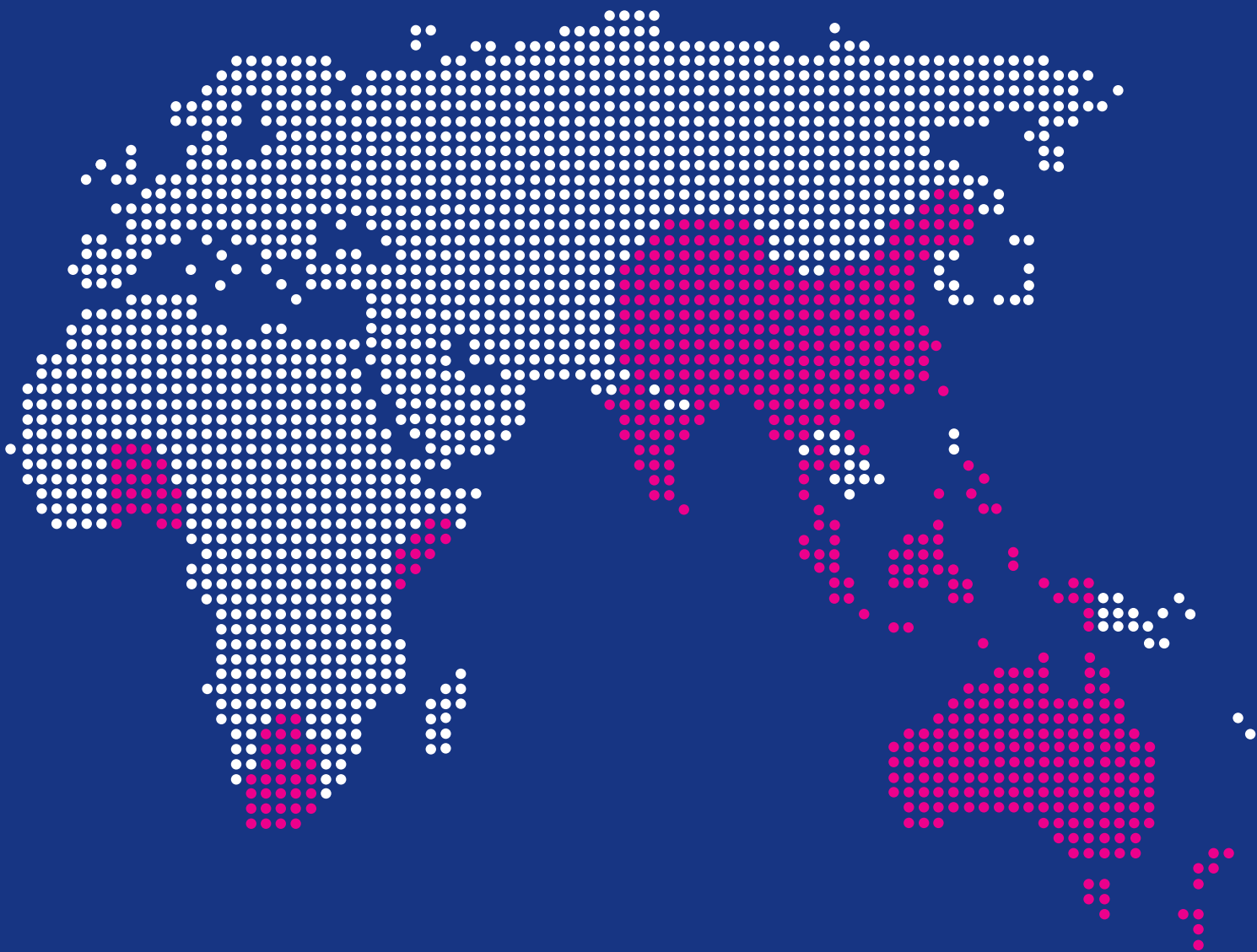




**SEEK**  
**Annual**  
**Report**  
2016

Employment  
Education  
Volunteer  
Business

# SEEK AROUND THE WORLD



# SEEK is a diverse group of companies that have a unified purpose to help people live more fulfilling and productive working lives and help organisations succeed.



SEEK is a diverse group of companies that have a unified purpose to help people live more fulfilling and productive working lives and help organisations succeed. The Group encompasses a strong portfolio of employment, education and volunteer businesses which span across Australia, New Zealand, China, India, Brazil, Mexico, Indonesia, Nigeria, Bangladesh, Philippines, Vietnam, Thailand, South Africa, Kenya, Malaysia, Hong Kong and Singapore. SEEK makes a positive impact on a truly global scale with exposure to over 4 billion people and approximately 30% of Global GDP.

We create world-class product technology solutions to address the needs of jobseekers and hirers and facilitate the matching between jobseekers and hirers across our online employment marketplaces.

Across our employment marketplaces we receive over 375 million visits to our sites every month and have over 3 million job opportunities available at any given time and over 100 million jobseeker profiles.

SEEK Learning offers trusted advice in relation to career related education and Online Education Services (OES) offers leading online education. SEEK's commitment to having a positive impact on society is reflected through the diverse range of initiatives which our businesses across the globe partake in to support the communities they operate within.

In Australia and New Zealand SEEK Volunteer is each country's largest single source of volunteering opportunities offering non-for-profit organisations free access to post volunteer opportunities for their organisations. This free marketplace is something SEEK is exceptionally proud of.

Over the 18 years of operation SEEK continues to innovate within the markets it operates in. We provide a culture of excellence and acceptance in our workplaces and celebrate the diversity of employees that contribute to the success of our organisation.



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This report covers SEEK Limited as a consolidated entity consisting of SEEK Limited (the Company) and its controlled entities. Figures in this Financial Report are expressed in Australian dollars. The Financial Report was authorised for issue by the directors on 22 August 2016. The Company has the power to amend and reissue the Financial Report.

SEEK Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered principal place of business is:

Level 6  
541 St Kilda Road  
MELBOURNE VIC 3004

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities in the Directors' Report on pages 2 to 40, which is not part of this Financial Report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the Company. All press releases, financial reports and other information are available at our Investor Centre on our website at [www.seek.com.au](http://www.seek.com.au).

## Message from the Chairman and CEO

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Dear Shareholder,

We are pleased to report that FY2016 has been another very successful year with the business achieving a record financial result. This record result was achieved despite overall subdued macro conditions and a significant reinvestment focus to increase SEEK's addressable market opportunity. We expect the re-investment to deliver strong shareholder returns over the medium to long-term.

### Delivering on our purpose

Over the last 12 months, SEEK has made significant inroads against its purpose of "Helping people live more fulfilling and productive working lives and helping organisations succeed." Across its employment, education and not-for-profit activities, SEEK continues to make a huge social and economic impact on tens of millions of people across the world. Globally the business has relationships with over 700,000 hirers, 150 million candidates and has helped over 20,000 students find courses to advance their education. Similarly, SEEK is using its capabilities and expertise to assist over 6,500 not-for-profit organisations connect with over 130,000 volunteers.

In the last 12 months SEEK has had a successful year and we are pleased to report good results across three key headings, being:

1. Record financial results in a low growth world
2. Pleasing results from SEEK's aggressive reinvestment program
3. Making a strong social contribution (beyond its day to day business activities)

More detail under each of these key headings is provided on the following pages.

### Record Financial Results

SEEK delivered record financial results with sales revenue of \$950m, EBITDA of \$367m, reported NPAT of \$179m and paid total FY2016 dividends of 40 cents.

### ANZ Employment

ANZ Employment was a highlight of SEEK's FY2016 results, achieving revenue and EBITDA growth of 15%. This result is the benefit of aggressive prior period reinvestment where new products and services have greatly expanded SEEK's offerings to hirers and candidates.

### SEEK International

SEEK International continues to perform well with the overall division achieving Revenue and EBITDA growth of 18% and 17% respectively. SEEK International now comprises over 50% of SEEK Group EBITDA reflecting that SEEK is truly an international business. The key business highlights are provided in this section; please refer to pages 5 to 9 of the Directors' Report for key financial insights.

# Message from the Chairman and CEO

## Zhaopin is continuing to extend its market leadership across hirers and jobseekers.

- The prospects continue to be bright for Zhaopin as China remains SEEK's largest and most underpenetrated market.
- Accordingly, SEEK is re-investing aggressively to grow its market leadership and innovate and develop new products at a rapid rate. For example, Zhaopin's mobile app had 215% growth in traffic and mobile now comprises 56% of total traffic.

## SEEK Asia is the clear market leader in major South East Asia markets

- SEEK Asia has achieved numerous operational and integration activities which have positioned the business for strong medium to long term growth prospects. These include:
  - Executing against its leading brands strategy;
  - Aggressive roll-out of next generation hirer products like Advertiser Centre and Talent Search across all JobStreet and JobsDB businesses;
  - Kuala Lumpur operates as a critical development hub in helping SEEK develop products and services with global applicability.
- SEEK Asia's market leadership remains very strong in its key markets. The near term focus for SEEK Asia is to re-invest to capitalise on its leadership in a large and growing market.

