, law enforcement, accounting and academic markets. Judy is responsible for the International group and their expansion of the range of successful online services to over 100 countries. She is based in London. (Appointed 16 January 2006.) (Member of the Audit, Remuneration and Nomination Committees.)

Liz Taylor
Company Secretary
Liz Taylor was appointed Company Secretary of Rightmove plc on 4 July 2006. She is a Fellow of the Institute of Chartered Secretaries and Administrators and has 20 years' company secretarial experience across a variety of public companies. Prior to joining Rightmove, she was Company Secretary of The Berkeley Group Holdings plc.

SENIOR MANAGEMENT TEAM

Miles Shipside, Commercial Director

Miles joined Rightmove as a founding director in 2001 bringing 20 years of experience at senior levels in independent estate agency and with Halifax Estate Agency. He has responsibility for estate agency and media relations, specialising in advising the industry on how the internet is transforming home moving and the state of the housing market. He qualified as a Chartered Surveyor in 1982.

Peter Brooks-Johnson , Agency Director

Peter joined Rightmove in 2006 and is responsible for the Estate Agency business and the development of the Rightmove proposition to customers, including the development of the Rightmove Choice products and the website. Peter was formerly a management consultant with Accenture and The Berkeley Partnership working with clients such as BP, Marks & Spencer and Woolwich.

Peter Armstrong, New Homes Director

Peter joined Rightmove in 2003 as one of the first handful of people developing the New Homes business, a business which he has run since May 2006. He is now responsible for 50 people in Rightmove's fastest growing business unit and is part of the new homes industry community. Prior to Rightmove, Peter worked in sales and sales management, latterly in directory advertising with Yell.

Alan Gearing, Managing Director, Rightmove AVM

Alan joined Rightmove in 2006 developing new sources of revenue separate from property advertising. He was appointed as Managing Director of Rightmove's Automated Valuation Model division in July 2008. Prior to Rightmove he was a founder of both The Asset Management Group (property disposal and maintenance services) and The Inventory Exchange (online inventory and property inspection).

Kathryn Harris, Marketing Director

Kath joined Rightmove in 2008 as Marketing Director following almost eight years at Unilever where she was responsible for developing global brands such as Dove, Persil and Sure. Kath is now focussing on strengthening Rightmove's marketing and PR efforts to both the home hunters and trade member audiences, helping to maintain Rightmove's leadership position.

Scott Marshall, Finance Director of Rightmove.co.uk

Scott joined Rightmove in 2001 as Finance Director and was Company Secretary until the IPO in 2006. Scott led the preparations for the float on the London Stock Exchange in 2006 and led the recent Scheme of Arrangement to introduce and list a new holding company for the Group. Scott is a director of Holiday Lettings Limited. Scott qualified as a Chartered Accountant in Australia with Ernst & Young.

Simon Hickie, Human Resources Director

Simon joined Rightmove in 2007 following seven years at Bloomberg LP where he was responsible for HR operations across Europe, the Middle East and Africa. Prior to moving into HR, he had managed part of Bloomberg's financial research operation covering new debt and equity security issuance and M&A activity in Europe.

Robyn Perriss, Financial Controller

Robyn joined Rightmove in 2007 and has day-to-day responsibility for the financial operations, based out of Milton Keynes, as well as statutory reporting and the treasury function. She was formerly Group Financial Controller at the online media business, Auto Trader. She qualified as a chartered accountant in South Africa with KPMG.

Corporate Social Responsibility

Our people

Our employees are our largest resource and our most highly valued asset. We are proud of our people and the mixture of talent and experience that they represent and we depend on their skills and commitment to achieve our objectives.

Throughout 2008, we have taken further steps in ensuring that Rightmove continues to be an environment in which our employees are nurtured to ensure that their skills and knowledge are continuously developed. Our cultural uniqueness is bolstered by an open and honest communication environment and through investment in ensuring that all employees have a profound understanding of Rightmove's core values and goals. This is achieved through a combination of off-site residential training, ongoing coaching and mentoring. Staff opinions are frequently sought through regular staff forums with senior managers and employee online surveys. Being an online company, communication with all employees can easily be achieved by regular emails and the use of the intranet.

Over the course of 2008, we have introduced an internal training academy designed to provide a structured means for employees to expand and diversify their skills and knowledge and explore new ways of working with one another. During 2009 we will continue to focus on developing and rewarding our people.

Rightmove has a strong commitment to equality of opportunity in all our employment policies, practices and procedures. We take a proactive approach throughout our recruitment and selection process to ensuring that we attract, hire and retain a diverse and talented workforce and this is kept under close and regular scrutiny. No existing or potential employee will receive less favourable treatment due to their race, creed, nationality, colour, ethnic origin, age, religion or similar belief, connections with a national minority, sexual orientation, gender, gender reassignment, marital status, membership or non-membership of a trade union, disability, or any other classification as prescribed by law.

Charitable activity

During 2008, our employees continued to support the NSPCC, our Company nominated charity and we continue to encourage all our employees to devote time and fundraising efforts to charitable causes of particular importance to them as individuals. During 2008 a considerable number of staff have been active in raising money or supporting the fundraising activities of others.

Environment

Rightmove actively considers its environmental impact. Since our operation is primarily office-based, the direct environmental impact is relatively low. Indeed Rightmove's business creates opportunities to reduce the overall environmental harm associated with a variety of aspects of the whole home hunting process and even home ownership more generally.

Traditional ways of finding a home tend to involve large amounts of paper and printing, whether in the form of newspaper advertising, property particulars mailed to applicants through the post or leaflet drops by agents. Rightmove reduces the need for print media and the environmental damage that goes with them. Rightmove takes care to design the layout of property particulars to reduce the total number of pages that need to be printed out in those cases where a home hunter does want a physical copy.

Enhanced information on properties also reduces the amount of time home hunters waste in visiting properties that rapidly turn out to be inappropriate. As a high proportion of viewings involve a car journey, any reduction in wasted viewings has an environmental benefit. Rightmove has worked hard to increase the number of photographs of each property and has introduced more comprehensive maps and aerial photographs which help home hunters to identify the specific location of a property. More high quality information presented about properties reduces waste.

The Rightmove.co.uk website includes functionality for our customers to display Energy Performance Certificates which allow prospective buyers to evaluate the energy efficiency of a property they are considering buying and to identify opportunities to improve the energy efficiency once they have purchased the property.

We also take seriously the environmental impact of our own operations. As an internet-based company with most staff employed in two office locations, we believe our own environmental footprint is small and that there are no by-products of our operations which have a clear negative impact on the environment. Our staff are encouraged to take proactive steps to address our environmental responsibilities. For instance, we continue to operate comprehensive recycling schemes which were established in consultation with local authorities and recycling partners. As an online company, our culture emphasises a paperless environment. We also recognise that our responsibilities do not stop just with how we operate internally – we also encourage all our customers, business partners and suppliers not to unnecessarily print out emails sent by us in the signature of all our emails. Moreover, we have also introduced e-communications for our shareholders, including an HTML copy of the annual report to enable investors and people with an interest in the Company to print specified pages thereby reducing the quantity of printed material we distribute.

Health and safety

The Group considers the effective management of health and safety to be an integral part of managing its business. During 2008, we continued our fire safety procedures, first aid skills and work place safety training. The Group's ongoing policy on health and safety is to provide adequate control of the health and safety risks arising from work activities, through further consultation with and training of employees, the provision and maintenance of plant and equipment, safe handling and use of all substances and the prevention of accidents and causes of ill health. The Group will maintain safe and healthy working conditions for employees, visitors and contractors, and keep the policy on health and safety up-to-date with regular reviews and necessary alterations to the policy as required.

DIRECTORS' REPORT

The directors submit their report together with the audited financial statements for Rightmove plc (the Company) and its subsidiary companies (the Group) for the year ended 31 December 2008. The Company is domiciled in England (registered number 6426485).

Principal activities

The Group operates in the UK residential property industry connecting people to properties.

Its principal business is the operation of the Rightmove.co.uk website, which is the UK's largest residential property website. Its customers (estate agents, letting agents, new homes developers and overseas homes agents) pay fees for the right to display properties on the Rightmove website, which provides home hunters with property details to search.

Rightmove plc floated on the London Stock Exchange on 15 March 2006 and subsequently became a member of the FTSE 250 Index.

In March 2007, the Company acquired 66.7% of Holiday Lettings Limited, a provider of online advertising services to owners of holiday rental properties.

Further information on the Group's activities during the year under review and of its prospects are contained in the Business and Financial Review on pages 4 to 10.

The following sections inclusive are incorporated by reference into the directors' report which have been drawn up and presented in accordance with and in reliance upon acceptable English company law and the liabilities of the directors in connection with the report shall be subject to the limitations and restrictions provided by such law:

- Business and Financial Review (pages 4 to 10)
- Board of Directors (pages 11 to 12)
- Corporate Social Responsibility (pages 14 to 15)
- Corporate Governance (pages 21 to 28)
- Remuneration Report (pages 29 to 38)

In compliance with the business review provisions of the Companies Act 1985, within the Business and Financial Review, principal risk factors are discussed under the section "Uncertainties, threats and risks" on page 8. Key performance indicators (KPIs) are given on page 5 and information on the likely developments of the Group under "Current Trading and Outlook" on page 10.

Scheme of arrangement

In January 2008, pursuant to a Scheme of Arrangement under the Companies Act 1985 (the Scheme), a new parent company was introduced, which on listing on the London Stock Exchange was called Rightmove Group plc and subsequently renamed Rightmove plc. The Scheme constituted a share capital reconstruction, whereby shareholders exchanged their shares on a like for like basis for shares in the new listed company and has been accounted for as a reverse acquisition. Therefore, although the reconstruction did not become effective until 28 January 2008, the consolidated financial statements of the new parent company are presented as if the new company and the previously listed company had always been part of the Group. Accordingly, the results of the Group for the entire year ended 31 December 2008 are shown in the consolidated income statement and the comparative figures for the year ended 31 December 2007 are also presented on this basis.

Trading results

The Group's consolidated underlying operating profit from continuing operations (before share-based payments, National Insurance (NI) on share options under issue and capital reconstruction costs) for the financial year was £41,004,000 (2007: £30,746,000). Further information on the results for the Group is set out in the Consolidated Income Statement on page 41 and the supporting Notes and the Business and Financial Review on pages 4 to 10.

Dividend
An interim dividend of 3.0p (2007: 2.0p) per share was paid on 10 October 2008 to shareholders on the register of members at the close of business on 12 September 2008.The directors are recommending a final dividend for the year of 7.0p (2007: 6.0p) per share, which together with the interim dividend of 3.0p, paid in respect of the half year period ended 30 June 2008, makes a total for the year of 10.0p (2007: 8.0p), amounting to £10,919,000 (2007: £9,529,000). Subject to shareholders' approval at the Annual General Meeting on 6 May 2009, the final dividend will be paid on 12 June 2009 to shareholders on the register of members at the close of business on 15 May 2009.

The final dividend payment has not been included in trade and other payables as it was not approved before the year end.

Share capital
The issued share capital (including 2,505,430 shares held in treasury) at the year end consisted of 120,050,873 (2007: 132,689,361) ordinary shares of £0.01 each being £1,201,000 (2007: £1,327,000). Movements in the Company's share capital in the year are shown in Note 22 to the financial statements. Information on the Group's share option schemes is set out in Note 24 to the financial statements. Details of the share option schemes for directors are set out in the Remuneration Report on page 37.

Share buy back
The Company announced a share buy back programme in June 2007, which has continued during 2008. Of the 15% authority given at the 2008 Annual General Meeting, 7,924,105 shares were purchased in the period from 7 May 2008 to 31 December 2008 being 6.2% of the issued share capital of the Company (excluding shares held in treasury) at the time the authority was granted. A total of 11,854,535 shares were purchased in the year to 31 December 2008. The average price paid per share was £3.78 with a total consideration paid (inclusive of all costs) of £45,044,000. Of the 11,854,535 shares purchased, 2,505,430 shares were transferred into treasury.

A resolution seeking to renew this authority will be put to shareholders at the Annual General Meeting on 6 May 2009.

Shares held in trust
As at 31 December 2008, 8,353,700 ordinary shares of the Company were held in The Rightmove Employees' Share Trust (EBT) for the benefit of Group employees (2007: 8,353,700). These shares had a nominal value at 31 December 2008 of £84,000 (2007: £84,000) and a market value of £14,703,000 (2007: £38,761,000). The shares may be used to satisfy options for all the Group's employee share plans.

The terms of the EBT provide that dividends payable on the shares held by the trust are waived.

Substantial shareholdings
As at the date of this report, the following beneficial interests in 3% or more of the Company's issued ordinary share capital (excluding shares held in treasury) on behalf of the organisations shown in the table below, had been notified to the Company pursuant to Rule 5 of the Disclosure Rules and Transparency Rules:

	No of shares	%
Lone Pine Capital LLC	11,938,107	10.2
Tremblant Partners LP	11,896,449	10.1
Capital Group Companies Inc	11,106,609	9.5
Baillie Gifford & Company Ltd	8,708,438	7.4
The Rightmove Employees' Trust	8,353,700	7.1
Artisan Partners LP	7,825,597	6.7
BlackRock	6,202,630	5.3
Legal and General Investment	4,171,564	3.6
Caledonia Investment plc	4,140,576	3.5

The above percentages are based upon an issued share capital (excluding shares held in treasury) of 117,545,443.

Directors

The directors of Rightmove plc at the year end and as at the date of this report are named on pages 11 to 12 together with their profiles. All directors served throughout the year under review.

The Articles of Association of the Company require directors to submit themselves for re-appointment where they have been a director at each of the preceding two Annual General Meetings and were not appointed or re-appointed by the Company at, or since, either such meeting.

Nigel Cooper (non-executive director) and Graham Zacharias (executive director) are the two directors that would be eligible to seek re-election at the 2009 Annual General Meeting under these provisions. Nigel Cooper gave notice in October 2008 that he would not be seeking re-election on expiry of his three year term of office in 2009 due to time commitments to his wider non-executive directorship portfolio. Nigel Cooper will step down from office on 31 March 2009. Graham Zacharias also retires from the Board on 10 April 2009 and will not stand for re-election.

All other directors of the Company were either appointed or re-appointed at the 2007 or 2008 Annual General Meetings. Therefore, no director is required to submit themselves for re-election at the 2009 Annual General Meeting.

The interests of the directors in the share capital of the Company at 31 December 2008, the directors' total remuneration for the year and details of their service contracts and Letters of Appointment are set out in the Remuneration Report on pages 29 to 38. At 31 December 2008 each of the executive directors was deemed to have a non-beneficial interest in 8,353,700 ordinary shares held by the trustees of the EBT.

Directors' interests in contracts

Stephen Shipperley, non-executive director, is Group Chairman of Connells Limited. Colin Kemp, non-executive director, held the position of Managing Director of Halifax Estate Agencies Limited from January 2005 to December 2007. Prior to the IPO in 2006 the Group had entered into agreements with Connells Limited and Halifax Estate Agencies Limited to list all their respective estate agency properties on Rightmove.co.uk until at least March 2009. In December 2008, the Company announced that the agreement with Connells Limited had been extended into 2012. Further details of amounts owed by and invoiced to Connells Limited and Halifax Estate Agencies Limited are disclosed in the section dealing with Related Party Disclosures in Note 27 to the financial statements on page 69.

Supplier payment policy

The Group and Company's policy concerning creditors is to agree payment terms with its suppliers, ensure the relevant terms of payment are included in contracts and to abide by those terms when it is satisfied that goods or services have been provided in accordance with the contracts. For the year to 31 December 2008, trade creditors represented 25 days (2007: 50 days) of average daily purchases. The Group had £1.2m of trade payables at the year end (2007: £1.7m).

Research and development
The Group undertakes research and development expenditure in view of developing new products and improving the existing property websites. Further details are disclosed in Note 2 to the financial statements on page 49.