## Brasil Online is well positioned for future growth

- As one of the largest economies in the world, Brazil remains a very attractive market for SEEK as it is favourably leveraged to improving economic conditions.
- In preparation for an improvement in macro conditions, Brasil Online is investing in product and technology in readiness for a rebound in economic conditions.
- The business continues to lead the Group's efforts in matching and artificial intelligence which are helping to improve search speed and relevancy.

## OCC is performing very well across both Employment and Education

- OCC Employment continues to grow strongly, focused on SME penetration with a total of 12 regional offices, three of which opened in FY2016.
- Education is now profitable and has 18 partners, 310,000 leads (per annum) and c10,000 enrolments (per annum).
- OCC's focus is on further regional expansion and aggressive roll-out of global product initiatives to extend its market leadership (e.g. Company Reviews and Role Profiles).

## Education

### SEEK Learning is adapting to a new regulatory environment

- New regulatory regime for VET in Australia has impacted business performance in FY16.
- We remain confident that SEEK Learning business can evolve its business model to meet the needs of students to help them find relevant education which will assist students with their career aspirations.

- Education remains key to our purpose of helping people live more fulfilling and productive working lives.

## OES (Swinburne Online) continues to deliver strong student outcomes

- OES continues to perform very well and is benefiting from investment in student retention and sales and marketing activities.
- Investment across Vocational Education (launched four new courses) and International (launched five new courses) is expected to drive the next leg of growth.
- Exploring new partnerships both domestically and internationally also provides significant market opportunity.

## Aggressive re-investment to capture a large market opportunity

SEEK has consistently invested and evolved where we now have four concurrent phases of growth with an addressable market opportunity of approximately \$60bn (ANZ and SEEK's international footprint).

A description of the four phases of growth and an update on our progress are described more fully on pages 3 and 4 of the Directors' Report.

In essence, SEEK is investing within each business to capture significant opportunities across:

- **Phase 1 & 2:** Grow online ads (volume and yield opportunity) in all our online employment marketplaces. Focus on growing synergies between our employment businesses and SEEK Learning business models across Australia, Mexico, Brazil and Malaysia. The focus here is for SEEK to invest in brand, sales and marketing to capitalise on its market leadership.
- **Phase 3:** Expand and aggressively roll-out and scale up our suite of next generation talent sourcing products. This refers to products like Advertiser Centre, Premium Talent Search, Company Reviews, where each product in its own right is adding significant value by solving complex problems. ANZ Employment is most advanced in its Talent Sourcing strategy and seeing the direct financial benefits of this strategy. The strong financial and operational results achieved in ANZ Employment augurs well for SEEK's International businesses as they begin their business model evolution.
- **Phase 4:** SEEK has made investments in strategic businesses like Sidekicker, Workana and Ximble. The common thread between these investments is they are solving large problems across engaging and co-ordinating large pools of labour. As standalone businesses, they are achieving strong but early stage growth. In the future, when combined across SEEK's footprint of over 700,000 hirers and 150 million candidates they have the potential to solve big labour issues at significant scale.

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## Making a positive contribution beyond SEEK's day to day business activities

SEEK continues to make a positive contribution to society across several activities. SEEK is proud to be able to contribute both financially and also in kind through the efforts of our employees. Our key activities include:

### Small Change workplace program

SEEK employees are among the most generous in Australia - data from the Australian Charities Fund's 'One Million Donors' campaign ranked SEEK the second most giving ASX listed company based on proportion of employees donating via workplace giving. 57% of SEEK employees participate in the program and SEEK matches every employee donation dollar for dollar.

### SEEK Volunteer

SEEK Volunteer has recently celebrated its first anniversary in New Zealand and has quickly become the largest volunteering marketplace in that country. Over 500 organisations have registered, over 11,000 expressions of interest have been sent to organisations needing help and there are now over 700 volunteer opportunities currently listed nationally. After 16 years of operating in Australia, SEEK Volunteer now supports over 6,000 organisations per annum in their search for volunteers and helps over 120,000 volunteers per annum connect with these organisations.

In addition, SEEK is committed to the cultural and gender diversity of our employees through a number of initiatives as detailed on pages 6 to 8 of our 2016 Corporate Governance Statement, which is available on our website.



Neil Chatfield  
Chairman

## Thanks to those that make SEEK a success

SEEK would like to thank its candidates, hirers, students and shareholders for their continued support in the past year. The Company is investing aggressively to improve the SEEK experience which in turn we believe will lead to strong shareholder returns.

SEEK's continued growth and evolution towards its purpose would not be possible without the support of its Board, the Executive team and the strong contributions of over 6,000 talented and hard working employees across all of SEEK's markets. SEEK has developed a strong Executive team designed to support the long-term growth strategy of the company.

Through investment and execution against SEEK's strategic growth plans, the business will be well positioned to deliver more value to candidates, hirers and students and strong returns to shareholders across the medium to long term.



Andrew Bassat  
CEO

# Directors' Report

## OUR PURPOSE

TO HELP PEOPLE LIVE MORE FULFILLING AND PRODUCTIVE WORKING LIVES AND HELP ORGANISATIONS SUCCEED

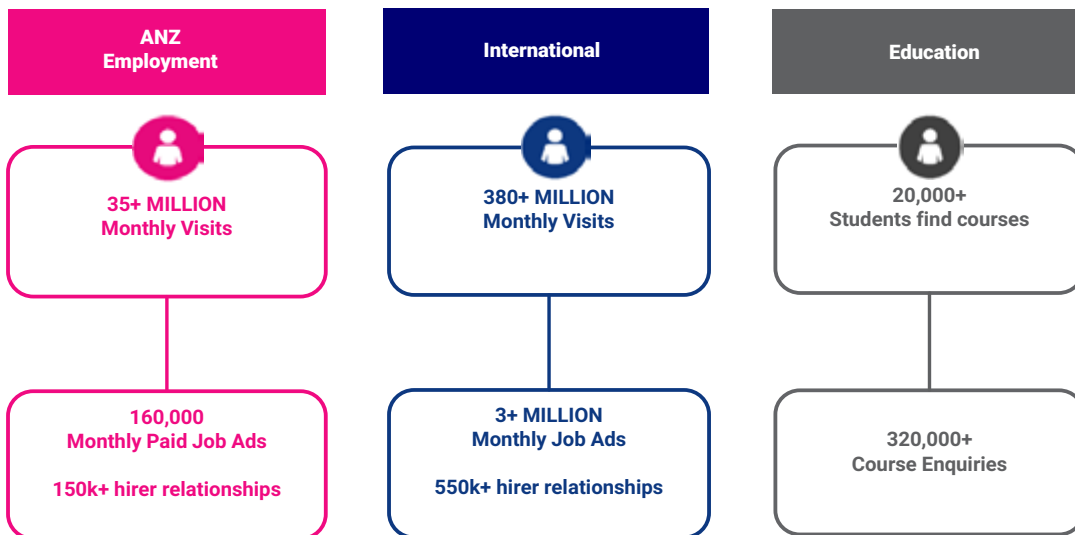
Your directors present their report on the consolidated entity (referred to hereafter as the Group or SEEK), consisting of SEEK Limited and the entities it controlled at the end of, or during, the year ended 30 June 2016.

## Principal activities

During the year the principal activities of the Group consisted of:

- online matching of hirers and candidates with career opportunities and related services;
- investing in early stage businesses and technologies which are in or adjacent to the core online employment marketplace; and
- distribution and provision of vocational training and higher education courses.

SEEK is having a global impact improving people's lives across employment and education





## Business strategies and prospects

### OUR VISION

TO BE THE BEST IN THE WORLD IN ONLINE EMPLOYMENT BY:

- MATCHING MORE PEOPLE WITH JOB OPPORTUNITIES THAN ANY OTHER ORGANISATION IN EACH MARKET IN WHICH WE OPERATE; AND
- BEING THE MOST TRUSTED PARTNER FOR ADVICE ON, AND ACCESS TO, RELEVANT CAREER RELATED EDUCATION.

Throughout SEEK's history the business has continued to evolve and expand. We think about SEEK's growth trajectory in four growth horizons.

#### Phase 1: Australia and New Zealand Online Employment marketplaces

The focus during this period was SEEK building the leading online employment marketplace. SEEK was the disruptor to print classifieds "rivers of gold" and by using the internet and technology, SEEK was able to build a low cost and highly effective online employment market place which continues to hold market leadership on key metrics such as:

- Over 35 million monthly visits;
- 73% brand awareness (lead of more than twice that of SEEK's nearest competitor);
- 33% share of placements (over 8 times more than SEEK's nearest competitor).

There are still opportunities for SEEK to grow its share of ad volume and revenue from print across areas such as government, regional and trades and services.

#### Phase 2: Education and International Online Marketplace expansion

The key areas of focus for SEEK over the last 9 years have been:

- Leveraging its assets and capabilities in online employment marketplaces into adjacent education businesses; and
- Leveraging its experience and capabilities in acquiring and operating international online employment market places.

SEEK has been successful in these expansion activities as evidenced by:

- Acquiring and operating leading online employment marketplaces which have exposure to over 4 billion people and approximately 30% of global GDP;
- Expanding SEEK Learning from a \$3m investment into a business that has generated cumulative EBITDA of \$150m;
- The strategic positioning and knowledge gained from operating SEEK Learning led to the genesis of Online Education Services (OES, formerly known as Swinburne Online) which is now a market leader in online adult education. The financial returns from OES have been strong where SEEK invested \$5m in capital for a business that now earns sales revenue of \$100m and EBITDA of \$34m.

In SEEK's International businesses, there are still substantial growth opportunities across a few key levers, being:

1. Substantial volume and over time yield opportunities in online employment advertising
2. SEEK's International education businesses are still in early stages of roll-out but performing very strongly

Similarly across SEEK's Australian Education offerings, there are opportunities to expand the course offering and value proposition of SEEK Learning and within OES there are large growth opportunities across Australia in higher and vocational education and also from international course expansion.

#### Phase 3: Talent Sourcing / Placement Strategy

In the last 5 or so years, SEEK has re-defined success for its online employment marketplaces where the focus is now

*"Being the market leader in terms of job placements"*

where placements are defined as the SEEK online employment business being the key source of placed candidates (referred to as "Placement Strategy").

In order for each of SEEK's businesses to grow a greater share of placements, its areas of strategic focus and reinvestment have been across the following:

1. Maintain / Grow market leadership

Whilst placements is the key metric in terms of market leadership, the forward looking indicators to placements are:

- (i) share of visits;
- (ii) share of unique and relevant job ads; and
- (iii) unaided brand awareness.

These metrics are the critical inputs to maintain the network effect between "hirers" and "candidates" where all the jobseeker visits lead to all the hirer job placements and vice versa.

An important part of SEEK growing the network effect is that SEEK provides the best "search and matching experience" whereby through product and search technology, SEEK is matching the most relevant candidate or job opportunity to both hirers and jobseekers.

# Directors' Report

## Business strategies and prospects continued

- Capturing more data and delivering more insights to candidates and hirers

To ensure SEEK is providing the "best search and matching experience" it is important to have the most relevant and up to date data on candidates and hirers. When breadth and depth of candidate data is applied against "leading search and matching algorithms", SEEK can then provide hirers with the most relevant candidates and vice versa (most relevant opportunities to candidates). In turn, this increases efficiencies in the talent sourcing process.

Similarly, if SEEK can become more embedded by helping hirers find the most relevant candidates in a faster and more effective way, this also decreases the "switching costs" for hirers, allowing SEEK to capture greater insights on where and how hirers are using its services.

- Data and insights captured form the foundation for new products and services
  - Candidates: The more data that SEEK captures on candidates, the better placed it is to provide the most relevant career and/or education insights and opportunities to assist candidates fulfil their career potential. These career insights will increase usage of SEEK and grow its reputation as the trusted source for all things career-related. The strategic benefit is that this strengthens SEEK's "network effect".
  - Hirers: The breadth and depth of data that SEEK captures helps SEEK develop value add products which further improve efficiencies and effectiveness in the hiring process. For example, tools such as the advertiser centre (candidate management tool), combined with other products such as role requirements and premium talent search aim to help hirers reduce the pool of candidates from say 50-100 to 5-10 of the most relevant candidates.

SEEK's Australia & New Zealand (ANZ) employment business is most advanced in the Placement Strategy. A key focus for SEEK's International businesses is to leverage the ANZ experiences, learnings and technical expertise into their respective businesses and accelerate their business evolution.

### Phase 4: Human Capital Management

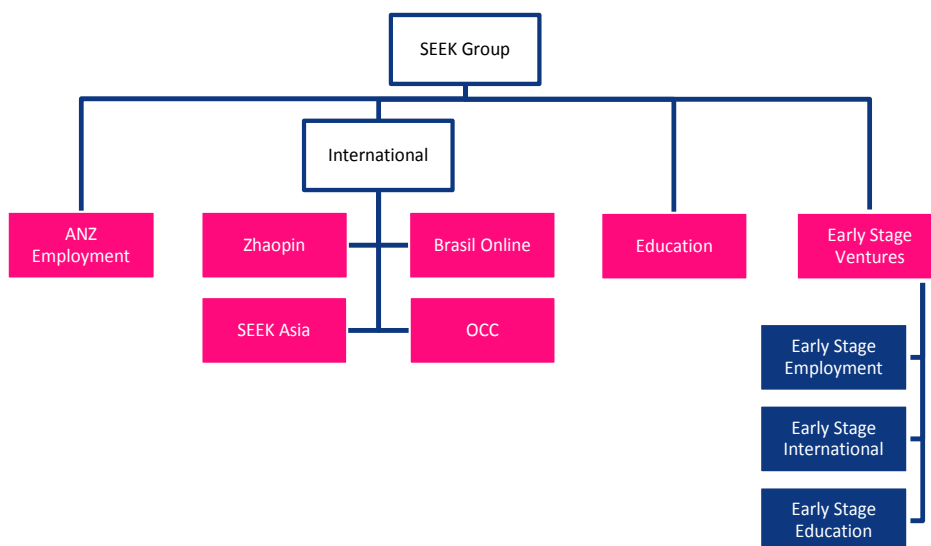
In the last 12-18 months, SEEK has identified large market opportunities in the Human Capital Industry across both its ANZ business and its international businesses.

There are areas of the market that are either occurring at a high cost and/or being performed offline or in an inefficient manner. SEEK believes that via technology and data, its experience in building online marketplaces and relationships with hirers and candidates positions the business to solve large and complex problems for hirers and candidates.

Given SEEK's unique capabilities and the size of the market opportunity, SEEK is investing in building products or services and also making strategic investments (e.g. Workana, Sidekicker and Ximble).

## Business structure

The Group's business structure is shown below.



## Review of operations

A summary of consolidated results is set out below:

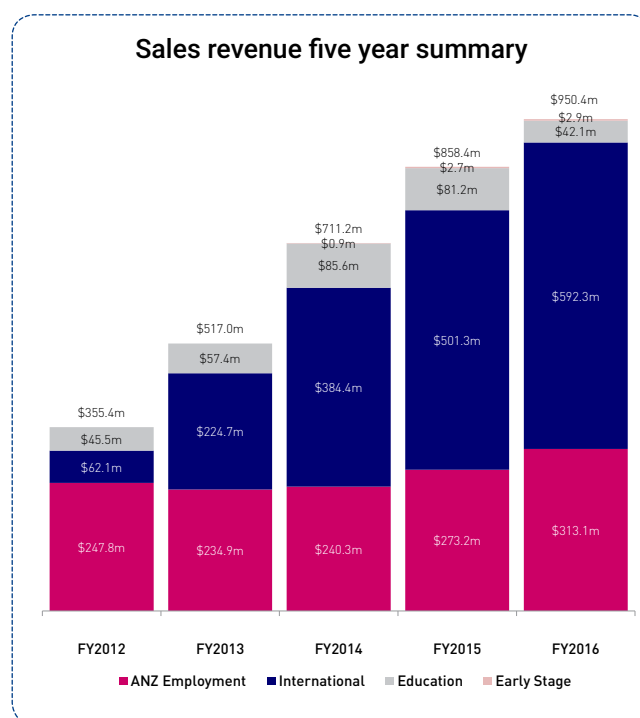
	2016 \$m	2015 \$m
<b>Sales revenue</b>	<b>950.4</b>	858.4
<b>Segment EBITDA<sup>(1)</sup></b>	<b>366.7</b>	348.9
Depreciation and amortisation	(53.4)	(43.2)
Net interest	(21.3)	(17.0)
Share-based payments and other LTI	(18.4)	(18.7)
Share of results of equity accounted investments <sup>(2)</sup>	12.2	24.3
Other items	8.9	1.2
Income tax expense <sup>(3)</sup>	(72.9)	(68.7)
Non-controlling interests <sup>(4)</sup>	(42.9)	(40.0)
<b>Profit attributable to owners of SEEK Limited (before significant items)</b>	<b>178.9</b>	186.8
Significant items	178.2	94.4
<b>Profit for the year attributable to owners of SEEK Limited</b>	<b>357.1</b>	281.2

1. Segment EBITDA is earnings before interest, tax, depreciation and amortisation and excludes share of results of equity accounted investments, share-based payment expense, gains/losses on investing activities, and other non-operating gains/losses.
2. FY2015 share of results of equity accounted investments excludes share of loss of \$2.6m relating to JobStreet, which is included in 'significant items'.
3. FY2016 income tax expense excludes \$84.5m tax expense linked to the disposal of IDP, which is included in 'significant items'.
4. FY2016 profit allocated to non-controlling interests has been reduced by \$0.6m and FY2015 increased by \$6.0m, relating to non-controlling interest's share of significant items.

SEEK achieved another strong result for the year ended 30 June 2016 ("FY2016") with growth in both sales revenue (up 11%) and EBITDA (up 5%) compared to the year ended 30 June 2015 ("FY2015") whilst significantly reinvesting across the Group.