Charitable and political donations
The Company made no charitable contributions or political donations during the year (2007: nil).

Annual General Meeting
The Annual General Meeting of Rightmove plc will be held at the offices of UBS Limited at 1 Finsbury Avenue, London EC2M 2PP on 6 May 2009 at 10am.

The majority of the resolutions being proposed at the 2009 Annual General Meeting are general in nature including the renewal for a further year of the limited authority of the directors to allot the unissued share capital of the Company and to issue shares for cash other than to existing shareholders. A resolution will also be proposed to renew the directors' authority to purchase a proportion of the Company's own shares.

There is also one item of special business. The Company adopted new Articles of Association at the Annual General Meeting in 2008 and therefore most of the current changes required in relation to the Companies Act 2006 are in place. The exception to this is the Shareholder Rights Directive, which is intended to be implemented in the UK in August this year. One of the requirements of the Directive is that all general meetings must be held on 21 days' notice unless shareholders agree to a shorter notice period. The Company's existing Articles of Association already provide the power to call general meetings (other than annual general meetings) on 14 days' notice and we will therefore be proposing a resolution at the Annual General Meeting so that we can continue to be able to do so after the Directive is implemented.

An explanation of these and other resolutions being proposed at the 2009 Annual General Meeting will be provided in the Notice of Annual General Meeting, which will be sent to shareholders (where requested) and posted on the corporate website (www.rightmove.co.uk/investors.rsp) in March 2009.

Auditors
KPMG Audit Plc has confirmed its willingness to continue in office as auditors of the Group and separate resolutions for their re-appointment and for the Audit Committee to determine their remuneration will be proposed at the Annual General Meeting.

Audit information
So far as the directors in office at the date of signing of the report are aware, there is no relevant audit information of which the auditors are unaware and each such director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Responsibility statement of the directors in respect of the annual financial report
We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and

- the directors' report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Signed by the Board:

Ed Williams
Managing Director

Graham Zacharias
Finance Director

27 February 2009

CORPORATE GOVERNANCE

Statement of compliance

The 2006 Combined Code of Corporate Governance (Combined Code) sets out the principles and provisions relating to good governance of UK listed companies. In this section we set out how we have applied the principles and complied with the provisions of the Combined Code during 2008 and explain the reason for one area of non-compliance.

The Board

During the year and as at the date of this report, the Board comprises nine directors including the Chairman (Scott Forbes), three executive directors (Ed Williams, Managing Director, Nick McKittrick and Graham Zacharias) and five non-executive directors (Jonathan Agnew, who is the Senior Independent Director, Nigel Cooper, Judy Vezmar, Stephen Shipperley and Colin Kemp). The Company announced that Graham Zacharias will step down from the Board on 10 April 2009 thereby reducing the number of executive directors to two going forward and increasing the balance of non-executive directors in the overall composition of the Board.

Stephen Shipperley is Group Executive Chairman of Connells Limited and in strict application of the criteria of the Combined Code is not considered to be independent. Colin Kemp has worked for HBOS companies for 30 years and held the position as Managing Director of Halifax Estate Agencies Limited from January 2005 to December 2007. The Board considers that both Stephen Shipperley and Colin Kemp are independent in character and in particular both continue to challenge rigorously the executive directors and the Board as a whole. Whilst the composition of the Board for the period under review was not in strict compliance with supporting principle A3.2 of the Combined Code in that at least half of the directors (excluding the Chairman) are not considered independent non-executive directors, the directors believe that the Board currently operates effectively and that all the non-executive directors are fully independent of management and that Jonathan Agnew, Nigel Cooper and Judy Vezmar are free from any business or other relationship that could materially interfere with the exercise of their independent judgment and advice to the Board.

Graham Zacharias, the retiring Finance Director, is also a non-executive director of Umeco plc. His remuneration for that position is retained by him and is set out in the Remuneration Report on page 33. Neither the Chairman nor any of the executive directors hold any other non-executive directorships or commitments disclosable under the Combined Code.

Biographical details of the directors appear on pages 11 and 12.

Directors' remuneration

The principles and details of directors' remuneration and contractual arrangements are contained in the Remuneration Report on pages 29 to 38.

Board and Committee membership and attendance

In accordance with the Combined Code, the Articles of Association require all directors to seek re-election every three years. In addition all directors are subject to election by shareholders at the first opportunity after their appointment. As previously explained in the Directors' Report, no director is required to seek re-election at the 2009 Annual General Meeting.

The membership of the Committees of the Board and attendance at meetings for the period under review are set out in the table below.

	Board	Remuneration Committee	Audit Committee	Nomination Committee
Total meetings	**8**	**6**	**4**	**2**
Scott Forbes	8	6[1]	N/A	2
Jonathan Agnew	8	6	4	2
Nigel Cooper	8	6	4	N/A
Colin Kemp	7	N/A	N/A	N/A
Nick McKittrick	8	N/A	N/A	N/A
Stephen Shipperley	8	N/A	N/A	N/A
Judy Vezmar	8	6	4	2
Ed Williams	8	N/A	N/A	N/A
Graham Zacharias	8	N/A	N/A	N/A

(1) The Remuneration Committee Chairman has requested that the Chairman of the Board attends the Remuneration Committee meetings.

In addition to the above meetings, the Chairman conducts meetings with the non-executive directors without the executive directors being present when required. Jonathan Agnew, the Senior Independent Director, chaired a meeting of the Board at which the performance of the Chairman was also reviewed (without the presence of the Chairman).

Operation of the Board

The Board is responsible to shareholders for the overall direction and control of the Group. Its key task is to approve strategy, ensuring the successful implementation of projects and proposals and monitoring the operating performance of the Group in pursuit of its objectives in the interest of maximising long-term shareholder value. The Board has adopted a formal schedule of matters requiring specific approval. These include, amongst other things, the approval of the annual business plan, capital structure, dividend policy, acquisitions and disposals, appointment and removal of officers of the Company, approval of the Half Year and Full Year results, shareholder communication and responsibility for corporate governance and review of the Company's risks and system of internal controls.

The Board receives meeting papers one week prior to the meeting to allow sufficient time for detailed review and consideration of the documents beforehand. If any director has a concern about any aspect of the business conducted at any Board meeting, the Company Secretary shall discuss this with the director concerned and record their concern or comments in the Board minutes. The Board also receives monthly management and financial reports on the operational and financial performance of the business setting out actual and forecast financial performance against approved budgets in addition to other key performance indicators. The Board also receives copies of broker reports and press releases relating to the Group. At least once a year the Managing Director and the senior management team present a strategic review and an annual plan to the Board for review and approval.

The Board meets formally around eight times each year although meetings can be scheduled at short notice at the request of any director or if required. In addition to formal Board meetings, there is regular, informal dialogue between all directors.

Chairman and Managing Director

There are clear written guidelines to support the division of responsibilities at the head of the Company with the roles of the Chairman and Managing Director separately held. The Chairman is responsible for the effective conduct of the Board, for communication with shareholders and for ensuring that each director uses their skills and experience to the benefit of the Board's effective decision making. With the assistance of the Company Secretary, the Chairman monitors the information provided to the Board to ensure that it is sufficient, pertinent, timely and clear.

The Managing Director has day-to-day executive responsibility for the running of the Group, leading the executive and operational teams in developing strategies and delivering results against defined objectives to enable the Group to meet its objectives.

Board training

The breadth of management, financial and listed company experience of the non-executive directors is described in the biographical details on pages 11 and 12, and demonstrates a range of business expertise that provides the right mix of skills and experience given the size of the Company. There are procedures in place for individual Board members to receive induction and training as appropriate and to seek the advice and services of independent professional advisers, at the Company's expense, where specific expertise or training is required in the course of their duties.

The directors disclose a qualifying third-party indemnity provision between the Company and its directors and officers as provided by the Articles of Association of the Company, which was in force at the date of this report. The Group has also arranged directors' and officers' insurance cover in respect of legal action against the directors.

The Group has set out written policies in compliance with a code of securities dealings in relation to the shares and equivalent to the Model Code published in the Listing Rules. The code applies to all directors, other persons discharging managerial responsibility and other relevant employees.

Board evaluation

The Board conducted a Board evaluation exercise in quarter four of 2008 which was led by the Chairman, assisted by the Company Secretary. All directors completed a comprehensive questionnaire inviting feedback on the operation of the Board and its Committees, knowledge of strategy and the business and its collective performance. The results were discussed at a Board meeting in December 2008 and it was agreed that the Board was operating effectively. Actions were mainly administrative in nature and will be followed up by the Chairman in early 2009. In addition each director completed an individual questionnaire on the performance of each of their Board colleagues and feedback was provided at one-to-one meetings conducted by the Chairman. At a meeting chaired by Jonathan Agnew, Senior Independent Director, the Board provided input into and reviewed the performance of the Chairman.

Relations with shareholders

The Board is accountable to shareholders for the performance and activities of the Company and the Chairman ensures that effective communication with shareholders takes place.

Within the terms of the regulatory framework, the Company has conducted regular dialogue with shareholders through ongoing meetings with institutional investors and research firms to discuss strategy, operating performance and financial performance. Contact in the UK is principally with the Managing Director and Finance Director. The Chairman also participates in the USA bi-annual investor road shows. Jonathan Agnew, the Senior Independent Director, is available to shareholders if they wish to supplement communication or if contact through the normal channels is inappropriate.

Shareholders are also kept up to date with the Group's activities through the Full Year and Half Year Reports and the investor relations section of its website, which provides details of all the directors, latest news, including financial results, investor presentations and Stock Exchange announcements.

The Board is kept informed of the views and opinions of those with an interest in the Company through reports from the Managing Director and Finance Director as well as reports from the Company's joint brokers, UBS and Numis. All directors receive notification of any changes in the status of substantial shareholders and at each Board meeting an update is given by the executive directors on the movements in major shareholdings and on the views and opinions of those with an interest in the Company.

Conflicts of interest
The Chairman of the Board is responsible for determining, in cases of doubt, whether a conflict of interest exists. There were no matters discussed at any Board meeting that gave rise to a conflict of interest.

Annual General Meeting
All shareholders are invited to participate in the Company's Annual General Meeting on 6 May 2009 where all directors will be available to answer questions and will also be available for discussions with shareholders prior to and after the meeting.

The Company will arrange for the Annual Report and Accounts and related papers to be available on the Company's corporate website at www.rightmove.co.uk/investors.rsp or posted to shareholders (where requested) so as to allow at least 20 working days for consideration before the Annual General Meeting.

The Company also complies with the Combined Code with the separation of all resolutions put to the vote of shareholders. The Company proactively encourages shareholders to vote at general meetings by providing electronic voting for shareholders who hold their shares through the Crest system and provides personalised proxy cards to ensure that all votes are clearly identified. The Company presently takes votes at general meetings on a show of hands on the grounds of practicality due to the limited number of shareholders in attendance. Votes are taken by a poll at any shareholder meeting where legally required. All proxy votes are counted and the level of proxy votes including abstentions lodged for each resolution are reported after each resolution and published on the Company's website.

Board committees
The Board has established three principal committees, the Audit Committee, the Remuneration Committee and the Nomination Committee, each of which operates within written terms of reference approved by the Board. No person other than a Committee member is entitled to attend the meetings of these Committees, except by invitation of the Chairman of that Committee.

Remuneration committee
The Remuneration Committee consists of the three independent non-executive directors, Jonathan Agnew (who is Chairman), Judy Vezmar and Nigel Cooper. In addition, the Remuneration Committee Chairman has requested that the Chairman of the Board attends the Remuneration Committee meetings. The quorum for meetings of the Remuneration Committee is two members. The Remuneration Committee will meet at such times as may be necessary but will normally meet at least twice a year.

The purpose of the Remuneration Committee is to ensure that the Company's executive directors and senior executives are properly incentivised and fairly rewarded for their individual contributions to the Company's overall performance having due regard to the interests of the shareholders and to the financial and commercial health of the Company.

The Remuneration Committee's terms of reference are available on the Company's website, www.rightmove.co.uk/investors.rsp or by request to the Company Secretary.

The Company Secretary acts as Secretary to the Committee. The Chairman of the Remuneration Committee reports to the Board on the Remuneration Committee's behalf after each meeting and copies of the minutes of the meetings are circulated to the Board as a whole unless a conflict of interest exists.

During the year the Committee appointed Hewitt New Bridge Street, remuneration consultants, to assist with a review of the remuneration policy and to set the remuneration for the executive directors and senior management for 2009.

A detailed report on the Company's remuneration policy and the work of the Remuneration Committee is available in the Remuneration Report on pages 29 to 38.

Nomination committee

The Nomination Committee consists of Scott Forbes (who is also Chairman of the Board), Jonathan Agnew and Judy Vezmar as independent non-executive directors. The quorum for meetings of the Nomination Committee is two members. The Chairman of the Company would not chair the Nomination Committee in connection with any discussion about the appointment of his successor to the chairmanship of the Company, when the Senior Independent Director would take the chair. Appointments are for a period of up to three years, extendable by no more than two additional three year periods, so long as members continue to be independent.

The Nomination Committee meets at such times as may be necessary and normally meets at least twice a year. The purpose of the Nomination Committee is to consider and make recommendations to the Board about the composition of the Board, including proposed appointees, and whether to fill any vacancies that arise or to change the number of Board members.

The Nomination Committee's terms of reference are available on the Company's website, www.rightmove.co.uk/investors.rsp or by request to the Company Secretary.

During the year the Nomination Committee reviewed the organisation structure, approved the plans for the succession of the executive directors and the senior management team, conducted an annual review of its terms of reference and commenced a search for a new Audit Committee Chairman to replace Nigel Cooper who will step down from the Board on 31 March 2009.

Audit committee

The Audit Committee consists of the three independent non-executive directors, Nigel Cooper (who is Chairman), Judy Vezmar and Jonathan Agnew. Nigel Cooper is a retired senior partner from KPMG LLP (KPMG) with a 33 year career including 21 years as a partner in Milan and London and therefore has relevant financial skills and experience for the role. As Nigel Cooper had not had any prior involvement with the KPMG Milton Keynes office or Rightmove plc, his appointment was considered by the KPMG Ethical Panel to be independent.

The quorum for meetings of the Audit Committee is two members. Appointments to the Committee are for a period of up to three years, extendable by no more than two additional three year periods, so long as members continue to be independent.

The Audit Committee meets at least four times a year and more often if necessary. Two of its meetings are prior to the announcement of the Half Year and Full Year results of the Group when the external auditor is in attendance. The Company Secretary acts as Secretary to the Committee. The Finance Director and Financial Controller are normally invited to attend the meetings.

The Chairman of the Audit Committee reports to the Board on the Audit Committee's behalf after each meeting and copies of the minutes of the meetings are circulated to the Board as a whole. The Audit Committee assists the Board in the discharge of its duties concerning the announcement of results, the Annual and Half Year Reports and the maintenance of internal controls. It reviews the scope and planning of the audit and the auditor's findings and considers the Group's accounting policies and the compliance with those policies and applicable legal and accounting standards.

The Audit Committee has authority to investigate any areas of concern as to financial impropriety that arise and to obtain outside legal or other independent professional advice in connection therewith. The Audit Committee's principal duties and terms of reference are available on the Company's website, www.rightmove.co.uk/investors.rsp or by request to the Company Secretary.

During 2008 the Committee has, amongst other matters, approved the appointment of the external auditors, fixed their remuneration and reviewed the effectiveness of the external audit process. The Committee has also considered the need for an internal audit function. Given the simplicity of the organisational structure, the open and accountable culture with clear authority limits, the straightforward financial model and systems and the fact that the management team and Board conduct regular financial reviews, the Committee recommended to the Board that an internal audit function was not currently appropriate for the business. This decision is kept under regular review.