The key drivers for revenue and earnings growth across the Group were:

- ANZ Employment: Revenue growth of 15% and EBITDA growth of 15% driven by strong growth in both job ad volume, yield, prominence and other products;
- SEEK Asia: Revenue growth of 35% and EBITDA growth of 54% which benefited from a full year of consolidation for JobStreet in FY2016 compared to only 7.5 months in FY2015 and realisation of cost synergies;
- Zhaopin: Revenue growth of 30% and EBITDA growth of 19% driven primarily by strong growth in unique hirers, offset by reinvestment in product, sales and marketing;
- SEEK Learning had a reduced financial result due to heightened competition alongside the transition to a new regulatory environment in the Vocational Education and Training ("VET") sector; and
- Translation of offshore results to AUD were favourably impacted by the declining AUD exchange rate.



Profit attributable to the owners of SEEK Limited was \$357.1m (30 June 2015: \$281.2m). FY2016 and FY2015 were impacted by the following significant items:

- FY2016: Gain on sale of SEEK's interest in IDP Education Pty Ltd (IDP) of \$181.7m post-tax and net of transaction costs, less other financing costs of \$2.2m relating to SEEK's acquisition of additional ownership interest in SEEK Asia and \$1.3m costs associated with the non-binding proposals for Zhaopin.
- FY2015: Gain on step-acquisition of JobStreet of \$89.7m net of transaction costs, and a one-off foreign currency gain of \$4.7m.

When adjusted for the significant items above, profit attributable to the owners of SEEK Limited would have been \$178.9m in FY2016 (FY2015: \$186.8m), reflecting a decrease of \$7.9m.

If the results of early stage ventures were excluded (FY2016: loss of \$19.2m, FY2015: loss of \$6.2m), the profit attributable to the owners of SEEK Limited would have increased from \$193.0m in FY2015 to \$198.1m in FY2016.

# Directors' Report

## Review of operations continued

### Australia & New Zealand (ANZ) Employment

	2016 \$m	2015 \$m	Growth	
			\$m	%
<b>Sales revenue</b>	<b>313.1</b>	273.2	39.9	15%
<b>EBITDA</b>	<b>177.8</b>	154.2	23.6	15%
EBITDA margin (%)	<b>57%</b>	56%		

ANZ Employment achieved revenue growth of 15%, its highest growth in five years despite subdued macro economic conditions. The strong revenue result validates the ongoing reinvestment strategy with the majority of revenue growth attributable to yield increases, new products and product and service enhancements.

Operating expenses grew 14% reflecting continued investment, although this was slightly lower than expectations. SEEK expects continued re-investment to support an exciting pipeline of new products and services to be launched in FY2017.

ANZ Employment is making strong inroads towards its vision of being the first choice for careers and talent.

Key achievements in candidate value and engagement:

- Over 5m searchable candidate profiles (3.6m one year ago and 30,000 in March 2011);
- Mobile accounts for approximately 60%+ of total visits;
- Approximately 3.5m candidates received personalised job recommendations on a daily basis;
- Company Reviews has 265,000 reviews collected thus far.

Key achievements in hirer engagement:

- 145,000 clients using the Advertiser Centre (our candidate management tool);
- Approximately 6,000 clients using Talent Search and over 500 using Premium Talent Search;
- Role requirements included in 90% of SME ads, allowing SEEK to collect millions of pieces of proprietary data; and
- SEEK's investment focus is strengthening the value proposition with clear market leadership in placements (33%) and brand awareness (73%).

## International

International's financial contribution is a large and growing part of the Group, comprising 62% of Group sales revenue and 53% of EBITDA in FY2016.

	2016 \$m	2015 \$m	Growth	
			\$m	%
<b>Sales revenue</b>	<b>592.3</b>	501.3	91.0	18%
Zhaopin	<b>329.1</b>	252.8	76.3	30%
SEEK Asia	<b>141.8</b>	104.7	37.1	35%
Brasil Online	<b>91.7</b>	119.3	(27.6)	(23%)
OCC	<b>29.7</b>	24.5	5.2	21%
<b>EBITDA</b>	<b>193.1</b>	164.5	28.6	17%
Zhaopin	<b>79.7</b>	67.0	12.7	19%
SEEK Asia	<b>75.8</b>	49.1	26.7	54%
Brasil Online	<b>34.0</b>	43.7	(9.7)	(22%)
OCC	<b>9.3</b>	7.8	1.5	19%
Other costs	<b>(5.7)</b>	(3.1)	(2.6)	84%
<b>EBITDA margin (%)</b>	<b>33%</b>	33%		
Zhaopin	<b>24%</b>	27%		
SEEK Asia	<b>53%</b>	47%		
Brasil Online	<b>37%</b>	37%		
OCC	<b>31%</b>	32%		

Revenue growth of 18% and EBITDA growth of 17% on FY2015 were driven by:

- Strong organic growth in Zhaopin and OCC;
- SEEK Asia achieving solid organic revenue growth from leading brands and strong EBITDA growth realised from integration benefits. FY2016 also benefited from a full year of consolidation of JobStreet; and
- Brasil Online achieved reasonable results in local currency in the context of depressed macroeconomic conditions, but reported results were significantly affected by exchange rate appreciation of the Australian Dollar versus the Brazilian Real.

On a constant currency basis, SEEK International would have achieved revenue growth of 15% and EBITDA growth of 15%.

Key operating highlights:

#### Zhaopin:

- In local currency terms, achieved strong revenue growth of 19% reflecting growth in market share and reinvestment benefits. EBITDA growth of 9% is below revenue growth due to investment in product, technology, sales and marketing;
- Strong growth in market leadership with Unique Hirers growing 22% compared to FY2015 and clear leadership across candidate metrics; and
- New product and adjacent offerings performing well and increasing hirer penetration across white collar and high-end markets and growing candidate engagement.

#### SEEK Asia:

- Reported revenue and EBITDA results were favourably impacted by the full year consolidation of JobStreet in FY2016 (compared with 7.5 months in FY2015);
- Underlying results (constant currency basis) were solid with revenue growth of 8% and EBITDA growth of 16% from leading brands despite macro economic softness across Hong Kong, Malaysia and Singapore. Core job posting revenue growth was 11%;
- Tier 2 brands (second brand in country) are being managed for profitability and achieved EBITDA growth of 24%;
- Maintained strong market leadership with sizeable lead over key international and local players across all key markets; and
- Continuing to evolve its product and service suite with the successful roll-out of Talent Search across all businesses and launch of a new advertiser centre in JobStreet.

### Brasil Online:

- A reasonable result achieved in depressed economic conditions where GDP growth was down 5% which was the worst GDP result in 25 years;
- Brasil Online's contribution to Group financial results was significantly impacted by the Australian dollar appreciating against the Brazilian Real which resulted in a revenue decline of 23% and an EBITDA decline of 22%;
- In local currency, Brasil Online achieved a relatively resilient result with an 8% decline in sales revenue and 7% decline in EBITDA, with the core jobseeker revenue result proving to be relatively resilient and the employer-pays revenue being adversely impacted; and
- Brasil Online is making significant advancements in matching technology and artificial intelligence with this intellectual property being leveraged across the Group.

### OCC:

- A very strong financial result underpinned by successful execution of key strategic initiatives such as focus on small and medium enterprise penetration and investment in products and technology;
- On a local currency basis, sales revenue grew by 28% and EBITDA grew by 25% with the strong financial results underpinned by strong growth across both employment and education; and
- OCC is investing for future growth which meant that EBITDA growth was slightly below revenue growth.

## Education

The Education segment includes SEEK Learning and a share of net results from OES (50%) and IDP (50%), until the disposal of IDP in November 2015.

	2016 \$m	2015 \$m	Growth	
			\$m	%
<b>Sales revenue</b>	<b>42.1</b>	81.2	(39.1)	(48%)
<b>EBITDA</b>	<b>5.0</b>	32.5	(27.5)	(85%)
EBITDA margin (%)	<b>12%</b>	40%		
<b>Share of results of equity accounted investments</b>	<b>20.8</b>	25.7	(4.9)	(19%)

### IDP

- SEEK sold its 50% stake in IDP as part of IDP's Initial Public Offering ("IPO") in November 2015, which resulted in SEEK recording a gain on sale of \$181.7m (net of tax and transaction costs).

### SEEK Learning

- SEEK Learning's financial results were impacted by the adoption of a new regulatory environment in the VET sector.
- The two main drivers of the revenue decline were:
  - i) decrease in VET fees which are now spread over a minimum of 3 enrolment periods, compared with prior years where 100% of the fees were recognised upfront; and
  - ii) additional entry requirements and processes impacted the number of enrolments.
- SEEK Learning's financial result in H2 FY2016 is expected to be the bottom of the cycle.

### Online Education Services (OES)

- OES has had another very strong financial result with revenue growth of 28%, EBITDA growth of 19% and SEEK share of NPAT of \$12.6m;
- The result was underpinned by strong growth in total students (both new enrolments and retention of existing students); and
- EBITDA growth was close to revenue growth as OES is investing in new growth opportunities across VET, International Education and education software.

# Directors' Report

## Early Stage Ventures

SEEK is investing in early stage businesses to drive the next wave of earnings growth.

- Early Stage - Employment comprises a portfolio of small investments that provide products and services which sit in or 'adjacent' to the core online employment marketplace.
- Early Stage - International comprises investments in early stage businesses in high growth markets including India and Africa.
- Early Stage - Education comprises early stage international education operations in Brazil and Asia and costs associated with driving SEEK's international education expansion.