The Committee also discussed its responsibilities to safeguard the audit objectivity and independence as well as the needs of the business and agreed that it was practical in many cases for the auditors to be assigned to other non-audit project work due to their knowledge and expertise of the business. This would usually relate to corporate transaction advice and tax compliance. Non-audit fees in excess of £20,000 require the prior approval of the Chairman of the Audit Committee. In 2008 the bulk of the non-audit fees related to tax advisory fees, the details of which are provided in Note 6 of the financial statements.

In addition to receiving reports from the external auditors, members met with the external auditors without the presence of the executive directors. The Committee reviewed the Annual and Half Year Reports. The external auditors also presented the results of their review of the 2007 Full Year and 2008 Half Year results as well as their audit plan to the Audit Committee.

The Committee also reviewed the Whistle Blowing policy (which provides the procedure for staff to report any concerns that they may have independent of management about suspected misconduct without fear of retaliation) and conducted an annual review of its terms of reference.

Internal controls

The Board of directors has overall responsibility for the Group's system of internal controls and has established a framework of financial and other controls, which is periodically reviewed in accordance with the Turnbull guidance for its effectiveness.

The Board has taken, and will continue to take, appropriate measures to ensure that the chances of financial irregularities occurring are reduced as far as reasonably possible by continually seeking to improve the quality of information at all levels in the Group, fostering an open environment and ensuring that the financial analysis is rigorously applied. Any system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group's management has established the procedures necessary to ensure that there is an ongoing process for identifying, evaluating and managing the significant risks to the Group. These procedures have been in place for the whole of the financial year ended 31 December 2008 and up to the date of the approval of these financial statements and they are reviewed regularly.

The key elements of the system of internal control are:

- Major commercial, strategic and financial risks are formally identified, quantified and assessed, discussed with the executive directors, after which they are considered by the Board;

- A comprehensive system of planning, budgeting and monitoring Group results. This includes monthly management reporting and monitoring of performance against both budgets and forecasts with explanations for all significant variances;

- An organisational structure with clearly defined lines of responsibility and delegation of authority;

- Clearly defined policies for capital expenditure and investment exist, including appropriate authorisation levels, with larger capital projects, acquisitions and disposals requiring Board approval;

- A treasury function which manages net debt against cash flow forecasts and is responsible for monitoring compliance with bank covenants; and

- A Whistle Blowing policy of which all employees are made aware, to enable concerns to be raised either with line management or, if appropriate, confidentially outside the line management.

Through the procedures outlined above, the Board has considered all significant aspects of internal control for the year and up to the date of this Annual Report and Accounts.

Going concern
After making prior enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further information is provided in Note 1 to the financial statements.

Statement of directors' responsibilities in respect of the Annual Report and financial statements

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent Company financial statements on the same basis.

The Group and parent Company financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position of the Group and the parent Company and the performance for that period; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgments and estimates that are reasonable and prudent;

- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

REMUNERATION REPORT

The directors present their Remuneration Report for the year ended 31 December 2008. This report sets out the policies under which executive and non-executive directors were remunerated and tables of information showing details of the remuneration and share interests of all the directors.

The report has been approved by the Board and is prepared in accordance with section 1 of the 2006 Combined Code on Corporate Governance (Combined Code), the Companies Act 1985, as amended by the Directors' Remuneration Report Regulations 2002 (the Regulations), and the Listing Rules of the Financial Services Authority.

Shareholders will be provided with an opportunity to vote on the Remuneration Report as set out in this Annual Report at the forthcoming Annual General Meeting to be held on 6 May 2009.

The Regulations require the auditors to report to the Company's shareholders on the information in part II of this report (on pages 36 to 38) and to state whether, in their opinion, those parts of the report have been properly prepared in accordance with the Companies Act 1985 (as amended by the Regulations).

Part I

This part of the Remuneration Report is unaudited.

The Committee

The Remuneration Committee's primary role is to make recommendations to the Board as to the Company's broad policy and framework for the remuneration of the executive directors and the Chairman of the Board and the Company Secretary. In accordance with the Combined Code the Remuneration Committee also recommends the structure and monitors the level of remuneration for the first layer of management below Board level. The Remuneration Committee is also aware of and advises on the employee benefit structures throughout the Company and its subsidiaries.

The Remuneration Committee consists of wholly independent non-executive directors, these being during 2008 and at the date of this report, Jonathan Agnew (Chairman), Nigel Cooper and Judy Vezmar. Only members of the Remuneration Committee have the right to attend Remuneration Committee meetings. However, the Chairman of the Remuneration Committee has requested that Scott Forbes, the Chairman of the Board, attends the meetings except during discussions relating to his own remuneration. The Company Secretary acts as the Secretary of the Remuneration Committee and normally attends the meetings.

Ed Williams, the Managing Director, may also be invited to meetings and the Remuneration Committee takes into consideration his recommendations regarding the remuneration of his executive colleagues and the first layer of management below Board level. No director is involved in any decisions relating to their own remuneration.

The terms of reference for the Remuneration Committee which are reviewed annually are available on the Company's website at www.rightmove.co.uk/investors.rsp and are available on request from the Company Secretary.

The Remuneration Committee will meet at such times as may be necessary but normally meets at least twice a year. During 2008 the Remuneration Committee met six times and all members attended all the meetings.

Advice
During 2008, Hewitt New Bridge Street (HNBS) was engaged by the Remuneration Committee to review the executive director remuneration policy established prior to the IPO in 2006 and to assist the Remuneration Committee in its determination of an appropriate future remuneration policy for executive directors and senior managers. They have not provided any other services to the Company.

Review of remuneration arrangements
The remuneration arrangements, which applied to the year under review were established by the Company's original owners prior to the IPO in 2006. These arrangements were designed to apply for the first three years following the IPO. As this three-year period has elapsed, the Remuneration Committee commissioned the independent review by HNBS noted above. This review was designed to provide the Remuneration Committee with relevant market data and guidance on current best practice.

Having considered the HNBS advice and assessed the current needs of the Company, the Remuneration Committee has agreed a remuneration policy and framework that it regards as consistent with the Company's short and medium-term needs and the interests of shareholders.

Remuneration policy
The key principles of the Remuneration Committee's policy are as follows:

- Remuneration arrangements should be designed so as to provide executive directors with the opportunity to receive a share in the future growth and development of the Company that is regarded as fair by both other employees and by shareholders. This approach should allow the Company to attract and retain the sort of dynamic, self-motivated individuals who believe in and are critical to the future success of the business;

- As far as possible, remuneration arrangements should be simple to understand and administer;

- Executive directors should be principally rewarded for overall success for which they have collective responsibility;

- The Company has key short-term and medium-term strategic goals and executive directors should be incentivised against both sets of goals;

- Executive directors should have a competitive overall remuneration package comprising below market levels of fixed pay (salary and benefits) and above market levels of variable pay potential. This arrangement is designed to best align the interests of the executive directors with the interests of shareholders.

Remuneration framework
The Remuneration Committee has agreed a framework for 2009 that is designed to complement the policy outlined above. Key features of this framework are as follows:

- No increases in base salary levels;

- No increase in the total expected value of the executive directors' annual remuneration packages;

- A rebalancing of variable pay potential with a reduced emphasis on share options and an enhanced emphasis on annual bonus potential – the latter to be paid in a mixture of cash and deferred shares with any increase in the amount of the overall bonus entirely in deferred shares;

- Annual grants of share options rather than the 'one-off' grant policy adopted at IPO;

- A challenging performance condition based on relative Total Shareholder Return (TSR) to be applied to future share option grants.

The principal components of executive directors' remuneration will remain base salary, performance-related bonus and share options as described below.

Base salary

In accordance with the remuneration policy, the base salaries of the executive directors have been held (with no increase) at below market levels. The current salaries for the executive directors with effect from 1 January 2009 are set out in the table below:

	Salary 1 January 2009	**Salary year ended 31 December 2008**
Executive directors(1)		
Ed Williams (Managing Director)	**£208,884**	**£208,884**
Nick McKittrick	**£208,884**	**£208,884**
Graham Zacharias	**£208,884**	**£208,884**

(1) In line with the Company wide salary review, there were no increases to the basic salaries of the executive directors as at 1 January 2009 (2008: 4.0%).The executive directors' basic salaries made up 5.0% of the Group's basic salary cost in 2008.

Annual performance-related bonus

As noted above, the Remuneration Committee has agreed a rebalancing of the executive directors' variable pay potential for 2009 with a reduced emphasis on share options and an enhanced emphasis on annual bonus potential.

In 2009 the executive directors will be eligible to receive a bonus of 75% of base salary in cash with an opportunity of earning up to a further 100% of salary (Nick McKittrick) or 125% of salary (Ed Williams) in deferred shares. Shares will be deferred for two years and be potentially forfeitable over that period.

The bonus will, as in previous years, be determined principally by profit before tax performance with targets set in relation to a carefully considered business plan and requiring significant out-performance of that plan to trigger maximum payments. However, the Remuneration Committee believes that in the current economic environment the executive directors should also be incentivised to take steps to maintain and develop the Company's market position. Accordingly, a significant portion of the bonus will be determined by reference to pre-set targets for key performance indicators such as website traffic share and customer retention.

Share-based incentives

The Remuneration Committee believes that it is important for a significant part of the compensation of each executive director to be tied to ownership of the Company's shares so that each executive's interest in the growth and performance of the Company is closely aligned with the interests of shareholders.

Executive share options were granted to the executive directors in conjunction with the IPO in March 2006. These options are not subject to performance conditions and will vest as to one-third of the number of option shares on each of the third, fourth and fifth anniversaries of the date of option grant.

The Company has established approved and unapproved executive share option plans for post IPO grants designed to align employees' interests with the long-term success of the business. The rules of these plans normally allow awards of options over shares worth up to 200% of salary although up to 400% of salary may be granted in exceptional circumstances. Options will become exercisable on or after the third anniversary of the date of the grant subject to satisfactory performance targets being met and will remain exercisable until ten years after the date of the grant. Nick McKittrick received a grant under these plans in October 2007 with the exercise of these options subject to an earnings per share performance condition.

As noted above, starting in 2009, the Remuneration Committee intends to grant annual awards of options to the executive directors under these plans. Due to the low salaries of the directors relative to market levels and the lack of grants each year since the IPO, the Remuneration Committee intends to make a grant above the normal 200% of salary limit with a 400% of salary award to Ed Williams and a 300% of salary award to Nick McKittrick. There will be no increase in the total expected value of the executive directors' annual remuneration packages as a result of this grant and the other changes outlined in this report.

Options will only be exercisable in the event of prior satisfaction of a performance condition. The Committee believes that an earnings per share growth target is the most appropriate type of performance condition for the business in normal operating conditions. However, given the current market uncertainty, the Committee is not confident in setting an appropriate three-year earnings target at this time. Consequently for the 2009 grant, the Remuneration Committee intends to apply a relative TSR performance condition measured over a three year performance period.

TSR performance of the Company relative to the FTSE 250 Index	**% of options exercisable**
Less than the Index	0%
Equal to the Index	25%
25% higher than the Index *	100%
Intermediate performance	Pro-rata on a sliding scale

* e.g. If the FTSE 250 Index's TSR was 50% over the three-year period, then the Company's TSR would have to be at least 75% for all options to be exercisable.

All existing executive share options can be satisfied from shares held in the Rightmove Employees’ Share Trust (EBT) without any requirement to issue further shares. It is intended that the 2009 grant would also be settled from shares currently held in the EBT.

The non-executive directors do not participate in or benefit from any of the Company’s share incentive or bonus plans except that Scott Forbes received Pre-admission options in consideration for the work involved in the IPO and in accordance with his contractual agreement on appointment in 2005.

Executive directors are also eligible to participate in the Company’s employee Sharesave scheme. Messrs. Williams, McKittrick and Zacharias have all contributed the maximum amounts permitted under the scheme.

Shareholding requirement

To be consistent with best practice, a formal share ownership guideline will be introduced for executive directors requiring them to retain at least half of any future share awards vesting as shares (after selling sufficient shares to meet the exercise price and to pay tax due on the vesting of the shares) until they have a Rightmove shareholding worth at least 200% of salary for the Managing Director and 100% of salary for the other executive directors. The value of the current shareholdings held by the executive directors as a percentage of salary is shown in the table on page 38.

Other benefits
The executive directors are entitled to private healthcare insurance and life assurance cover equal to four times basic annual salary.

Pensions
Until 31 December 2007, the Company operated a stakeholder pension scheme, which was contracted in to the State S2P Pension Scheme. Executive directors were permitted to join the Company's stakeholder plan, however no pension contributions were made by the Company on behalf of employees or directors.

During 2008, the Company launched a new Company stakeholder plan for all employees with effect from 1 January 2008. The Company contributes 6% of basic salary (to a maximum of £3,000 each year) subject to the employee contributing a minimum of 3% of basic salary. The executive directors are eligible to participate in this arrangement from 1 January 2009.

The Company does not contribute to any personal pension arrangements.

External appointments
With the approval of the Board in each case executive directors may accept one external appointment as a non-executive director of another company and retain any fees received. Graham Zacharias is a non-executive director of Umeco plc and he retains his remuneration for that role. In the year ended 31 December 2008, he received fees of £35,000 (2007: £27,500).

Chairman and non-executive directors' fees
The fee levels of the Chairman and the non-executive directors have been reviewed by the Remuneration Committee and the Board respectively and no changes have been proposed to the fee structure for 2009. The non-executive directors' fee levels are within the limits set by the Articles of Association of the Company.

Non-executive directors are entitled to receive £35,000 per annum for their basic role and an additional £5,000 fee per annum is paid for the chairing of the Audit and Remuneration Committees. Jonathan Agnew is paid a further £5,000 fee per annum as Senior Independent Director.

	Fee 1 January 2009	**Fee year ended 31 December 2008**
Non-executive directors		
Scott Forbes (Chairman)	**£90,000**	**£90,000**
Jonathan Agnew (Senior Independent Director)	**£45,000**	**£45,000**
Nigel Cooper	**£40,000**	**£40,000**
Judy Vezmar	**£35,000**	**£35,000**
Colin Kemp(1)	**£35,000**	**N/A**
Stephen Shipperley(2)	**£35,000**	**N/A**

(1) Colin Kemp, non-executive director, is appointed to the Board pursuant to a Letter of Appointment dated 4 December 2007. He was not entitled to receive fees in 2008 but was reimbursed for expenses in accordance with the Company's normal policy. With effect from 1 January 2009 he will be entitled to a fee of £35,000 per annum in accordance with the fee policy.

(2) Stephen Shipperley, non-executive director, is appointed to the Board pursuant to a Letter of Appointment dated 1 January 2009. With effect from 1 January 2009 he will be entitled to a fee of £35,000 per annum in accordance with the fee policy. His appointment to the Board from the IPO until December 2008 was pursuant to a Relationship Agreement between the Company and Connells Limited. He was not entitled to receive fees but was reimbursed for expenses in accordance with the Company's normal policy.

Directors' service contracts and non-executive directors' terms of appointment
The Remuneration Committee's policy on service agreements for executive directors is that they should provide for 12 months' notice of termination by the Company and by the executive. Any proposals for the early termination of the service agreements of directors or senior executives are considered by the Remuneration Committee.

The service agreements for the executive directors (Messrs. Williams, McKittrick and Zacharias) allow for lawful termination of employment by making a payment in lieu of notice or by making phased payments over any remaining unexpired period of notice. The phased payments may be reduced if and to the extent that the executive finds an alternative remunerated position.

Scott Forbes' appointment may be terminated by either party giving to the other not less than three months' notice in writing. The Company may also terminate by making a payment in lieu of notice. Scott Forbes is not contractually entitled to any other benefits on termination of his contract other than in relation to his share options as described in the table on page 37.

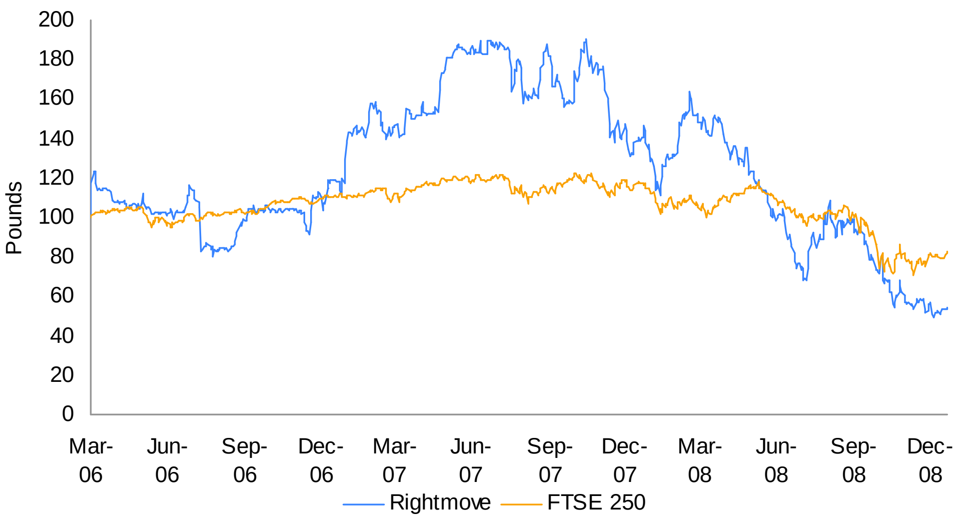
The Letters of Appointment for Jonathan Agnew, Nigel Cooper and Judy Vezmar (the independent non-executive directors) provide for a term of up to two three-year periods (subject to re-election by shareholders) with a notice period of three months on either side and also set out the time commitments required to meet the expectations of their roles. The Letters of Appointment for Stephen Shipperley and Colin Kemp provide that their appointment may be terminated by either party upon three month's written notice. Copies are available for inspection by request to the Company Secretary.

Stephen Shipperley, non-executive director, is Group Executive Chairman of Connells Limited. His appointment to the Board from the IPO was pursuant to a Relationship Agreement between Connells Limited and the Company which provided Connells Limited with the right to a Board seat conditional upon a 15% or more shareholding in the Company.

Further details of all directors' contracts are summarised page 35.

Performance graph
The graph below compares the TSR of Rightmove's shares against the FTSE 250 Index for the period from the IPO to 31 December 2008. Specifically, it illustrates the value of £100 invested in Rightmove's shares and the FTSE 250 Index over that period.

This index has been chosen as the comparator as Rightmove is a current constituent of this index and it will be used as a comparator in the performance condition applying to share option grants in 2009.



Directors' contracts

	Date of appointment	Date of contract/letter of appointment (4)	Notice (months)	Length of service at 27 February 2009
Executive directors				
Ed Williams (Managing Director)	19 December 2000	7 February 2006	12	8 years 2 months
Nick McKittrick (1)	5 March 2004	7 February 2006	12	4 years 11 months
Graham Zacharias	17 January 2006	7 February 2006	12	3 years 1 month
Non-executive directors				
Scott Forbes (Chairman)	13 July 2005	21 February 2006	3	3 years 7 months
Jonathan Agnew (Senior Independent Director)	16 January 2006	12 December 2005	3	3 years 1 month
Nigel Cooper	16 January 2006	12 December 2005	3	3 years 1 month
Judy Vezmar	16 January 2006	12 December 2005	3	3 years 1 month
Colin Kemp (2)	3 July 2007	4 December 2007	3	1 year 7 months
Stephen Shipperley (3)	30 June 2000	1 January 2009	3	8 years 8 months

(1) Nick McKittrick joined the Company in December 2000 and was appointed to the Board on 5 March 2004. His service with the Company at the date of this report is 8 years and 2 months.

(2) Colin Kemp is appointed to the Board pursuant to a Letter of Appointment dated 4 December 2007. His appointment to the Board from 3 July 2007 to 4 December 2007 was pursuant to a Relationship Agreement between the Company and Halifax Estate Agencies Limited.

(3) Stephen Shipperley is appointed to the Board pursuant to a Letter of Appointment dated 1 January 2009. His appointment to the Board from the IPO until December 2008 was pursuant to a Relationship Agreement between the Company and Connells Limited.

(4) The contracts of employment and the Letters of Appointment were transferred from Rightmove Group Limited to Rightmove plc with effect from 28 January 2008 on completion of the Scheme of Arrangement.

Part II (Audited)
Directors' remuneration
The remuneration of the directors of the Company during the year for time served as a director is as follows:

	Basic salary /fees £	Pay in lieu of notice £ [3]	2008 Bonus payable[1] £	Benefits in kind[2] £	**2008 total £**	2007 total £
Executive directors						
Ed Williams (Managing Director)	208,884	-	66,843	990	**276,717**	352,814
Nick McKittrick	208,884	-	66,843	709	**276,436**	334,503
Graham Zacharias[3]	208,884	208,884	66,843	1,214	**485,825**	352,719
Non-executive directors						
Scott Forbes (Chairman)	90,000	-	-	-	**90,000**	94,575
Jonathan Agnew (Senior Independent Director)	45,000	-	-	-	**45,000**	45,000
Nigel Cooper	40,000	-	-	-	**40,000**	40,000
Judy Vezmar	35,000	-	-	-	**35,000**	35,000
Colin Kemp[4]	-	-	-	-	**-**	**-**
Stephen Shipperley [4]	-	-	-	-	**-**	**-**

(1) Bonus relates to the accrued payment in respect of the Full Year results for the year ended 31 December 2008. Despite achieving the Group's best ever level of underlying operating profit (before share-based payments, National Insurance (NI) on share options under issue and capital reconstruction costs) in 2008 of £41,004,000, as the Remuneration Committee had set a challenging target range by reference to the business plan to trigger maximum bonus payments, executive directors only received a bonus worth 32% of basic salary.

(2) Benefits in kind for all executive directors relates to private medical insurance.

(3) Pay in lieu of notice relates to the contractual accrued payment payable for pay in lieu of notice and compensation for loss of office on the termination of employment.

(4) Colin Kemp and Stephen Shipperley, non-executive directors, were not paid any fees. They were reimbursed for expenses in accordance with the Company's normal expense policy.

Directors' interests in options to purchase ordinary shares

	Date granted	Options held 1 January 2008	Granted in year	Exercise price	Exercised in year	Price at date of exercise	Lapsed in year	**Options held 31 December 2008**	Date exercisable	Expiry date
Executive directors										
Ed Williams (Managing Director)	14/3/2006 (Approved)	7,317	-	£4.10	-	N/A	-	**7,317**	One third on each of 14/3/2009, 2010 & 2011	13/3/2016
	15/3/2006 (Unapproved)	1,981,412	-	£3.35	-	N/A	-	**1,981,412**	One third on each of 15/3/2009, 2010 & 2011	14/3/2016
	2/10/2006 (Sharesave)	3,648	-	£2.59	-	N/A	-	**3,648**	1/11/2009	30/4/2010
		1,992,377	-	N/A	-	N/A	-	**1,992,377**		
Nick McKittrick	14/3/2006 (Approved)	7,317	-	£4.10	-	N/A	-	**7,317**	One third on each of 14/3/2009, 2010 & 2011	13/3/2016
	15/3/2006 (Unapproved)	987,047	-	£3.35	-	N/A	-	**987,047**	One third on each of 15/3/2009, 2010 & 2011	14/3/2016
	10/10/2007 (Unapproved)	75,000 (1)	-	£5.22	-	N/A	-	**75,000**	15/03/2011	9/10/2017
	2/10/2006 (Sharesave)	3,648	-	£2.59	-	N/A	-	**3,648**	1/11/2009	30/4/2010
		1,073,012	-	N/A	-	N/A	-	**1,073,012**		
Graham Zacharias	14/3/2006 (Approved)	7,317	-	£4.10	-	N/A	-	**7,317**	One third on each of 14/3/2009, 2010 & 2011	13/3/2016
	15/3/2006 (Unapproved)	987,047	-	£3.35	-	N/A	-	**987,047**	One third on each of 15/3/2009, 2010 & 2011	14/3/2016
	2/10/2006 (Sharesave)	3,648	-	£2.59	-	N/A	-	**3,648**	1/11/2009	30/4/2010
		998,012	-	N/A	-	N/A	-	**998,012**		
Non-executive directors										
Scott Forbes (Chairman)	15/3/2006 (Unapproved)	1,738,729	-	£3.35	-	N/A	-	**1,738,729** (2)	One third on each of 15/3/2007, 2008 & 2009	14/3/2016

(1) These options are exercisable, subject to the basic earnings per share per the audited consolidated financial statements for the Group for the year ended 31 December 2010 being not less than 30p.

(2) Pre-admission options granted to the Chairman, Scott Forbes, vest as to one-third of the number of option shares on each of the first, second and third anniversaries of the date of the option grant. These options can benefit from accelerated vesting if the Chairman's Contract for Services is terminated by the Company in circumstances not amounting to cause, if he leaves the Company because he is not re-elected as a director at the Company's Annual General Meeting, or if he resigns in circumstances that amount to constructive dismissal.

Directors' interests in shares

The interests (both beneficial and family interests) of the directors in office at 31 December 2008 in the share capital of the Company were as follows:

	At 31 December 2008 ordinary shares of £0.01 each	At 31 December 2007 ordinary shares of £0.01 each
Executive directors		
Ed Williams (Managing Director)	**2,407,995**	2,407,995
Nick McKittrick	**129,000**	900,000
Graham Zacharias	**4,000**	895
Non-executive directors		
Scott Forbes (Chairman)	**619,300**	619,300
Jonathan Agnew (Senior Independent Director)	**30,000**	40,298
Nigel Cooper	**2,820**	35,820
Judy Vezmar	**31,343**	31,343
Stephen Shipperley	**-**	**-**
Colin Kemp	**-**	**-**

(1) The issued share capital of the Company (including 2,505,430 shares held in treasury) as at 31 December 2008 comprised 120,050,873 (2007:132,689,361) ordinary shares of £0.01 each.

(2) The mid-market share price of the Company was 464p as at 1 January 2008 and was 176p as at 31 December 2008. The mid-market high and low share prices of the Company were 540p and 160p respectively in the year.

(3) The executive directors are regarded as being interested, for the purposes of the Companies Act 1985, in 8,353,700 ordinary shares in Rightmove plc currently held by the EBT as they are, together with other employees, potential beneficiaries of the EBT.

(4) There have been no changes to the above interests between the year end and the date of this report.

The interests of the executive directors in office at 31 December 2008 in the share capital of the Company in relation to the basic salary were as follows:

	Basic salary £	**Number of shares held at 31 December 2008**	**Value of shares at 31 December 2008 £'000**	**Value of shares as a % of basic salary**
Executive directors				
Ed Williams (Managing Director)	208,884	2,407,995	4,238	2,029
Nick McKittrick	208,884	129,000	227	109
Graham Zacharias	208,884	4,000	7	3

Jonathan Agnew
Chairman, Remuneration Committee
27 February 2009

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RIGHTMOVE PLC

We have audited the Group and parent Company financial statements (the financial statements) of Rightmove plc for the year ended 31 December 2008 which comprise the Consolidated Income Statement, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Cash Flow, the Consolidated and Company Statements of Changes in Shareholders' Equity, and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with s235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 27 and 28.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information that is cross referred from the Principal activities section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

• the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 31 December 2008 and of its profit for the year then ended;

• the parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent Company's affairs as at 31 December 2008;

• the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation; and

• the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Milton Keynes

27 February 2009

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	**Year ended 31 December 2008** £000	Year ended 31 December 2007 £000
Revenue	2	**74,046**	56,712
Administrative expenses		**(34,555)**	(30,285)
Operating profit before share-based payments, NI on share options under issue and capital reconstruction costs		**41,004**	30,746
Share-based payments	24	**(1,998)**	(2,331)
NI on share options under issue	24	**240**	(298)
Capital reconstruction credit/(costs)	6	**245**	(1,690)
Operating profit	6	**39,491**	26,427
Financial income	8	**630**	891
Financial expenses	9	**(1,955)**	(199)
Net financial (expenses)/income		**(1,325)**	692
Profit before tax		**38,166**	27,119
Income tax expense	10	**(12,663)**	(8,472)
Profit for the year		**25,503**	18,647
Attributable to:			
Equity holders of the Parent		**25,503**	18,647
Earnings per share (pence)			
Basic	11	**22.49**	15.16
Diluted	11	**22.48**	14.19
Dividends per share (pence)	12	**9.00**	5.00
Total dividends	12	**10,358**	6,176

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	Note	**31 December 2008 £000**	31 December 2007 £000
Non-current assets			
Property, plant and equipment	13	**1,883**	2,042
Intangible assets	14	**11,123**	7,580
Deferred tax assets	21	**164**	1,336
Total non-current assets		**13,170**	10,958
Current assets			
Trade and other receivables	16	**12,627**	11,202
Income tax receivable		**-**	163
Cash and cash equivalents	17	**23,059**	11,807
Total current assets		**35,686**	23,172
Total assets		**48,856**	34,130
Current liabilities			
Bank overdraft	19	**(172)**	-
Loans and borrowings	19	**(39,750)**	-
Trade and other payables	18	**(12,418)**	(14,714)
Income tax payable		**(5,787)**	(4,413)
Deferred consideration	28	**(6,133)**	-
Provisions	20	**(13)**	(130)
Total current liabilities		**(64,273)**	(19,257)
Non-current liabilities			
Deferred tax liabilities	21	**(92)**	(110)
Deferred consideration	28	**-**	(2,328)
Provisions	20	**-**	(43)
Total non-current liabilities		**(92)**	(2,481)
Net (liabilities)/assets		**(15,509)**	12,392
Equity			
Share capital	22	**1,201**	1,327
Share premium	23	**-**	105
Other reserves	23	**231**	-
(Deficit)/retained earnings	23	**(16,941)**	10,960
Total equity attributable to the equity holders of the Parent		**(15,509)**	12,392

The financial statements were approved by the Board of directors on 27 February 2009 and were signed on its behalf by:

E. Williams

Ed Williams
Director

Graham Zacharias
Director

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2008

	Note	**31 December 2008 £000**	31 December 2007 £000
Non-current assets			
Investments	15	**537,668**	-
Total non-current assets		**537,668**	-
Current assets			
Trade and other receivables	16	**-**	50
Cash and cash equivalents	17	**17,050**	-
Total current assets		**17,050**	50
Total assets		**554,718**	50
Current liabilities			
Bank overdraft	19	**(172)**	-
Loans and borrowings	19	**(39,750)**	-
Trade and other payables	18	**(36,828)**	-
Total current liabilities		**(76,750)**	-
Non-current liabilities			
Redeemable preference shares	19	**-**	(50)
Total non-current liabilities		**-**	(50)
Net assets		**477,968**	-
Equity			
Share capital	22	**1,201**	-
Other reserves	23	**104,271**	-
Retained earnings	23	**372,496**	-
Total equity attributable to the equity holders of the Parent		**477,968**	-

The financial statements were approved by the Board of directors on 27 February 2009 and were signed on its behalf by:

Ed Williams
Director

Graham Zacharias
Director

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	**Year ended 31 December 2008 £000**	Year ended 31 December 2007 £000
Cash flows from operating activities			
Profit for the year		**25,503**	18,647
Adjustments for:			
Depreciation charges	13	**648**	503
Amortisation charges	14	**452**	390
Financial income	8	**(630)**	(891)
Financial expenses	9	**1,955**	129
Share-based payments charge	24	**1,998**	2,331
Income tax expense	10	**12,663**	8,472
Operating profit before changes in working capital		**42,589**	29,581
Increase in trade and other receivables		**(1,462)**	(8,023)
(Decrease)/increase in trade and other payables		**(2,296)**	8,337
Decrease in provisions		**(160)**	(35)
Cash generated from operations		**38,671**	29,860
Interest paid		**(1,480)**	(3)
Income taxes paid (net)		**(9,972)**	(4,250)
Net cash from operating activities		**27,219**	25,607
Cash flows from investing activities			
Interest received		**667**	891
Acquisition of property, plant and equipment	13	**(491)**	(1,157)
Acquisition of intangible assets	14	**(464)**	(643)
Proceeds from disposal of property, plant and equipment		**1**	-
Acquisition of subsidiary (net of cash acquired)	28	**-**	(3,177)
Net cash used in investing activities		**(287)**	(4,086)
Cash flows from financing activities			
Dividends paid	12	**(10,358)**	(6,176)
Purchase of shares for treasury	23	**(11,917)**	(19,362)
Purchase of shares for cancellation	23	**(32,840)**	-
Share buy back expenses	23	**(287)**	-
New shares issued	23	**-**	105
Proceeds from borrowings	19	**39,750**	-
Debt issue costs	9	**(200)**	-
Proceeds on exercise of share options		**-**	838
Net cash used in financing activities		**(15,852)**	(24,595)
Net increase/(decrease) in cash and cash equivalents		**11,080**	(3,074)
Cash and cash equivalents at 1 January		**11,807**	14,881
Cash and cash equivalents at 31 December	17	**22,887**	11,807

COMPANY STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	**Year ended 31 December 2008 £000**	Period ended 31 December 2007 £000
Cash flows from operating activities			
Loss for the period	23	**(5,637)**	-
Adjustments for:			
Financial income		**(253)**	-
Financial expenses		**2,758**	-
Share-based payments charge	23	**1,339**	-
Operating loss before changes in working capital		**(1,793)**	-
Decrease/(increase) in trade and other receivables		**50**	(50)
Increase in trade and other payables		**35,602**	-
Cash generated from/(used in) operations		**33,859**	(50)
Interest paid		**(1,332)**	-
Net cash used in operating activities		**32,527**	-
Cash flows from investing activities			
Interest received		**253**	-
Net cash from investing activities		**253**	-
Cash flows from financing activities			
Dividends paid	12	**(10,358)**	-
Purchase of shares for treasury	23	**(11,917)**	-
Purchase of shares for cancellation	23	**(32,840)**	-
Share buy back expenses	23	**(287)**	-
Proceeds from borrowings	19	**39,750**	-
Debt issue costs	9	**(200)**	-
Issue of redeemable preference shares		**-**	50
Redemption of redeemable preference shares		**(50)**	-
Net cash (used in)/from financing activities		**(15,902)**	50
Net increase in cash and cash equivalents		**16,878**	-
Cash and cash equivalents at beginning of period		**-**	-
Cash and cash equivalents at 31 December	17	**16,878**	-

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008

Group	Note	Share capital £000	Share premium £000	EBT own shares reserve £000	Treasury shares £000	Other reserves £000	Reverse acquisition reserve £000	Retained earnings £000	Total equity £000
At 1 January 2007		1,327	-	(17,663)	-	-	-	32,345	16,009
Profit for the year		-	-	-	-	-	-	18,647	18,647
Dividends to shareholders	12	-	-	-	-	-	-	(6,176)	(6,176)
Equity settled share options	24	-	-	-	-	-	-	2,331	2,331
New shares issued		-	105	-	-	-	-	-	105
Purchase of shares for treasury	23	-	-	-	(19,362)	-	-	-	(19,362)
EBT own shares held		-	-	514	-	-	-	-	514
Gain on exercise of share options		-	-	-	-	-	-	324	324
At 31 December 2007		**1,327**	**105**	**(17,149)**	**(19,362)**	**-**	**-**	**47,471**	**12,392**
Capital reconstruction		(33)	(105)	-	19,362	-	138	(19,362)	-
Profit for the year		-	-	-	-	-	-	25,503	25,503
Equity settled share options	24	-	-	-	-	-	-	1,998	1,998
Dividends to shareholders	12	-	-	-	-	-	-	(10,358)	(10,358)
Purchase of shares for treasury	23	-	-	-	(11,917)	-	-	-	(11,917)
Purchase of own shares	23	-	-	-	(32,840)	-	-	-	(32,840)
Cancellation of own shares	23	(93)	-	-	32,840	93	-	(32,840)	-
Share buy back expenses	23	-	-	-	-	-	-	(287)	(287)
At 31 December 2008		**1,201**	**-**	**(17,149)**	**(11,917)**	**93**	**138**	**12,125**	**(15,509)**

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008

Company	Note	Share capital £000	Treasury shares £000	Other reserves £000	Reverse acquisition reserve £000	Retained earnings £000	Total equity £000
At 1 January 2008		-	-	-	-	-	-
Share for share exchange		433,490	-	-	-	-	433,490
Capital reconstruction		(432,196)	-	-	103,520	432,196	103,520
Loss for the year		-	-	-	-	(5,637)	(5,637)
Dividends to shareholders	12	-	-	-	-	(10,358)	(10,358)
Equity settled share options	24	-	-	-	-	1,339	1,339
Capital contribution	15	-	-	658	-	-	658
Purchase of shares for treasury	23	-	(11,917)	-	-	-	(11,917)
Purchase of own shares	23	-	(32,840)	-	-	-	(32,840)
Cancellation of own shares	23	(93)	32,840	93	-	(32,840)	-
Share buy back expenses	23	-	-	-	-	(287)	(287)
At 31 December 2008		**1,201**	**(11,917)**	**751**	**103,520**	**384,413**	**477,968**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 General information

Rightmove plc (the Company) is a company registered in England (Company no. 6426485) domiciled in the United Kingdom (UK). The consolidated financial statements of the Company as at and for the year ended 31 December 2008 comprise the Company and its interest in its subsidiaries (together referred to as the Group). Its principal business is the operation of the Rightmove.co.uk website, which is the UK's largest residential property search website.

The address of the Company's registered office is 4th Floor, 33 Soho Square, London, W1D 3QU.

Statement of compliance

The consolidated and Company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (Adopted IFRSs) and issued by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of directors on 27 February 2009.

Basis of preparation

On publishing the Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s230 of the Companies Act 1985 not to present its individual income statement and related notes that form a part of these financial statements.

The accounting policies set out below have been consistently applied to all the periods presented, unless otherwise stated.

The financial statements have been prepared on an historical cost basis.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 4 to 10. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described on pages 8 to 9. In addition Note 4 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposures to credit risk and liquidity risk.

The Group has significant cash balances of £23,059,000 at 31 December 2008 (refer Note 17). As described in Note 19, the Group entered into a revolving loan facility of up to £40,000,000 during the year. As at 31 December 2008 £39,750,000 was drawn down and has been classified as current liabilities. At a Board meeting on 25 February 2009, the directors confirmed their intention to convert £25,000,000 of the revolving loan facility into a five year term loan by 17 April 2009 as provided for by the existing agreement, subject to standard terms and conditions. The directors have received written confirmation from the Company's bankers that there are committed bank funds for the conversion at maturity.

The Group's forecasts and projections, taking account of reasonably possible changes in performance show that the Group should be able to operate within the level of its current facility and related bank covenant requirements.

After making enquiries, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Capital structure

The Company was incorporated and registered in England and Wales on 14 November 2007 under the Companies Act 1985 as a private company limited by shares with the name Rightmove Group Limited, registered no. 6426485. The Company was re-registered as a public limited company under the name Rightmove Group plc on 29 November 2007. On 28 January 2008 the Company became the holding company of Rightmove Group Limited (formerly Rightmove plc, Company no. 3997679) and its subsidiaries pursuant to a Scheme of Arrangement (the Scheme) under s425 of the Companies Act 1985. The shares in the Company were admitted to trading on the Official List of the London Stock Exchange on 28 January 2008 and it immediately changed its name to Rightmove plc. Details of the share capital are disclosed in Note 22.

This corporate restructure has been accounted for as a reverse acquisition. Therefore, the consolidated financial statements as at and for the year ended 31 December 2008 of the Group are prepared as a continuation of the previously listed company's consolidated financial statements. The comparative numbers presented in the consolidated financial statements are those reported in the consolidated financial statements as at and for the year ended 31 December 2007 for the previously listed company, Rightmove plc (Company no. 3997679) (subsequently renamed Rightmove Group Limited). The comparative numbers presented for the Company are those of the Company incorporated on 14 November 2007.

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

Basis of consolidation
Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The minority shareholders of Holiday Lettings Limited (HLL) have a put option which if exercised requires Rightmove Group Limited to purchase their remaining 33.3% shareholding in HLL. In accordance with IAS 32, the option for the purchase of the remaining 33.3% shareholding along with the existing investment in HLL of 66.7% has been accounted for at a consolidated level as if the Group holds 100% of the ordinary share capital in HLL and consequently no minority interest is recognised. The earliest opportunity HLL management has to exercise the put option is 1 July 2009 based on either a multiple of EBIT per the audited accounts for the 12 months for the year ended 31 December 2008 or HLL's market value if higher. The impact on the consolidated balance sheet is to recognise a liability of £6,133,000 which is based upon the directors' best estimate of likely market value for the business. This has resulted in an increase of £3,531,000 in deferred consideration and a corresponding increase in goodwill. In addition an interest charge of £274,000 has been adjusted against deferred consideration in the year as a result of an increase in the present value of the liability.

Judgments and estimates
The preparation of financial statements in conformity with Adopted IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Note 10	Utilisation of tax losses
Note 14	Measurement of the recoverable amounts of cash generating units containing goodwill
Note 15	Carrying value of investment in subsidiary
Note 16	Impairment of trade receivables
Note 24	Measurement of share-based payments

2 Significant accounting policies
(a) Investments
Investments in subsidiaries are held at cost less any provision for impairment in the Parent company financial statements.

(b) Intangible assets

(i) Goodwill
All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries. In respect of business acquisitions that have occurred since 1 January 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

In respect of acquisitions prior to this date goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous UK Generally Accepted Accounting Principles (GAAP). The classification and accounting treatment of business combinations that occurred prior to 1 January 2004 was not reconsidered in preparing the Group's opening IFRS balance sheet at 1 January 2004.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is no longer amortised but is tested annually for impairment. This applies to all goodwill arising both before and after 1 January 2004. IFRS 1 permits goodwill on acquisitions made before this date to be brought on to the balance sheet at 1 January 2004 at its carrying value under UK GAAP.

(ii) Research and development

The Group undertakes research and development expenditure in view of developing new products and improving the existing property websites. Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in the income statement when incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of a new product or substantially enhanced website, is capitalised if the new product or the enhanced website is technically and commercially feasible and the Group has sufficient resources to complete development.

The expenditure capitalised includes subcontractors and direct labour. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed when incurred.

(iii) Computer software

Computer software is capitalised and is stated at cost less accumulated amortisation and impairment losses. Amortisation is charged from the date the asset is available for use. Amortisation is provided to write off the cost less the estimated residual value of the computer software by equal annual instalments over its estimated useful economic life as follows:

Computer software	20% – 33.3% per annum

(iv) Customer relationships

Customer relationships are identified on the acquisition of a business and valued using discounted cash flows based on historical customer attrition rates. Amortisation is expensed in the income statement on a straight line basis over the estimated useful economic life as follows:

Customer relationships	16.7% per annum

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided to write off the cost less the estimated residual value of property, plant and equipment by equal annual instalments over their estimated useful economic lives as follows:

Office equipment, fixtures & fittings	20% per annum
Computer equipment	20% per annum

(d) Impairment

The carrying value of the property, plant and equipment is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Intangible assets that have an indefinite useful life and intangibles which are not available for use are not subject to amortisation but are tested for impairment annually and whenever there is an indication that they might be impaired. An impairment loss is recognised for the amount by which the carrying value of the asset exceeds its recoverable amount.

Goodwill was tested for impairment at the IFRS transition date; no impairment was deemed necessary. An impairment test is performed annually at 31 December on goodwill regardless of the existence of impairment indicators.

Investments are assessed for possible impairment when there is an indication that the fair value of the investments may be below the Company's carrying value. When such a condition is deemed to be other than temporary, the carrying value of the investment is written down to its fair value and the amount written off is included in net income. In making the determination as to whether a decline is other than temporary, the Company considers such factors as the duration and extent of the decline, the investee's financial performance and the Company's ability and intention to retain its investment for a period that will be sufficient to allow for any anticipated recovery in the investment's market value.

(e) Financial instruments

Trade receivables are recognised at fair value less any impairment loss. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

Trade payables are recognised at fair value. Trade payables are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with borrowings. After initial recognition, loans and borrowings are subsequently measured at amortised cost and any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flow.

(g) Provisions

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risk specific to the liability.

A provision is maintained in respect of vacant leasehold properties where the lease is considered to be onerous to take account of the net present value of residual lease commitments over the remaining term of the lease.

(h) Employee benefits

(i) Pensions

The Group provides access to a stakeholder pension scheme (defined contribution plan) into which employees may elect to contribute via salary deduction. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the income statement when they are due.

(ii) Employee share schemes

The share option programme allows certain senior management employees to acquire shares in the Company.
An expense is recognised in the income statement, with a corresponding increase in equity, over the period to which the employees become unconditionally entitled, on equity settled share-based payment schemes granted after 7 November 2002 and which have not vested by 1 January 2005. Awards made before this date are not accounted for under IFRS 2, as permitted under the transitional rules of IFRS 1. For awards made after 7 November 2002 and not vested by 1 January 2005, the charge is based on the fair value of the option granted as at the grant date, calculated using an option pricing model.

(iii) Own shares held by The Rightmove Employees' Share Trust (EBT)

The EBT is treated as an agent of Rightmove Group Limited and as such EBT transactions are treated as being those of Rightmove Group Limited and are therefore reflected in the Group's consolidated financial statements. In particular, at a consolidated level; the EBT's purchases of shares in the Company are debited directly to equity.

(i) Treasury shares and shares purchased for cancellation

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are either held in treasury or cancelled.

(j) Revenue

Revenue principally represents the amounts, excluding value added tax (VAT), receivable from customers in respect of properties advertised on the website. Revenue relating to properties advertised on the website is recognised in the month to which it relates. Estate agency and Overseas branches are billed in advance with net revenue deferred until the service commencement date. The VAT liability is recognised at the point of invoice. New homes developers are typically billed monthly in arrears. Where invoices are raised on other than a monthly basis, the amounts are recognised as deferred or accrued revenue and released to the income statement on a monthly basis in line with the provision of services as stipulated in the contract terms. HLL revenue is billed in advance. The majority of the HLL revenue relates to a 12 month period although some is billed quarterly. This revenue is spread equally over the period with any deferred revenue held on the balance sheet.

(k) Segmental reporting
A business segment is a distinguishable component of the Group engaged in providing products and services that are subject to risks and returns that are different from those of other business segments. The Group's primary format for segmental reporting is by business segment.

(l) Foreign currency transactions
Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognised in the income statement.

(m) Leases
Operating lease rentals are charged to the income statement on a straight line basis over the period of the lease. Where cash is received in exchange for entering into a lease with rates above market value, this upfront payment is deferred and released on a straight line basis over the lease term.

(n) Financial income and expenses
Financial income comprises interest receivable on cash balances and deposits. Interest income is recognised as it accrues, using the effective interest method.

Financial expenses comprise debt issue costs, preference dividend interest, interest payable on bank loans and the unwinding of the discount on the HLL deferred consideration. Interest payable is recognised on an accruals basis.

(o) Taxation
Income tax on the results for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination and the differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

In accordance with IAS 12, the Group policy in relation to the recognition of tax on share-based payments is to include the income tax effect of the excess tax deduction in the income statement to the value of the income tax charge on the cumulative IFRS 2 charge. The remainder of the income tax effect of the excess tax deduction is recognised in equity.

(p) Dividends
Dividends unpaid at the balance sheet date are only recognised as a liability (and deduction to equity) at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

(q) Earnings per share
The Group presents basic, diluted and underlying earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potential dilutive instruments, which comprise share options granted to employees. The calculation of underlying EPS is disclosed in Note 11.