	2016 \$m	2015 \$m	Growth	
			\$m	%
Sales revenue	2.9	2.7	0.2	8%
EBITDA	(9.2)	(2.3)	(6.9)	296%
Share of results of equity accounted investments	(9.1)	(4.0)	(5.1)	(8%)

\* Refer to note 1(a) to the financial statements for a reconciliation between EBITDA and the loss for the year (\$19.2m, FY2015: \$6.2m).

Key highlights:

- SEEK's adjacent technology asset Jora expanded into several new markets and is now partnering with SEEK Asia, Brasil Online and OCC;
- SEEK has invested in a number of startups to expand its opportunity in the wider Human Capital Management industry including Ximble, Sidekicker and Workana;
- One Africa Media and Babajob are making inroads into building leading positions in low salary marketplaces in Africa and India; and
- During the year SEEK successfully launched Catho Education (in Brazil) and JobStreet Education, a similar model in SEEK Asia (Malaysia).

## Analysis of other key items below EBITDA

	2016 \$m	2015 \$m	Movement	
			\$m	%
Depreciation	(13.7)	(11.8)	(1.9)	(16%)
Amortisation	(39.7)	(31.4)	(8.3)	(26%)
Gain on step acquisitions	-	100.3	(100.3)	n/a
Gain on disposal of equity accounted investment	279.7	-	279.7	n/a
Transaction costs	(15.3)	(14.0)	(1.3)	(9%)
Other financing activities	6.6	5.9	0.7	(12%)
Share-based payments and other LTI	(18.4)	(18.7)	0.3	2%
Net interest	(21.3)	(17.0)	(4.3)	(25%)

Key highlights:

- Depreciation and amortisation have both increased, reflecting both current and prior period reinvestment in product and technology, and recognition of the amortising intangibles as a result of the acquisition of JobStreet;
- The gain on disposal (\$279.7m pre-tax) represents the sale of SEEK's stake in IDP as part of its IPO, with an associated \$13.5m of transaction costs;
- Other financing activities (income of \$6.6m) relates to the settlement of foreign currency derivative contracts, less the write-off of previously capitalised borrowing costs (\$4.9m) on refinancing the borrowing facilities in SEEK Asia; and
- Net interest expense has increased as a result of increased level of borrowings which were drawn down part way through FY2015 to fund SEEK's acquisition of JobStreet.

## Financial position

	2016 \$m	2015 \$m
Cash and cash equivalents	504.9	449.6
Other current assets	232.1	192.6
Intangible assets	2,388.3	2,409.6
Equity-accounted investments	81.0	132.4
Other non-current assets	72.1	116.9
<b>Total assets</b>	<b>3,278.4</b>	3,301.1
Current borrowings	71.1	214.9
Non-current borrowings	751.6	769.3
Unearned income	226.5	204.3
Creditors and provisions	404.6	311.7
Shareholders equity	1,824.6	1,800.9
<b>Total liabilities and equity</b>	<b>3,278.4</b>	3,301.1

At 30 June 2016, SEEK had:

- total assets of \$3,278.4m of which 73% related to long-life intangible assets (goodwill, brands and licences) arising from business combinations, with the remainder relating primarily to cash, equity accounted investments, and trade receivables; and
- total liabilities of \$1,453.8m of which 56% related to borrowings, with the remainder relating to unearned income, tax, and trade and other payables.

At 30 June 2016, the Group's current assets exceeded its current liabilities by \$162.0m.

### Key balance sheet movements

Significant movements during the year were largely related to the sale of IDP and the increased investments in SEEK Asia and Brasil Online.

*Intangible assets:* decreased \$21.3m to \$2,388.3m as increased capitalisation of development costs was offset by amortisation and exchange differences.

*Borrowings:* decreased \$157.3m to \$822.7m as the proceeds from the sale of IDP were partly offset by SEEK's increased investments in SEEK Asia and Brasil Online.

*Unearned income:* increased \$22.2m to \$226.5m due to increased sales and cash collection, mostly in Zhaopin.

### Net debt

Net debt at 30 June 2016 was \$189.5m (\$185.3m net of capitalised borrowing costs) and is further discussed in note 7 to the financial statements.

SEEK's borrowings now comprise a combination of facilities across SEEK Limited, Zhaopin Limited and SEEKAsia Limited:

- SEEK Limited has an unsecured syndicated facility comprising two tranches of A\$518.0m and US\$273.0m respectively;
- Zhaopin Limited has entrusted loan facilities with a limit of US\$30.0m; and
- SEEKAsia Limited has a syndicated multi-currency debt facility, comprising SG\$130.8m and HK\$480.7m.

At 30 June 2016, \$826.9m of the total available facilities were drawn down, with \$311.1m available in undrawn capacity.

## Cash flow

The table below summarises cash flow movements for the year, before foreign exchange movements.

	2016 \$m	2015 \$m
Cash generated from operations	416.4	380.0
Transaction costs	(15.3)	(16.2)
Finance costs and taxes paid	(66.2)	(82.4)
<b>Net cash from operating activities</b>	<b>334.9</b>	281.4
Disposal of equity accounted investment	331.6	-
Acquisition of subsidiaries (net of acquired cash)	(15.5)	(512.9)
Dividends received	29.5	29.9
Capital expenditure (intangible assets and plant and equipment)	(54.9)	(56.7)
Acquisition of interests in associates	(21.2)	(24.1)
Investment in financial asset	(2.3)	-
<b>Net cash from investing activities</b>	<b>267.2</b>	(563.8)
Net change in borrowings	(184.7)	509.1
Dividends paid to shareholders of SEEK Limited	(130.9)	(120.2)
Dividends paid to non-controlling interests	(9.2)	(24.7)
Acquisition of additional interest in subsidiary	(181.0)	(157.7)
Contribution from non-controlling interest	-	100.1
Other financing activities	(20.1)	13.8
<b>Net cash from financing activities</b>	<b>(525.9)</b>	345.1
<b>Net increase in cash and cash equivalents</b>	<b>76.2</b>	62.7

Cash generated from operations increased 9.6% to \$416.4m and represented an EBITDA conversion ratio of 113%. This was in line with the previous year's ratio of 112%.

### Key cash flow movements

*Net cash used in investing activities:* increased to an inflow of \$267.2m due to proceeds from the sale of IDP (\$331.6m).

*Net cash from financing activities:* outflow of \$525.9m is due to repayment of borrowing facilities as well as acquisition of additional interests in SEEK Asia and Brasil Online.

# Directors' Report

## Significant changes in the state of affairs

### Sale of interest in IDP Education Pty Ltd (IDP)

On 25 November 2015, IDP was successfully listed on the Australian Stock Exchange (ticker "IEL").

IDP has been a very strong investment for SEEK. As it was not synergistic with the Group's other online businesses, SEEK sold its entire 50% stake in IDP as part of the IPO, generating gross proceeds of \$331.6m.

IDP was accounted for as an associate until the date of disposal. SEEK has recognised a gain of \$181.7m (net of tax of \$84.5m and transaction costs of \$13.5m) on disposal of its investment.

### Increased stake in SEEK Asia

On 23 June 2016, SEEK increased its ownership in SEEK Asia from 80.8% to 86.3%. The increase in ownership was funded by using SEEK Asia's debt facility (a natural currency hedge) to undertake a buy-back of shares. The total investment was US\$58.4m (A\$77.8m at the exchange rate on the date of the transaction).

### Increased stake in Brasil Online

On 23 June 2016, SEEK invested US\$77.4m (A\$103.2m at the exchange rate on the date of the transaction) in Brasil Online and increased its ownership to 100%. The investment was funded by SEEK's existing cash and debt facilities.

### Increased stake in One Africa Media (OAM)

In October 2015, SEEK made an additional US\$5.0m investment in OAM (A\$6.9m at the exchange rate on the date of the transaction) taking SEEK's ownership in OAM to 30.6%.

On 14 June 2016, SEEK invested a further US\$2.0m (A\$2.7m at the exchange rate on the date of the transaction) in OAM, resulting in an increased ownership of 34.6%.

## Zhaopin non-binding proposals

On 19 January 2016, Zhaopin Limited, SEEK's New York Stock Exchange listed subsidiary, received a non-binding proposal from CDH V Management Company Limited and Shanghai Goliath Investment Management LP to acquire all outstanding shares in Zhaopin Limited other than those owned by SEEK Limited in a taking private transaction.

On 5 May 2016, Zhaopin Limited received a second non-binding proposal from a consortium comprising Sequoia China Investment Management LLP and certain executives of Zhaopin Limited to acquire all outstanding shares in Zhaopin Limited other than those already owned by members of the consortium.

SEEK is continuing discussions with numerous parties.

## Principal risks

The following are key risks that may impact SEEK's financial and operating result in future periods:

- A prolonged decline in job ad volumes, as a result of a downturn in the employment markets in which the Group operates. To mitigate the impact of this risk, we continually build flexibility into our business, invest in our people and culture, and adopt agile development methodologies so we may remain nimble and quickly capitalise on new opportunities as they arise;
- New disruptive business models entering the market and/or existing competitors increasing their market share. To mitigate the impact of this risk we focus on ensuring our products and services provide market leading user experience and features for our advertisers, candidates and students;
- A prolonged interruption to SEEK's IT operations as a result of a natural disaster or other unforeseen event including cyber attacks. To manage this risk we have developed and tested our disaster recovery capability and procedures, implemented high availability infrastructure and architectures, and continually monitor our systems for signs of poor performance, intrusion or interruption;
- Failure to protect data privacy, resulting in significant legal action, damage to SEEK's reputation and loss of significant customers. To minimise the impact of these risks we have implemented appropriate IT security measures; including preventative, detective and responsive capabilities;
- Changes in regulation which adversely impact: the provision of education; government supported student funding; or adversely impact the supply of students in the markets in which SEEK's education businesses operate. To mitigate the impact of these risks we ensure we are informed of all potential changes in the relevant sectors, ensure our operations are sufficiently scalable and efficient to meet the volume of activity, and our engagement with our education providers and potential students is timely and adequate in order to understand and exceed their expectations;
- Exposure to regulatory, legal, political and macro-economic risks operating in international markets. We mitigate this risk by keeping abreast of international issues, changes in legislation, and by regularly providing training in key areas to relevant staff. Most of these risks are outside of our control, and are mitigated by spreading our risk and investments across a wide range of countries and investments of varying sizes and value.

## Dividends

Dividends paid or declared by the Company to shareholders during the financial year are set out in note 18 to the Financial Statements on page 78.



## Sustainability Statement

SEEK is proud of its ongoing focus, efforts and investment that enable it to have a positive impact on society and create a community where everyone feels valued. SEEK contributes to the wider community in many ways, including:

- through SEEK Volunteer, the leading volunteer marketplace in Australia and New Zealand;
- by providing internal opportunities for employees to volunteer in the community; and
- dollar matching every donation employees make through its Small Change workplace giving program.

In addition and as part of its every day operations, SEEK aims to reduce its minimal environmental impact even further via its SEEK Green sustainability program.

These efforts have consistently helped SEEK to continue to build upon its dynamic high performing culture, which is further enhanced by the This is SEEK cultural framework. SEEK's Inclusion Council has also continued to develop programs that make a difference to employee wellbeing and foster a positive workplace culture. In FY2016, further focus has been given to the important areas of gender equality, mental illness in the workplace, Lesbian, Gay, Bisexual, Trans, Intersex and Queer (LGBTIQ) pride, accessibility, as well as providing opportunities for employees to create and innovate.

All of these are underpinned by a strong safety performance, healthy employee retention rates, high employee engagement scores, and independent and external endorsement as one of Australia and New Zealand's best employers.

## People

### This is SEEK

This is SEEK, which was introduced in August 2014, aligns the Company's Purpose and Vision with a clearly defined set of Beliefs and Attributes which codify what it means to be a high performer at SEEK. This provides the right platform for the Company to recruit, reward and manage performance, with ongoing honest conversations about performance a key feature.

Designed to evolve as SEEK does, in FY2016 the language of some areas of the This is SEEK Attributes and Beliefs was updated to further enhance employee understanding and application.

This is SEEK includes the following things that support and help employees succeed at SEEK, and if everyone uses them every day, it will continue to build a better business.

### Purpose

We help people live more fulfilling and productive working lives and help organisations succeed.

### Vision

Being the best in the world in online employment by:

- Matching more people with job opportunities than any other organisation in each market in which we operate
- Being the most trusted partner for advice on, and access to, relevant career related education

## Beliefs

At SEEK we believe in...

1. Having a positive impact on society
2. Focusing on business fundamentals and customer outcomes rather than short term financials
3. Always striving, challenging and remaining productively paranoid
4. Doing the right thing for SEEK, not what is popular or easy
5. Doing the right amount of thinking upfront
6. Persevering through obstacles to get it done
7. Creating a community where individuals are valued

## Attributes

Our best people...

1. Are passionate about SEEK and our customers
2. Show great judgement and decision making ability
3. Know their stuff (professional skills and/or leadership skills)
4. Deliver outcomes for SEEK

## Employee Engagement

Understanding that winning the hearts and minds of its people leads to strong business performance, employee engagement continued to be a major focus for SEEK in FY2016.

Aon Hewitt named SEEK a 2016 Best Employer in Australia and New Zealand, recognising it as a business with one of the highest levels of employee engagement and outstanding people practices.

SEEK's accreditation as a Best Employer for the ninth time underlines its strong reputation as a high performing and great place to work, and reflects its ongoing efforts to review and define its culture, most recently by embedding This is SEEK across the business.

In addition, SEEK's six monthly internal employee engagement survey showed growth in employee engagement as This is SEEK continued to be rolled out. Based on a 76% engagement rate in May 2016, the survey clearly identified that the business continued to be a positive place to work where its people feel valued, well supported and inspired to perform at their best.

## SEEK Inclusion Council

SEEK's drive to nurture a culture of inclusivity and diversity, and its approach to managing talent is a core focus. SEEK believes all of its employees have the ability to feel valued and perform to their best within its working environment irrespective of their gender, race, sexuality, disability or any other characteristic.

SEEK's Inclusion Council consists of a variety of people across all levels and departments of the business. The Council's primary objective is to ensure SEEK remains an industry leader in providing an inclusive environment, where individuals feel valued for their talent and are free to reach their full potential. In FY2016, the Inclusion Council, supported by senior leadership, researched and developed strategies and programs that support employee wellbeing and an inclusive workplace culture.

# Directors' Report

The Inclusion Council launched 'SEEKer Support' which saw SEEK move away from the traditional employee assistance program model of only using one preferred provider. SEEKer Support provides an employee with up to three paid sessions with a counsellor or psychologist of their own choice. This empowers the individual to select support that may be closer to home, has been recommended by a friend or is someone they have seen in the past.

On the back of this program the Inclusion Council has commenced building strategies to support the Lesbian, Gay, Bisexual, Trans, Intersex and Queer (LGBTIQ) community and drive greater workplace flexibility.

## Equal Opportunity

SEEK's Equal Opportunity Policies promote the respect of human rights in every market in which the business operates. This includes SEEK's approach to anti-discrimination which operates within the spirit of the International Labour Organisation's labour standards.

## Collective Bargaining

Collective Bargaining Agreements are not applicable at SEEK, as all staff are employed under individual employment contracts. Furthermore, our employment contracts are designed to attract and retain the very best talent. Collective Bargaining Agreements are not typical in the industry within which SEEK operates.

## Gender Equality

Over the past 12 months SEEK has had a strong focus on increasing female representation in senior management positions and technical roles over the medium term. Key programs of work included:

### *Acceleration of talent at senior levels*

In November 2015, SEEK launched the FAST program (Females At SEEK Thrive) which aims to remove career development barriers with the ultimate aim of increasing female participation in senior roles. Endorsed and supported by the Executive and Senior Management team, this program includes CEO mentoring in small groups, Executive sponsorship and coaching circles. A key focus of this program is understanding and removing unconscious bias and its impact on career pathways for female employees.

### *Long term investment in school level tech talent*

In September 2015, SEEK hosted the inaugural Camp SEEK, a technology immersion program for 16 teenage girls who spent five days learning about different aspects of technology, all with the aim of helping to bridge the gender gap and encouraging greater consideration of a STEM (science, technology, engineering and mathematics) career.

### *Culture*

SEEK is continually developing policies and programs to support greater workplace flexibility and inclusion. The Inclusion Council delivered a 'Leave of Absence' toolkit that provides managers with the tools necessary to provide employees with a flexible and rewarding return to work from parental leave. In addition to this, both male and female employees have access to our Parent Coaching Program, and unconscious bias training was conducted for Executives and Senior Managers.

### *Bringing in talent*

As part of our focus on gender balance, a detailed recruitment effort and metrics have been introduced to

ensure there is female representation on every shortlist and interview panel at SEEK. This translated to 48.5% of shortlisted candidates being female and 49% of vacancies being filled by females, all based on merit.

## EMPOWER Sessions

SEEK continued to help identify and dismantle the barriers women face in growing their careers by continuing with EMPOWER sessions during FY2016.

Open to all employees, each EMPOWER session featured speakers who shared their insights and provided practical advice on a variety of topics. Speakers included Peta Searle, the AFL's first female coach and Dr Judith Slocombe, CEO of the Alannah and Madeleine Foundation sharing their personal experiences of barriers they faced and how they overcame them.

## Mental Illness in the Workplace

The initial phase of SEEK's 'Mental Health in the Workplace' study in partnership with Melbourne Business School was completed. The study, the first of its kind in the world, developed insights that will be used to help Australian organisations create workplaces that are receptive to and support employees with a diverse set of backgrounds, experiences and attributes.

The study and its initial findings are already being referenced by Fair Work Australia and industry bodies. A white paper will be delivered by the Melbourne Business School at an industry event during FY2017. Findings from this paper will assist in the development of key programs at SEEK to help improve mental illness in our workplace.