3 IFRSs not yet applied

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2008 and have not been applied in preparing these consolidated financial statements. The standards and interpretations to be adopted include:

	Effective date
IFRS 8 Operating Segments	1/1/2009
Revised IFRS 2 Share-Based Payments – Vesting Conditions and Cancellations	1/1/2009
Revised IFRS 3 Business Combinations (2008) *	1/1/2010
Revised IAS 1 Presentation of Financial Statements (2007)	1/1/2009
Amended IAS 27 Consolidated and Separate Financial Statements (2008) *	1/1/2010

* Not yet endorsed by the EU

IFRS 8 Operating Segments introduces the "management approach" to segment reporting and will require a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them.

Amendment to IFRS 2 Share-Based Payments – Vesting conditions and Cancellations clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions to be reflected in grant date fair value and provides the accounting treatment for non-vesting conditions and cancellations.

Revised IFRS 3 Business Combinations (2008) incorporates the following changes that are likely to be relevant to the Group's operations:

- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations;
- Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss;
- Transaction costs, other than share and debt issue costs, will be expensed as incurred;
- Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss;
- Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction by transaction basis.

Revised IFRS 3, which becomes mandatory for the Group's 2010 consolidated financial statements, will be applied prospectively and therefore there will be no impact on prior years.

Revised IAS 1 Presentation of Financial Statements (2007) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. This is expected to have a significant impact on the presentation of the consolidated financial statements. The Group plans to provide total comprehensive income in a single statement of comprehensive income for its 2009 consolidated financial statements.

Amended IAS 27 Consolidated and Separate Financial Statements (2008) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to IAS 27, which become mandatory for the Group's 2010 consolidated financial statements, are not expected to have a significant impact on the consolidated financial statements.

4 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group and Company's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The primary method by which risks are monitored and managed by the Group is through the monthly Executive Management Board, where any significant new risks or change in status to existing risks will be discussed and actions taken as appropriate.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's internal controls and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group provides credit to customers in the normal course of business. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. The Group provides its services to a wide range of customers in the UK and overseas and therefore believes it has no material concentration of credit risk.

More than 69% of the Group's customers pay via monthly direct debit, minimising the risk of non-payment. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables based on individually identified loss exposures.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group and Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's revenue model is largely subscription-based which results in a regular level of cash conversion allowing it to service working capital requirements.

The Group and Company ensures that they have sufficient cash on demand to meet expected operational expenses excluding the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As at 31 December 2008, the Group had sufficient cash on demand to meet operational expenses, before financing activities, for a period of 113 days (31 December 2007: 220 days).

As at 31 December 2008 the Group had bank borrowings of £39,750,000, which have been classified as current liabilities, however it is anticipated that £25,000,000 will be converted into a long term loan as set out in Note 1 Going Concern.

Market risk
Market risk is the risk that changes in market prices such as foreign exchange and interest rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Currency risk
99% of the Group's sales are Sterling denominated, with the balance being Euro denominated. As the value of Euro denominated trade receivables is low in relation to total receivables, no amounts are hedged.

Interest rate risk
The Group and Company have interest bearing financial liabilities. The Group and Company are exposed to interest rate risk on the bank loan facility, cash balances and the deferred consideration in relation to the acquisition of HLL.

Capital management
The Board's policy is to maintain an efficient balance sheet with an appropriate level of leverage for the size of the business so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the spread of the Company's shareholders, as well as the return on capital and the level of dividends to ordinary shareholders.

As at 31 December 2008 the directors and senior managers hold 3.4% of the ordinary share capital of the Company (excluding shares held in treasury). In addition the executive directors are regarded as being interested, for the purposes of the Companies Act 1985, in 8,353,700 (7.1%) ordinary shares in the Company currently held by the EBT as they are, together with other employees, potential beneficiaries of the EBT.

The Company purchases its own shares in the market; the timing of these purchases depends on market conditions. In April 2008 the Company entered into a revolving loan facility in order to support its continuing share buy back programme. Of the 11,854,535 shares bought back during 2008, 9,349,105 have been cancelled, with the balance transferred into treasury, providing flexibility for future share option issues.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

5 Segmental reporting

The Group does not have geographical segments with substantially all revenue derived from external operations in the UK in both years. Revenue derived outside the UK is not material in either 2007 or 2008.

All activities in the year relate to the property advertising segment and there were no other separately identifiable business segment income statement or balance sheet items.

6 Operating profit

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Operating profit is stated after charging/(crediting):		
Depreciation on property, plant and equipment	**648**	503
Amortisation of computer software	**368**	327
Amortisation of customer relationships	**84**	63
Bad debt impairment charge	**1,353**	318
Operating lease rentals		
Land and buildings	**1,038**	691
Other	**668**	573
Capital reconstruction (credit)/costs*	**(245)**	1,690

* Included in capital reconstruction costs are fees receivable by the auditors of £nil (2007: £179,000) in respect of other services incurred in connection with the capital reconstruction. Following clarification of the VAT treatment on professional fees incurred in connection with the capital reconstruction £245,000 was released to the income statement in the current year.

Auditors' remuneration

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Fees payable to the Company's auditors and their associates in respect of the audit		
Audit of the Company's financial statements	**15**	131
Audit of the Company's subsidiaries pursuant to legislation	**115**	4
Total audit remuneration	**130**	135
Fees payable to the Company's auditors in respect of non-audit related services		
Tax advisory	**20**	39
Transaction services	**14**	179
All other services	**13**	10
Total non-audit remuneration	**47**	228

Included in the current year's auditors' remuneration is an amount of £nil (2007: £16,000) relating to the prior year audit and £9,000 (2007: £11,000) relating to finalisation of the prior year tax computation.

7 Employee numbers and costs

The average number of persons employed (including directors) during the year, analysed by category, was as follows:

	Group		Company	
	Year ended 31 December 2008 Number of employees	Year ended 31 December 2007 Number of employees	**Year ended 31 December 2008 Number of employees**	Period ended 31 December 2007 Number of employees
Administration	**346**	303	**-**	-
Management	**14**	10	**3**	-
	360	313	**3**	-

The aggregate payroll costs of these persons were as follows:

	Group		Company	
	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000	**Year ended 31 December 2008 £000**	Period ended 31 December 2007 £000
Wages and salaries	**15,200**	13,130	**827**	-
Social security costs	**1,674**	1,145	**104**	-
Pension costs	**295**	1	**-**	-
	17,169	14,276	**931**	-

8 Financial income

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Interest income on cash balances	**551**	891
Interest income on over payment of taxes	**79**	-
	630	891

9 Financial expenses

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Debt issue costs	**200**	-
Interest expense	**1,367**	-
Unwinding of effective interest rate on deferred purchase consideration	**274**	126
Other financial expenses	**113**	73
Preference dividend interest	**1**	-
	1,955	199

10 Income tax expense

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Current tax expense		
Current year	**11,718**	9,272
Prior year adjustment	**(209)**	-
	11,509	9,272
Deferred tax		
Origination and reversal of temporary differences	**1,155**	(896)
Reduction in tax rate	**(1)**	96
	1,154	(800)
Total income tax expense	**12,663**	8,472

Reconciliation of effective tax rate

The Group's income tax expense for the year is higher (2007: higher) than the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below:

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Profit before tax	**38,166**	27,119
Current tax at 28.5% (2007: 30%)	**10,877**	8,136
Current tax movement in respect of prior years	**(209)**	-
Non deductible expenses	**859**	460
Change in tax rate	**(1)**	96
Small companies relief	**(2)**	-
Share-based payments	**1,252**	(322)
Deferred tax movement in respect of prior years	**(113)**	102
	12,663	8,472

The Group's consolidated effective tax rate for the year ended 31 December 2008 is 33% (2007: 31%). The difference between the standard rate and effective rate at 31 December 2008 is attributable mainly to the reversal of the deferred tax asset on share options (3%) and disallowable expenditure (2%).

Income tax recognised directly in equity

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Deferred tax		
Tax losses	**-**	689
Current tax		
Income tax for the year	**-**	(689)
Total income tax recognised directly in equity	**-**	-

11 Earnings per share (EPS)

	Weighted average Number of shares	**Earnings £000**	**Pence per share**
Year ended 31 December 2008			
Basic EPS	**113,405,224**	**25,503**	**22.49**
Diluted EPS	**113,449,416**	**25,503**	**22.48**
Underlying basic EPS	**113,405,224**	**27,016**	**23.82**
Underlying diluted EPS	**113,449,416**	**27,016**	**23.81**
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

Weighted average number of ordinary shares (basic)

	Year ended 31 December 2008 Number of shares	Year ended 31 December 2007 Number of shares
Issued ordinary shares at 1 January less ordinary shares held by the EBT	**121,046,278**	124,054,318
Effect of own shares held in treasury	**(2,146,388)**	(1,242,710)
Effect of own shares purchased for cancellation	**(5,494,666)**	-
Effect of share options exercised	**-**	195,890
Effect of new shares issued	**-**	16,230
	113,405,224	123,023,728

Weighted average number of ordinary shares (diluted)

For diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential shares. The Company has one potential dilutive instrument being those ordinary shares held by the EBT to satisfy share options granted to employees.

	Year ended 31 December 2008 Number of shares	Year ended 31 December 2007 Number of shares
Weighted average number of ordinary shares (basic)	**113,405,224**	123,023,728
Dilutive impact of share options	**44,192**	8,407,810
	113,449,416	131,431,538

Underlying EPS is calculated before the charge for share-based payments, capital reconstruction costs 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 2008 £000	Year ended 31 December 2007 £000
Basic earnings for the year	**25,503**	18,647
Share-based payments	**1,998**	2,331
Capital reconstruction (credit)/costs	**(245)**	1,690
NI on share options under issue	**(240)**	298
Underlying earnings for the year	**27,016**	22,966

12 Dividends

Dividends declared and paid by the Group are as follows:

	2008		2007	
	Pence per share	**£000**	Pence per share	£000
2006 final dividend paid	**-**	**-**	3.0	3,729
2007 interim dividend paid	**-**	**-**	2.0	2,447
2007 final dividend paid	**6.0**	**7,082**	-	-
2008 interim dividend paid	**3.0**	**3,276**	-	-
	9.0	**10,358**	5.0	6,176

After the balance sheet date a final dividend of 7.0p (2007: 6.0p) per qualifying ordinary share being £7,643,000 (2007: £7,119,000) was proposed by the directors. The 2007 final dividend paid on 12 May 2008 was £7,082,000. The difference of £37,000 was due to a reduction in the ordinary shares entitled to a dividend following share buy backs made in the period between 31 December 2007 and the 2007 final dividend record date of 11 April 2008.

No provision was made for the final dividend in either year and there are no income tax consequences.

13 Property, plant and equipment

Group	Office equipment, fixtures & fittings £000	Computer equipment £000	Leasehold improvements £000	Work in progress £000	Total £000
Cost					
At 1 January 2008	771	3,224	8	16	4,019
Transfers	-	16	-	(16)	-
Additions	73	394	24	-	491
Disposals	-	(2)	-	-	(2)
At 31 December 2008	844	3,632	32	-	4,508
Depreciation					
At 1 January 2008	(269)	(1,708)	-	-	(1,977)
Charge for year	(110)	(534)	(4)	-	(648)
At 31 December 2008	(379)	(2,242)	(4)	-	(2,625)
Net book value					
At 31 December 2008	**465**	**1,390**	**28**	**-**	**1,883**
At 1 January 2008	502	1,516	8	16	2,042

During the year the development of the new finance billing system was brought into use and so the associated costs have been transferred from work in progress to computer equipment.

Group	Office equipment, fixtures & fittings £000	Computer equipment £000	Leasehold improvements £000	Work in progress £000	Total £000
Cost					
At 1 January 2007	338	2,511	-	-	2,849
Acquisitions through business combinations	2	11	-	-	13
Additions	431	702	8	16	1,157
At 31 December 2007	771	3,224	8	16	4,019
Depreciation					
At 1 January 2007	(178)	(1,296)	-	-	(1,474)
Charge for year	(91)	(412)	-	-	(503)
At 31 December 2007	(269)	(1,708)	-	-	(1,977)
Net book value					
At 31 December 2007	**502**	**1,516**	**8**	**16**	**2,042**
At 1 January 2007	160	1,215	-	-	1,375

The Company has no property, plant or equipment in either period.

14 Intangible assets

Group	Goodwill £000	Computer software £000	Customer relationships £000	Work in progress £000	Total £000
Cost					
At 1 January 2008	6,074	2,359	514	377	9,324
Transfers	-	377	-	(377)	-
Additions	3,531	464	-	-	3,995
At 31 December 2008	9,605	3,200	514	-	13,319
Amortisation					
At 1 January 2008	-	(1,681)	(63)	-	(1,744)
Charge for year	-	(368)	(84)	-	(452)
At 31 December 2008	-	(2,049)	(147)	-	(2,196)
Net book value					
At 31 December 2008	**9,605**	**1,151**	**367**	**-**	**11,123**
At 1 January 2008	6,074	678	451	377	7,580

During the year the development of the new finance billing system was brought into use and so the associated costs have been transferred from work in progress to computer software.

Group	Goodwill £000	Computer software £000	Customer relationships £000	Work in progress £000	Total £000
Cost					
At 1 January 2007	732	2,093	-	-	2,825
Additions	5,342	266	514	377	6,499
At 31 December 2007	6,074	2,359	514	377	9,324
Amortisation					
At 1 January 2007	-	(1,354)	-	-	(1,354)
Charge for year	-	(327)	(63)	-	(390)
At 31 December 2007	-	(1,681)	(63)	-	(1,744)
Net book value					
At 31 December 2007	**6,074**	**678**	**451**	**377**	**7,580**
At 1 January 2007	732	739	-	-	1,471

The Company has no intangible assets in either period.

Impairment testing for cash generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operations which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	31 December 2008 £000	31 December 2007 £000
Holiday Lettings Limited	**8,873**	5,342
Rightmove Group Limited	**732**	732
	9,605	6,074

The recoverable amount of the HLL cash generating unit was based on its value in use. Value in use was determined by discounting the estimated future cash flows generated from the business and was based on the following key assumptions:

- Cash flows were projected based on actual operating results and the three year business plan
- Cash flows thereafter were extrapolated into perpetuity applying a growth rate of 3.0%
- The key assumption is sales growth rate based on historical growth and future plans for the business
- A pre-tax discount rate of 15.9% was applied in determining the recoverable amount based on an industry specific weighted average cost of capital

The carrying value of the £732,000 purchased goodwill in Rightmove Group Limited, arising pre-transition to IFRS, is also reviewed annually for impairment. Due to its level of significance the disclosures as required by IAS 36 Impairment of Assets have not been made.

15 Investments

The subsidiaries of the Group as at 31 December 2008 are as follows:

Company	Nature of business	Country of incorporation	Holding	Class of shares
Rightmove Group Limited	Online advertising	England and Wales	100%	Ordinary
Holiday Lettings Limited	Online advertising	England and Wales	66.7%	Ordinary
Rightmove.co.uk Limited	Dormant	England and Wales	100%	Ordinary
Rightmove Home Information Packs Limited	Dormant	England and Wales	100%	Ordinary

All the above subsidiaries are included in the Group consolidated results.

Company

Investment in subsidiary undertakings	**31 December 2008 £000**	31 December 2007 £000
At 1 January	**-**	-
Additions in the year - capital reconstruction	**537,010**	-
Additions - subsidiary equity settled share options charge (see Note 23)	**658**	-
At 31 December	**537,668**	-

As described within Note 1, Capital structure, Rightmove plc became the new holding company for the Group on 28 January 2008. The increase in the cost of investment of £537,010,000 represents the purchase of 100% of the ordinary shares in Rightmove Group Limited (formerly Rightmove plc).