## Pride

SEEK is committed to ensuring its workplace is inclusive for all employees from the LGBTIQ community. SEEK continued to be a proud partner of Victoria's Midsumma festival with a group of SEEK employees taking part in this year's Pride March. On IDAHOT (International Day Against Homophobia and Transphobia) Day this year, SEEK showed its support by inviting a young transgender speaker to discuss with employees how having a supportive environment helped her throughout her school years.

## Accessibility

SEEK is passionate about having access to the biggest talent pool available and continued to focus on removing barriers to help people live fulling and productive working lives.

SEEK entered into a partnership with Vision Australia to pilot an eight week work experience program in its Customer Service team. This program will provide individuals with an opportunity to experience what happens in a workplace, be part of a team and take on work to help build their resume. This program is viewed both as an opportunity to provide workplace experience and to open up a talent pipeline for SEEK.

In the lead up to Victoria's new State Disability Plan coming into effect in January 2017, SEEK was invited by the Victorian Department of Health and Human Services to take part in a video promoting the value of employment for people living with a disability.

## Sustainability Statement continued

### SEEK Hackathon

In FY2016, SEEK ran two Hackathon events, with each event taking place over two days. Ideas that were 'hacked' were developed into prototypes that were showcased at the conclusion of each event for potential implementation as SEEK products in the future.

Hackathons are a powerful way of building employee engagement, as they clearly demonstrate SEEK's commitment to innovation and empowering its employees to address a range of business opportunities. Hackathons increase the opportunity for employees to come together and work collaboratively to develop ideas and create innovative products of potential value to SEEK.

Both Hackathons in FY2016 were highly successful, and provided employees with an opportunity to share their imagination, passion, and work on ideas and concepts outside of their day-to-day roles. As with previous Hackathons, some of the ideas have progressed for further development.

### Workforce Composition and Employee Retention

SEEK's Australian workforce comprises a diverse mix of employees, including 719 permanent employees, 72 fixed term contractors, 13 casual employees and 85 temporary contract staff.

SEEK recognises the value brought to it by talented and high performing employees who are aligned to SEEK's Purpose, Vision, Beliefs and Attributes. In FY2016, SEEK retained 89% of high performing employees and recorded an overall retention rate of 84%. SEEK's strong retention rates reflect its high employee engagement rate of 76% and the adoption and application of This is SEEK which play critical roles in building a high performance culture that helps to attract and retain talent within the highly competitive technology industry.

### Workplace Health and Safety

SEEK continues its commitment to ensuring the health and safety of its employees, contractors and visitors at work by conducting its business in accordance with all workplace health and safety (WHS) laws, standards and codes of practice.

Through the promotion and support of a wide range of health and safety initiatives, SEEK maintains a strong safety record with low lost time injury frequency rates.

Safety performance	2016	2015
Lost time injury frequency rate* (per million hours worked)	1.5	3.3
Lost time injury incident rate (per 100 employees)	0.3	0.5
Number of Near Misses	-	-
Number of Work cover Claims	-	1

\* Where the following day could not be worked due to injury

SEEK's health and safety programs include complimentary flu vaccinations, healthy snacks, onsite yoga and group personal training, as well as ergonomic support including stand up desks.

## Community

SEEK's belief in having a positive impact on society sees it recognise its responsibility to make a beneficial contribution to the communities in which it operates. This commitment is demonstrated in a number of ways across the Group.

### Australia

Under SEEK's charity giving program, Small Change, SEEK matches employees' pre-tax donations to charity with a corporate donation. Small Change has been operating for 24 months, with employee participation at 57%. The combination of employee donations and SEEK matching contributions resulted in almost \$200,000 being donated to SEEK's partner charities in FY2016.

SEEK also encourages employees to contribute directly through its volunteering program, where employees are provided with one day of paid leave each year to work for a charitable organisation of their choice. Relunched in FY2016, the Volunteering Days program provided SEEK employees with a range of skilled and unskilled volunteering opportunities, including working with charitable employment services organisations such as Wear For Success in Melbourne and Dress for Success in Sydney. SEEK developed and ran specific training sessions that empowered the staff and clients of both not-for-profit organisations to build their confidence in using SEEK and therefore increase their opportunities to find suitable employment.

### Brazil

Catho, our online marketplace in Brazil has gone through significant changes to ensure it is best placed to support candidates living with disabilities find employment, and support hirers to create more inclusive workplaces.

Brazil has approximately eight million people of working age with various degrees of disability with a small percentage employed, which has a huge impact on the individual's quality of life. Current legislation in Brazil is focussed on supporting businesses to hire people living with disabilities however, feedback from employers is that it is hard to connect with these people.

The Catho team recognised an opportunity in the market that could help employers increase the diversity of their workplaces, and at the same time help candidates living with a disability find employment. To match more people to opportunities Catho changed their business model from a 'candidate pays' basis to allow jobseekers with a disability to use their job site for free.

These changes are expected to lead to more placements, increase workplace diversity in Brazil and have a meaningful impact in helping more people living with disabilities live more fulling and productive working lives.

### Vietnam

In Vietnam, a large number of graduates struggle to find a job within six months after graduation. SEEK's JobStreet business in Vietnam runs an Internship Program ("Program") that assists new graduates prepare for work in the corporate world by making those graduates more marketable to hirers. Since its commencement in March 2015, over 100 interns have participated in the Program.

# Directors' Report

## Philippines

Each year, more than 1.8 million Filipino workers leave the country to work overseas. In partnership with the Philippine Overseas Employment Administration (POEA), SEEK's JobStreet business in the Philippines has developed an online Pre-Employment Orientation Seminar (PEOS Online). PEOS Online is a free self-instructional and computer-based education program that aims to provide prospective overseas Filipino workers with relevant, quality and more accessible information about overseas employment. This includes information on the following topics; understanding employment contracts, obtaining country-specific information, required fees and requirements, and the benefits of having an overseas employment certificate. PEOS Online assists with the prevention of illegal recruitment and addresses the need for education and awareness in relation to overseas employment for millions of Filipinos. The POEA has issued a memorandum requiring all Filipinos seeking land-based overseas employment for the first time to undergo and complete PEOS Online.

## Stakeholder engagement

SEEK uses independent agencies to perform a wide range of stakeholder perception surveys with the purpose of assessing the impacts of its products, services, community involvement and other initiatives on key stakeholders. Surveys are also conducted with the purpose of providing enhanced products to better assist candidates in their careers, students in their learning needs and to measure usage. The following surveys were conducted in FY2016:

- Candidate surveys on attitudes and behaviour in relation to career including career planning and development requirements;
- Student surveys to understand more deeply the relationship between career-related education and our existing, and potential, customer base;
- Consumer surveys to assess the impact of, and engagement with SEEK;
- Consumer surveys to understand usage and satisfaction.

## SEEK Volunteer

SEEK's commitment to help people lead more fulfilling and productive working lives is brought to life by SEEK Volunteer and the outcomes achieved for volunteers, the volunteer involving organisations and their clients.

For the past 16 years, SEEK Volunteer in partnership with Volunteering Australia has created an online meeting place in Australia for connecting volunteers to opportunities. In FY2016, SEEK Volunteer in Australia has:

- helped 120,000 potential volunteers connect with organisations needing their help; and
- supported 6,000 volunteer involving organisations in their search for volunteers.

As at 30 June 2016, SEEK Volunteer had over 12,500 volunteer opportunities listed in Australia.

In the first year since SEEK Volunteer was officially launched in New Zealand, SEEK Volunteer has become the largest national volunteering marketplace in that country and has:

- helped over 10,000 potential volunteers connect with organisations needing their help; and

- registered over 500 volunteer involving organisations.

As at 30 June 2016, SEEK Volunteer had over 700 volunteer opportunities listed in New Zealand.

In New Zealand, SEEK Volunteer works closely with Volunteering New Zealand, the New Zealand Government, Volunteer Centres and not-for-profit organisations to build awareness and increase volunteer participation.

To gain a better perspective of the social impact volunteer contributions make to the community and the positive impact of SEEK Volunteer on volunteers and volunteer involving organisations, SEEK Volunteer:

- Interviewed volunteer involving organisations about their experience partnering with SEEK Volunteer;
- Interviewed volunteers about their experience with the volunteer involving organisations and the impact volunteering had on them personally; and
- Conducted a survey of people who 'expressed interest' in an opportunity via the SEEK Volunteer website .