Following the capital reconstruction in January 2008 all employees' share option entitlements were transferred to the new holding company, Rightmove plc. In addition certain directors' contracts of employment were transferred from Rightmove Group Limited to Rightmove plc, whilst all other employees remained employed by Rightmove Group Limited. Accordingly the IFRS 2 charge has been split in the current year between the Company and Rightmove Group Limited with £658,000 being recognised in the Company accounts as a capital contribution to its subsidiary.

16 Trade and other receivables

	Group		Company	
	31 December 2008 £000	31 December 2007 £000	**31 December 2008 £000**	31 December 2007 £000
Trade receivables	**10,194**	8,865	**-**	-
Less impairment provision	**(383)**	(91)	**-**	-
Net trade receivables	**9,811**	8,774	**-**	-
Amounts owed by related parties (see Note 27)	**154**	333	**-**	-
Other debtors	**260**	972	**-**	50
Prepayments and accrued income	**2,395**	1,079	-	-
Accrued interest receivable	**7**	44	**-**	-
	12,627	11,202	**-**	50

Exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 29.

17 Cash and cash equivalents

	Group		Company	
	31 December 2008 £000	31 December 2007 £000	**31 December 2008 £000**	31 December 2007 £000
Bank accounts	**5,091**	11,807	**-**	-
Deposit accounts	**17,968**	-	**17,050**	-
Cash and cash equivalents	**23,059**	11,807	**17,050**	-
Bank overdraft used for cash management purposes	**(172)**	-	**(172)**	-
Cash and cash equivalents in the statement of cash flow	**22,887**	11,807	**16,878**	-

Bank account balances were placed on overnight and one month deposit during the year and attracted interest at a weighted average rate of 4.2% (2007: 5.2%).

At 31 December 2006, as a result of a share capital reduction enforced by a Court Order there was a balance of £3,165,000 held in a blocked trust bank account. At 31 December 2008 this balance was £72,000 (2007: £822,000) and has been reclassified from bank accounts to other debtors. The balance at 31 December 2008 represents operating lease obligations at the date of the Court Order not yet settled.

18 Trade and other payables

	Group		Company	
	31 December 2008 £000	31 December 2007 £000	**31 December 2008 £000**	31 December 2007 £000
Trade payables	**1,225**	1,696	**2**	-
Inter-group payables	**-**	-	**35,600**	-
Accrued interest on inter-group payables balance	**-**	-	**1,226**	-
Deferred revenue	**6,413**	5,894	**-**	-
Other taxation and social security	**2,601**	3,300	**-**	-
Trade accruals	**2,112**	3,215	**-**	-
Other creditors	**67**	609	**-**	-
	12,418	14,714	**36,828**	-

Exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 29.

19 Loans and borrowings

During the period, the Company entered into a Sterling-denominated revolving loan facility of up to £40,000,000 to support its continuing share buy back programme. Under the terms of the loan agreement there is an option at maturity (April 2009) for the revolving loan facility to convert into a term loan for a further five years. The loan bears interest at LIBOR (31 December 2008: 3.28%) plus 1.5% together with a mandatory cost applied by the lender.

Group	**Fair value 31 December 2008 £000**	**Carrying value 31 December 2008 £000**	Fair value 31 December 2007 £000	Carrying value 31 December 2007 £000
Unsecured bank borrowings	**39,750**	**39,750**	-	-
Bank overdraft	**172**	**172**	-	-
Cash and cash equivalents (see Note 17)	**(23,059)**	**(23,059)**	(11,807)	(11,807)
Total net debt/(cash)	**16,863**	**16,863**	(11,807)	(11,807)

Analysis of net debt cash flows

Group	**At 1 January 2008 £000**	**Cash flow £000**	**At 31 December 2008 £000**
Cash and cash equivalents	(11,807)	(11,252)	(23,059)
Interest-bearing loans and borrowings due within one year	-	39,922	39,922
Total net debt/(cash)	**(11,807)**	**28,670**	**16,863**

Company	**Fair value 31 December 2008 £000**	**Carrying value 31 December 2008 £000**	Fair value 31 December 2007 £000	Carrying value 31 December 2007 £000
Unsecured bank borrowings	**39,750**	**39,750**	-	-
Bank overdraft	**172**	**172**	-	-
Redeemable preference shares	**-**	**-**	50	50
	39,922	**39,922**	50	50
Cash and cash equivalents (see Note 17)	**(17,050)**	**(17,050)**	-	-
Total net debt	**22,872**	**22,872**	50	50

20 Provisions

Group	Vacant leasehold property £000
At 1 January 2008	173
Provision utilised in the year	(162)
Provisions made during the year	2
At 31 December 2008	**13**
Current portion (payable within the next 12 months)	13
At 31 December 2008	**13**

The provision for vacant leasehold property relates to the former premises occupied by HLL. The provision represents the total future lease and rate payments over the remaining term of the lease. In determining the provision for the vacant leasehold property the cash flows have not been discounted as the time value of money is not significant.

The Company has no provisions in either period.

21 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		**Liabilities**		**Net**	
Group	**31 December 2008 £000**	31 December 2007 £000	**31 December 2008 £000**	31 December 2007 £000	**31 December 2008 £000**	31 December 2007 £000
Property, plant and equipment	**(91)**	(84)	**4**	2	**(87)**	(82)
Tax losses	**(66)**	-	**-**	-	**(66)**	-
Provisions	**(7)**	-	**-**	-	**(7)**	-
Intangible assets	**-**	-	**88**	108	**88**	108
Equity settled share options	**-**	(1,252)	**-**	-	**-**	(1,252)
Net tax (assets)	**(164)**	(1,336)	**92**	110	**(72)**	(1,226)

The net deferred tax asset of £72,000 at 31 December 2008 (31 December 2007: £1,226,000) is in respect of intangibles, accelerated capital allowances, tax losses carried forward and provisions.

The deferred tax asset relating to share options at 31 December 2008 is £nil (31 December 2007: £1,252,000). This decrease is due to the Company's share price reducing from £4.64 at 1 January 2008 to £1.76 at 31 December 2008.

The Company has no deferred tax assets or liabilities in either period.

Movement in deferred tax during the year:

Group	**1 January 2008 £000**	**Recognised in income £000**	**31 December 2008 £000**
Provisions	**-**	**(7)**	**(7)**
Property, plant and equipment	**(82)**	**(5)**	**(87)**
Intangible assets	**108**	**(20)**	**88**
Tax losses	**-**	**(66)**	**(66)**
Equity settled share options	**(1,252)**	**1,252**	**-**
	(1,226)	**1,154**	**(72)**

Movement in deferred tax during the prior 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	-	3	(82)
Tax losses	(689)	-	689	-	-
Intangible assets	-	(15)	-	123	108
Equity settled share options	(320)	(932)	-	-	(1,252)
	(1,241)	(800)	689	126	(1,226)

The deferred tax asset arising on equity settled share options in 2007 was recognised in the income statement to the extent that the related equity settled share options charge was recognised in the income statement.

22 Share capital

	31 December 2008 £000	31 December 2007 £000
Authorised		
200 subscriber ordinary shares of £0.01 each	**-**	-
5,000,000 non-voting preference shares of £0.01 each	**50**	50
300,000,000 ordinary shares of £4.00 each	**-**	1,200,000
300,000,000 ordinary shares of £0.01 each	**3,000**	-
Allotted, called up and fully paid		
200 subscriber ordinary shares of £0.01 each	**-**	-
5,000,000 non-voting preference shares of £0.01 each	**-**	50
120,050,873 ordinary shares of £0.01 each	**1,201**	-

On incorporation, the authorised share capital of the Company was £50,002 divided into 5,000,200 ordinary shares of £0.01 each. Of such shares, one was subscribed by the subscriber to the memorandum of association of the Company and was paid up in full in cash.

In connection with the Scheme described in Note 1, the following changes to the share capital took place:

(i) On 19 November 2007, a further 199 ordinary shares were allotted by the Company and were paid up in full in cash.

(ii) On 29 November 2007:

the remaining 5,000,000 authorised but unissued ordinary shares of £0.01 each were reclassified as non-voting redeemable preference shares of £0.01 each in the Company (the non-voting preference shares). These shares could be redeemed at any time at the discretion of the directors of the Company or at the request of the holders upon the earlier of the reduction of capital of the Company becoming effective or 30 June 2008. Upon such redemption, the Company paid to the holders the nominal amount paid up on such shares together with all accrued dividend rights;

the Company authorised and allotted 5,000,000 non-voting preference shares to Trexco Limited, a company outside of the Group. These shares were deemed to be fully paid up to their nominal amount by virtue of Trexco Limited giving an undertaking to pay 5% per annum interest and up to one pence against each share at a fixed future date. The shares carried no voting rights unless a resolution to wind up the Company or amend their terms was proposed; and

the two hundred issued ordinary shares of £0.01 each in the capital of the Company were reclassified as ordinary shares of £0.01 each whose rights were to be deferred upon the Scheme becoming effective (the subscriber ordinary shares). These subscriber ordinary shares carried the same voting rights as ordinary shares in the Company prior to the Scheme becoming effective.

(iii) On 6 December 2007, the authorised share capital of the Company was increased from £50,002 to £1,200,050,002 by the creation of 300,000,000 ordinary shares of £4.00 each in the Company.

(iv) On 23 January 2008:

(a) the 300,000,000 authorised but unissued ordinary shares of £4.00 each were cancelled; and

(b) the authorised share capital of the Company was increased from £50,002 to £1,005,050,002 by the creation of 300,000,000 ordinary shares of £3.35 each in the Company .

(v) On 28 January 2008, the Scheme became effective and 129,399,978 ordinary shares were allotted to the former holders of ordinary shares in the capital of Rightmove Group Limited pursuant to the Scheme, credited as fully paid.

(vi) On 30 January 2008:

(a) the paid up share capital of the Company was cancelled to the extent of £3.34 on each ordinary share and the nominal value of each such ordinary share was reduced from £3.35 to £0.01; and

(b) the nominal value of each unissued ordinary share was reduced from £3.35 to £0.01.

(vii) On 23 April 2008 the 5,000,000 non-voting preference shares held by Trexco Limited were redeemed and cancelled.

During the period between 1 January 2008 and 31 December 2008, 9,349,105 ordinary shares were bought back by the Group and were subsequently cancelled. Further details are disclosed in Note 23.

23 Reconciliation of movement in capital and reserves

Group	Share capital £000	Share premium £000	EBT own shares reserve £000	Treasury shares £000	Other reserves £000	Reverse acquisition reserve £000	Retained earnings £000	Total equity £000
At 1 January 2007	1,327	-	(17,663)	-	-	-	32,345	16,009
Profit for the year	-	-	-	-	-	-	18,647	18,647
Dividends to shareholders	-	-	-	-	-	-	(6,176)	(6,176)
Equity settled share options	-	-	-	-	-	-	2,331	2,331
New shares issued	-	105	-	-	-	-	-	105
Purchase of shares for treasury	-	-	-	(19,362)	-	-	-	(19,362)
EBT own shares held	-	-	514	-	-	-	-	514
Gain on exercise of share options	-	-	-	-	-	-	324	324
At 31 December 2007	1,327	105	(17,149)	(19,362)	-	-	47,471	12,392
At 1 January 2008	**1,327**	**105**	**(17,149)**	**(19,362)**	**-**	**-**	**47,471**	**12,392**
Capital reconstruction	(33)	(105)	-	19,362	-	138	(19,362)	-
Profit for the year	-	-	-	-	-	-	25,503	25,503
Equity settled share options	-	-	-	-	-	-	1,998	1,998
Dividends to shareholders	-	-	-	-	-	-	(10,358)	(10,358)
Purchase of shares for treasury	-	-	-	(11,917)	-	-	-	(11,917)
Purchase of own shares	-	-	-	(32,840)	-	-	-	(32,840)
Cancellation of own shares	(93)	-	-	32,840	93	-	(32,840)	-
Share buy back expenses	-	-	-	-	-	-	(287)	(287)
At 31 December 2008	**1,201**	**-**	**(17,149)**	**(11,917)**	**93**	**138**	**12,125**	**(15,509)**

Share buy back
In June 2007, the Group commenced a share buy back programme to purchase its own ordinary shares. The total number of shares bought back in 2008 was 11,854,535 (31 December 2007: 3,289,383) representing 10.1% (31 December 2007: 2.5%) of the issued share capital (excluding shares held in treasury). Of the 11,854,535 shares bought back in the year 9,349,105 shares were cancelled and 2,505,430 shares were transferred to treasury. The shares were acquired on the open market at a total consideration (excluding costs) of £44,757,000 (31 December 2007: £19,362,000). The maximum and minimum prices paid were 501p (2007: 617p) and 215p (2007: 525p) per share respectively.

EBT own shares reserve
This reserve represents the carrying value of own shares held in the EBT. Further details of this scheme can be found in the Remuneration Report. At the year end the EBT held 8,353,700 (2007: 8,353,700) ordinary shares in the Company of £0.01 each representing 7.1% (2007: 6.3%) of the issued share capital (excluding shares held in treasury) at 31 December 2008. All shares granted are exercisable subject to certain conditions. The market value of the shares held in the EBT at 31 December 2008 was £14,703,000 (2007: £38,761,000).

Company	Share capital £000	Treasury shares £000	Other reserves £000	Reverse acquisition reserve £000	Retained earnings £000	Total equity £000
At 1 January 2008	-	-	-	-	-	-
Share for share exchange	433,490	-	-	-	-	433,490
Capital reconstruction	(432,196)	-	-	103,520	432,196	103,520
Loss for the year	-	-	-	-	(5,637)	(5,637)
Dividends to shareholders	-	-	-	-	(10,358)	(10,358)
Equity settled share options	-	-	-	-	1,339	1,339
Capital contribution	-	-	658	-	-	658
Purchase of shares for treasury	-	(11,917)	-	-	-	(11,917)
Purchase of own shares	-	(32,840)	-	-	-	(32,840)
Cancellation of own shares	(93)	32,840	93	-	(32,840)	-
Share buy back expenses	-	-	-	-	(287)	(287)
At 31 December 2008	**1,201**	**(11,917)**	**751**	**103,520**	**384,413**	**477,968**

Following the capital reconstruction as described in Note 1 Capital structure and the granting of permission by the High Court on 30 January 2008, the share capital of the Company was reduced in connection with the Scheme by £432,196,000 and converted into distributable retained earnings.

Reverse acquisition reserve
This reserve resulted from the acquisition of Rightmove Group Limited by the Company and represents the difference between the value of the shares acquired at 28 January 2008 and the nominal value of the shares issued.

24 Share-based payments
The Group and Company operate share incentive schemes for certain senior management comprising the Rightmove Unapproved Executive Share Option Plan (Unapproved Plan) and the Rightmove Approved Executive Share Option Plan (Approved Plan). The Group 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.

The total Group charge for the year relating to employee share-based payment plans was £1,998,000 (2007: £2,331,000), all of which related to share options granted in 2006, 2007 and 2008.

Approved and unapproved plans
Full details of the share incentive plans are set out in the Remuneration Report. The assumptions used in the calculation are as follows:

Grant date	Share price at grant date (pence)	Exercise price (pence)	Expected volatility (%)	Option life (years)	Risk free rate (%)	Dividend yield (%)	Employee turnover before vesting (%)	Fair value per option (pence)
14 March 2006 (Approved)	413.50	410.00	27	7	4.5	4.0	16.0	92.00
15 March 2006 (Unapproved)	413.75	335.00	27	7	4.5	4.0	0.0	116.00
15 March 2006 (Unapproved)	413.75	335.00	27	6	4.5	3.0	16.0	130.00
12 October 2006 (Unapproved)	348.00	347.00	27	7	4.5	4.0	16.0	76.00
6 September 2007 (Approved)	613.00	597.00	32	7	5.8	2.0	17.0	228.00
6 September 2007 (Unapproved)	613.00	597.00	32	7	5.8	2.0	17.0	181.00
10 October 2007 (Unapproved)	525.00	522.00	32	6.75	5.8	2.0	17.0	189.00

Expected volatility is estimated by considering historic average share price volatility at the grant date.

	2008		2007	
Group	**Number**	**Weighted average exercise price (pence)**	Number	Weighted average exercise price (pence)
Outstanding at 1 January	**8,044,439**	**348.59**	8,475,896	336.90
Granted	**-**	**-**	415,161	569.90
Forfeited	**(739,147)**	**347.99**	(596,618)	342.67
Exercised	**-**	**-**	(250,000)	335.00
Outstanding at 31 December	**7,305,292**	**348.66**	8,044,439	348.59
Exercisable at 31 December	**1,075,819**	**335.00**	412,909	335.00

Company	2008 Number	2008 Weighted average exercise price (pence)	2007 Number	2007 Weighted average exercise price (pence)
Outstanding at 1 January	**-**	**-**	-	-
Transferred	**8,044,439**	**348.59**	-	-
Forfeited	**(739,147)**	**347.99**	-	-
Outstanding at 31 December	**7,305,292**	**348.66**	-	-
Exercisable at 31 December	**1,075,819**	**335.00**	-	-

Following the capital reconstruction in January 2008 all employees' share option entitlements were transferred to the new holding company, Rightmove plc. In addition certain directors' contracts of employment were transferred from Rightmove Group Limited to Rightmove plc, whilst all other staff remain employed by Rightmove Group Limited. Accordingly the IFRS 2 charge has been split in the current year between the Company and Rightmove Group Limited.

NI is accrued, where applicable, 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. Based on the share price at 31 December 2008 the accrual built up in prior periods has been reversed resulting in a credit to the income statement of £240,000. The charge for the year ended 31 December 2007 was £298,000.

Sharesave options

The Group operates an Her Majesty's Revenue and Customs approved Sharesave option scheme under which employees are granted an option to purchase ordinary shares in the Company at up to 20% less than the market price at invitation, in three years' time, dependent on their entering into a contract to make monthly contributions into a savings account over the relevant period. These funds are used to fund the option exercise. No performance criteria are applied to the exercise of Sharesave options. The assumptions used in the calculation are as follows:

Grant date	Share price at grant date (pence)	Exercise price (pence)	Expected volatility (%)	Option life (years)	Risk free rate (%)	Dividend yield (%)	Employee turnover before vesting (%)	Fair value per option (pence)
2 October 2006	345.75	259.00	27	3.25	4.5	3.0	16	108.00
3 October 2007	525.00	490.00	32	3.25	5.8	1.5	84	156.00
2 October 2008	253.75	255.00	32	3.25	3.0	1.5	25	59.00

Group	2008 Number	2008 Weighted average exercise price (pence)	2007 Number	2007 Weighted average exercise price (pence)
Outstanding at 1 January	**311,470**	**312.93**	272,315	259.00
Granted	**122,757**	**255.00**	73,102	490.00
Forfeited	**(159,234)**	**346.87**	(33,947)	261.66
Outstanding at 31 December	**274,993**	**267.41**	311,470	312.93
Exercisable at 31 December	**-**	**-**	-	-

Company	2008 Number	2008 Weighted average exercise price (pence)	2007 Number	2007 Weighted average exercise price (pence)
Outstanding at 1 January	**-**	**-**	-	-
Transferred	**311,470**	**312.93**	-	-
Granted	**122,757**	**255.00**	-	-
Forfeited	**(159,234)**	**346.87**	-	-
Outstanding at 31 December	**274,993**	**267.41**	-	-
Exercisable at 31 December	**-**	**-**	-	-

Following the capital reconstruction in January 2008 all employees' Sharesave option entitlements were transferred to the new holding company, Rightmove plc. In addition certain directors' contracts of employment were transferred from Rightmove Group Limited to Rightmove plc, whilst all other staff remained employed by Rightmove Group Limited. Accordingly the IFRS 2 charge has been split in the current year between the Company and Rightmove Group Limited.

25 Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	31 December 2008			31 December 2007		
Group	**Plant & Machinery £000**	**Other £000**	**Total £000**	Plant & Machinery £000	Other £000	Total £000
Less than one year	**430**	**978**	**1,408**	504	979	1,483
Between one and five years	**294**	**3,394**	**3,688**	358	3,591	3,949
More than five years	**-**	**2,527**	**2,527**	-	3,138	3,138
	724	**6,899**	**7,623**	862	7,708	8,570

The Company has no operating lease commitments in either period.

26 Capital commitments

As at 31 December 2008 the Group had committed to incur capital expenditure of £nil (2007: £212,000).

The Company has no capital commitments in either period.

27 Related party disclosures

As at 31 December 2007 there were two principal shareholders, Connells Limited and Halifax Estate Agencies Limited. Halifax Estate Agencies Limited and Connells Limited sold their remaining interests in the Company in May and December 2008 respectively. Consequently as at 31 December 2008, the Company has no principal shareholders. The Group's transactions and balances with these former shareholders for both years were as follows:

Group	**Year ended 31 December 2008 £000**	Year ended 31 December 2007 £000
Amounts owed by:		
Sequence (UK) Limited (Connells)	**55**	183
Connells Residential	**27**	62
Halifax Estate Agencies Limited	**72**	88
	154	333
Amounts invoiced to:		
Sequence (UK) Limited (Connells)	**581**	539
Connells Overseas Property Department	**2**	3
Connells Residential	**333**	291
Halifax Estate Agencies Limited	**638**	543
	1,554	1,376
Amounts invoiced by:		
Connells Residential	**-**	34

Included within trade and other receivables is £154,000 due from related parties (31 December 2007: £333,000). Trade and other payables include £nil due to former shareholders (31 December 2007: £nil).

Group	**Year ended 31 December 2008 £000**	Year ended 31 December 2007 £000
Dividends paid:		
Connells Limited	**1,912**	1,251
Halifax Estate Agencies Limited	**974**	1,065
	2,886	2,316

Inter-group transactions with subsidiaries

During the year the Company was charged interest of £1,226,000 by Rightmove Group Limited in respect of balances owing on the inter-group loan in accordance with a loan agreement dated 30 January 2008.

Directors' transactions

There were no material transactions with directors in either year other than those disclosed in the Remuneration Report. Information on the emoluments of directors, together with information regarding the beneficial interest of the directors in the ordinary shares of the Company is included in the Remuneration Report on pages 29 to 38.

Transactions with key management staff

There were no transactions in either year with key management staff.

28 Acquisitions and disposals

On 21 March 2007, Rightmove Group Limited 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 1 January 2007, the acquisition would have contributed £1,968,000 to Group revenue and £381,000 to Group profit.

All intangible assets were recognised at their fair values. The residual excess over the net assets acquired is recognised as goodwill in the financial statements. The adjustments applied to the book values of the assets and liabilities of HLL in order to present the net assets at fair values in accordance with Group accounting principles were as follows:

Net assets acquired	Note	Carrying values pre-acquisition £000	Fair value adjustments £000	Fair values £000
Non-current assets				
Property, plant and equipment	13	12	1	13
Intangible assets – customer relationships	14	-	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	21	(3)	(123)	(126)
Fair value of net assets acquired		117	(41)	76
Purchase consideration – cash				3,213
Purchase consideration – accrued expenses				3
Purchase consideration – deferred				2,202
Total consideration				5,418
Goodwill	14			5,342

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. The impact of £422,000 was reflected in current liabilities in 2007 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 were intangible assets that did not meet the definition of intangible assets under IAS 38. These items included an assembled workforce and operating synergies.

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

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 1 July 2009 based on either a multiple of EBIT per the audited accounts for the 12 months for the year ended 31 December 2008 or HLL's market value if higher. The deferred consideration in the current year has been recognised based on the directors' best estimate of likely market value for the business. This has resulted in an increase of £3,531,000 in deferred consideration and a corresponding increase in goodwill.

At 31 December 2008, £274,000 (31 December 2007: £126,000) has been charged to financial expenses representing the unwinding of the effective interest rate on deferred consideration. This results in a carrying value of £6,133,000 (31 December 2007: £2,328,000) for deferred consideration on the balance sheet.

29 Financial instruments

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

		Group		Company	
	Note	**31 December 2008 £000**	31 December 2007 £000	**31 December 2008 £000**	31 December 2007 £000
Net trade receivables	16	**9,811**	8,774	**-**	-
Amounts owed by related parties	16	**154**	333	**-**	-
Other debtors	16	**260**	972	**-**	50
Accrued interest receivable	16	**7**	44	**-**	-
Cash and cash equivalents	17	**23,059**	11,807	**17,050**	-
		33,291	21,930	**17,050**	50

The maximum exposure to credit risk for trade receivables (including related parties) at the reporting date by geographic region was:

		Group		Company	
	Note	**31 December 2008 £000**	31 December 2007 £000	**31 December 2008 £000**	31 December 2007 £000
UK		**9,879**	9,024	**-**	-
Rest of the world		**86**	83	**-**	-
	16	**9,965**	9,107	**-**	-

The maximum exposure to credit risk for trade receivables (including related parties) at the reporting date by type of customer was:

		Group		Company	
	Note	**31 December 2008 £000**	31 December 2007 £000	**31 December 2008 £000**	31 December 2007 £000
Property advertisers		**9,229**	9,038	**-**	-
Other		**736**	69	**-**	-
	16	**9,965**	9,107	**-**	-

The Group's most significant customer, a UK house builder, accounts for £444,000 of the trade receivables carrying amount at 31 December 2008. In 2007 the Group's most significant customer, a UK estate agent, accounted for £401,000 of the trade receivables carrying value.

Impairment losses

The ageing of trade receivables (including related parties) at the reporting date was:

	Group				Company			
	31 December 2008		31 December 2007		**31 December 2008**		31 December 2007	
	Gross £000	**Impairment £000**	Gross £000	Impairment £000	**Gross £000**	**Impairment £000**	Gross £000	Impairment £000
Not past due	**4,803**	**(24)**	5,501	-	**-**	**-**	-	-
Past due 0 – 30 days	**2,637**	**(49)**	2,495	(1)	**-**	**-**	-	-
Past due 30 – 60 days	**1,418**	**(53)**	521	(2)	**-**	**-**	-	-
Past due 60 – 90 days	**596**	**(67)**	451	(2)	**-**	**-**	-	-
Past due older	**894**	**(190)**	230	(86)	**-**	**-**	-	-
	10,348	**(383)**	9,198	(91)	**-**	**-**	-	-

Credit risk

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group		Company	
	31 December 2008	31 December 2007	**31 December 2008**	31 December 2007
	£000	£000	**£000**	£000
At 1 January	**91**	28	**-**	-
Provided during the year	**1,353**	91	**-**	-
Utilised during the year	**(1,061)**	(28)	**-**	-
At 31 December	**383**	91	**-**	-

The Group has identified specific balances for which it has provided an impairment allowance on a line by line basis across all ledgers, in both years. No general impairment allowance has been provided in either year.

The allowance accounts in respect of trade receivables are used to record impairment losses, unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the financial asset directly.

Liquidity risk

The Group has not entered into any derivative transactions in either year. The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Group			Group		
	31 December 2008			31 December 2007		
	Carrying amount	**Contractual cash flows**	**6 months or less**	Carrying amount	Contractual cash flows	6 months or less
	£000	**£000**	**£000**	£000	£000	£000
Unsecured bank borrowings	**39,750**	**(39,750)**	**(39,750)**	-	-	-
Trade payables	**1,225**	**(1,225)**	**(1,225)**	1,696	(1,696)	(1,696)
	40,975	**(40,975)**	**(40,975)**	1,696	(1,696)	(1,696)

	Company			Company		
	31 December 2008			31 December 2007		
	Carrying amount	**Contractual cash flows**	**6 months or less**	Carrying amount	Contractual cash flows	6 months or less
	£000	**£000**	**£000**	£000	£000	£000
Unsecured bank borrowings	**39,750**	**(39,750)**	**(39,750)**	-	-	-
Redeemable preference shares	**-**	**-**	**-**	50	(50)	(50)
Trade payables	**2**	**(2)**	**(2)**	-	-	-
	39,752	**(39,752)**	**(39,752)**	50	(50)	(50)

As described in Note 1 and Note 19 the directors expect £25,000,000 of the bank borrowings to convert into a term loan by April 2009.

Currency risk

Less than 1% of the Group's sales are non-Sterling denominated. Throughout the year the non-Sterling receivables balance has not exceeded £24,000 at any point in time. As such the Group does not present sensitivity analysis for a movement in the Sterling to Euro exchange rate, nor does the Group undertake any hedging of foreign currency exposure.

Interest rate risk

The Group has exposures to interest rate risk on its cash balances and bank overdraft. As at 31 December 2008 the Group had total cash of £23,059,000 (2007: £11,807,000) and a bank overdraft of £172,000 (2007: £nil).

The Group has exposure to interest rate risk on the revolving loan facility of £39,750,000 which bears interest at LIBOR (31 December 2008: 3.28%) plus 1.5%. A change of 100 basis points in interest rates would have increased or decreased equity by £196,000.

The Group has exposure to interest rate risk in respect of the financial liability for the deferred consideration payable for the purchase of HLL. At 31 December 2008 the value of this deferred consideration was £6,133,000 (2007: £2,328,000).

Fair values
The fair values of all financial instruments in both years are the same as their carrying values disclosed in the notes to the financial statements.

	Group 31 December 2008		Group 31 December 2007	
	Carrying amount £000	**Fair value £000**	Carrying amount £000	Fair value £000
Trade and other receivables	**12,627**	**12,627**	11,202	11,202
Cash and cash equivalents	**23,059**	**23,059**	11,807	11,807
Bank overdraft	**(172)**	**(172)**	-	-
Trade and other payables	**(12,418)**	**(12,418)**	(14,714)	(14,714)
Loans and borrowings	**(39,750)**	**(39,750)**	-	-
	(16,654)	**(16,654)**	(8,295)	(8,295)

	Company 31 December 2008		Company 31 December 2007	
	Carrying amount £000	**Fair value £000**	Carrying amount £000	Fair value £000
Trade and other receivables	**-**	**-**	50	50
Cash and cash equivalents	**17,050**	**17,050**	-	-
Bank overdraft	**(172)**	**(172)**	-	-
Trade and other payables	**(36,828)**	**(36,828)**	-	-
Loans and borrowings	**(39,750)**	**(39,750)**	-	-
Redeemable preference shares	**-**	**-**	(50)	(50)
	(59,700)	**(59,700)**	-	-

30 Contingent liabilities
The Group and the Company had no contingent liabilities in either year.

ADVISERS AND SHAREHOLDER INFORMATION

Contacts

Managing Director:	Ed Williams
Chief Operating Officer and Finance Director:	Nick McKittrick
Company Secretary:	Liz Taylor
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Financial calendar 2009

2008 full year results	27 February 2009
Final dividend record date	15 May 2009
Annual General Meeting	6 May 2009
Final dividend payment	12 June 2009
Interim Management Statement	May, November 2009
Half year results	August 2009
Interim dividend	November 2009

Registered office

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W1D 3QU
Registered in
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Corporate advisers

Financial adviser
UBS Investment Bank

Joint broker
UBS Limited
Numis Securities Limited
Auditor
KPMG Audit Plc
Bankers
Barclays Bank plc
Bank of Scotland plc
Solicitors
Slaughter and May
Pinsent Masons
Registrar
Capita Resgistrars*

***Shareholder enquiries**
The Company's registrar is Capita Registrars. They will be pleased to deal with any questions regarding your shareholding or dividends. Please notify them of your change of address or other personal information. Their address details are:

Capita Registrars
PO Box 1269
Huddersfield
HD19UT

Capita Registrars is a trading name of Capita Registrars Limited

Capita shareholder helpline: 0870 664 0300 (calls cost 10p per minute plus network extras) (overseas: +44 20 8639 3367)
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To register for e-communications please log on to the Capita Registrars website at www.capitaregistrars.com/shareholders and follow the instruction to the share portal.