The results of the interviews and survey unequivocally demonstrated that SEEK Volunteer delivered a positive impact on the community, as shown by the following participant findings:

- 92% agreed that their volunteering experience had a positive impact on their lives;
- 56% of that group indicated that it 'made them feel that they contributed towards a better community', 43% said it 'gave them a sense of purpose' and 37% indicated that they 'gained valuable experience from it';
- 82% indicated that they were either 'very likely' or 'somewhat likely' to apply for another opportunity through SEEK Volunteer in the future;
- 91% agreed that SEEK Volunteer is a great tool to search for and find volunteering opportunities;

A short film was made to showcase SEEK Volunteer's journey over the years. The film is available for viewing at <https://youtu.be/AzKURJtwZio> and quotes from the film illustrate the value that volunteers and volunteer involving organisations derive from SEEK Volunteer:

*"The volunteers that come from SEEK (Volunteer) are an essential part of delivering the services to the community... Volunteers are crucial to the operation of Prahran Mission. Without them we cannot deliver to the homeless, disadvantaged and those that have fallen through the cracks."*

Christopher Vogt, Volunteer Coordinator, Prahran Mission

*"One of the challenges particularly with older blind people is social isolation, a service like Vision Australia run by volunteers that are recruited through SEEK Volunteer add so much to them and their lives."*

Chris Edwards, Manager Volunteers Services, Vision Australia

*"I wanted to be active when I finished work, I wanted to be useful, I didn't want to just sit and this place (Prahran Mission) and this work I can see makes a difference to people's lives."*

John, Volunteer, Prahran Mission

## Sustainability Statement continued

*"It's (volunteering) a great way to learn every day. Volunteering at ARSC (Asylum Seeker Resource Centre) has given me the opportunity to apply my skills in a way I wouldn't otherwise get the chance to....Building community is such a big part of the volunteer process and that's very enriching for your life and I think for someone thinking about volunteering as well."*

Fiona, Volunteer, Asylum Seeker Resource Centre

SEEK Volunteer continues to be an important strategic pillar to drive community engagement and sustainable social advantage, including for volunteer involving organisations, the talent pool of volunteers and SEEK's own employee workforce in Australia and New Zealand.

## Environment

### Environmental policy

SEEK is an online business which does not extract resources and is not involved in the manufacture or transport of products. The Group's operational model comprises office based employees. Accordingly, SEEK's environmental footprint is small and arises primarily from the energy used and materials consumed in its offices.

Nevertheless, SEEK has a commitment to minimising its environmental impact which is supported by the Board. SEEK's approach to environmental impact reduction includes, where practicable, a commitment to:

- Continually improving its sustainability practices, and to partnering with suppliers with high quality sustainability practices;
- Minimising the environmental impact of its activities, including minimising waste, consumption of materials, energy and water;
- The use of recycled materials; and
- Supporting awareness of environmental issues.

### SEEK environmental programs

SEEK's range of sustainability programs, under the internal umbrella SEEK Green, includes:

#### Sustainable cleaning, waste and recycling practices

- Commitment to use best practice sustainable cleaning systems and products at SEEK head office. For example, a commitment to environmentally low impact cleaning products (phosphate, petroleum and sulphate free);
- Waste paper bins, binding documents and toner cartridges are recycled; and
- Offices use crockery and steel cutlery to reduce disposable consumables.

#### Energy

- Investment in video conferencing facilities to connect SEEK sites and reduce the need to travel;
- Installation of lighting using low wattage, low energy, power efficient globes;
- Lighting sensors to ensure lights are turned off when not in use;
- Air conditioning zoned to reduce power or switch off outside office hours;

- Promotion of battery and mobile phone recycling to reduce landfill; and
- Improvement in the way data services are delivered through green IT and cloud computing.

#### Water

- Reduction of bottled water consumables by installing filtered water taps;
- Water efficient dishwashers service 80% of SEEK employees; and
- Water efficient bathrooms at head office save over 100,000 gallons of water per unit per annum.

### SEEK is compliant with environmental legislative requirements

As a result of SEEK's low greenhouse gas emissions, energy consumption and waste management program, the Company is compliant with current environmental legislative requirements as set out in the National Greenhouse and Energy Reporting (NGER) and Energy Efficiency Opportunities (EEO) Acts, as well as waste legislation. Due to SEEK's current level of scope 1 greenhouse emissions, SEEK is not liable under the Clean Energy Act 2011.

## Governance

### Ethical conduct

SEEK's culture of honest and ethical behaviour is supported by the Company's Code of Conduct, which sets out the tenets of professional and personal conduct against which all employees are required to comply when dealing with each other, SEEK's suppliers, customers and the broader community. These include promoting a healthy and safe environment, protecting private and confidential information, acting at all times within the law and acting in the best interests of the Company.

SEEK has developed a policy which prohibits its personnel from engaging in activity which constitutes bribery or corruption. SEEK is committed to conducting business in compliance with all applicable anti-bribery and anti-corruption laws in all countries in which it operates.

SEEK's Whistleblowers Policy protects employees from detrimental action where employees disclose, in good faith and with reasonable grounds, any unethical or improper conduct, financial impropriety or fraud, contravention of legal provisions or evidence of non-disclosure within the organisation.

In FY2016, SEEK rolled out online Work Health Safety and Equal Employment Opportunity training and online Anti-Bribery training to Australian employees.

### Corporate governance policies

SEEK is committed to strong and effective governance frameworks. SEEK's Corporate Governance Statement, in addition to its corporate governance policies are available in the Investor Centre - Corporate Governance section of the Company website, at <https://ir.seek.com.au/Investors/?page=Corporate-Governance>.

# Directors' Report

## Board of directors



**Neil Chatfield, age 62**

Non-executive director since June 2005; Chairman since November 2012

**Skills and Experience**

Neil Chatfield is an established Executive and non-executive director with extensive experience across all facets of company management, and with specific expertise in financial management, capital markets, mergers and acquisitions, and risk management.

**Other listed company directorships**

Costa Group Holdings Ltd since October 2011 (Chairman since July 2015).  
Transurban Group since February 2009.  
Iron Mountain Inc since May 2016.  
Recall Holdings Ltd until May 2016.  
Virgin Australia Holdings Ltd until May 2015 (Chairman until May 2015).  
Grange Resources Ltd until April 2014.



**Andrew Bassat, age 50**

Executive director since September 1997

**Skills and Experience**

Andrew Bassat is the CEO of SEEK Limited. He has been involved in all stages of the development of the business since he co-founded the Company in 1997.

In July 2016 Andrew was appointed as a director of St Kilda Football Club.

**Other listed company directorships**

None



**Colin Carter, age 73**

Non-executive director since March 2005

**Skills and Experience**

Colin Carter has a consulting background in organisational and business strategy. He is a former Senior Partner of, and a current Senior Adviser to, The Boston Consulting Group. Colin has carried out board performance reviews for a number of companies as well as co-authoring a top-selling book on boards, Back To The Drawing Board. Colin is President of the Geelong Football Club.

**Other listed company directorships**

Lendlease Corporation Ltd since April 2012.  
Wesfarmers Ltd from October 2002 to November 2014.



**Denise Bradley, age 74**

Non-executive director since February 2010

**Skills and Experience**

Emeritus Professor Denise Bradley AC has been extensively involved in national education policy groups for more than two decades. She has had significant roles on government and educational boards and committees involved in higher education and training. Denise is currently a member of the NSW Skills Board and the NSW National Partnerships Evaluation Committee.

**Other listed company directorships**

None



**Graham Goldsmith, age 56**

Non-executive director since October 2012

**Skills and Experience**

Graham Goldsmith brings to the Board high calibre financial services and banking experience. He retired in 2012 as Vice-Chairman and a Managing Director of Goldman Sachs Australia after 25 years with the firm. Graham is Chancellor of Swinburne University of Technology and he is also a Panel Member of Adara Partners.

**Other listed company directorships**

Djerriwarrh Investments Ltd since April 2013.  
Zhaopin Ltd since June 2014.



**Julie Fahey, age 59**

Non-executive director since July 2014

**Skills and Experience**

Julie Fahey has over 30 years of experience in technology, including in major organisations such as Western Mining, Exxon, Roy Morgan, General Motors and SAP, covering consulting, software vendor and Chief Information Officer roles. In addition to her industry experience, Julie spent 10 years at KPMG as a partner with the firm.

**Other listed company directorships**

None

## Meetings of directors

	Board		Audit and Risk Management Committee		Remuneration Committee		Nomination Committee	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
N G Chatfield	10	10	5	5	4	4	2	2
A R Bassat	10	10	5*	5	4*	4	2*	2
C B Carter	9	10	4*	5	4	4	2	2
D I Bradley	10	10	5*	5	4	4	2	2
G B Goldsmith	10	10	5	5	4*	4	2	2
J A Fahey	10	10	5	5	4*	4	2	2

\* Where Directors are not members of various Board Committee, they attend by invitation of the Committee Chair.

## Interests in shares and options

As at the date of the report the directors held the following interests in shares and options:

	Shares in SEEK Limited	ADSs in Zhaopin Limited	Options over SEEK Limited shares
N G Chatfield	46,756	-	-
A R Bassat	14,039,729	60,000	2,454,873
C B Carter	64,458	4,250	-
D I Bradley	10,056	-	-
G B Goldsmith	45,000	18,000	-
J A Fahey	2,288	-	-

## Retirement, election and continuation in office of directors

Under the SEEK Limited constitution, the following directors will seek re-election at the 2016 Annual General Meeting (AGM):

- Denise Bradley, being eligible, will seek re-election at the next AGM

Under the SEEK Limited constitution, directors cannot serve beyond three years or the third AGM after their appointment, whichever is longer. They may, however, stand for re-election at that time.

If no director is in a position requiring them to stand for re-election in the normal rotation, then one director must stand for re-election at the AGM, as selected under the rules of the constitution.

Andrew Bassat, who is Managing Director and Chief Executive Officer, is not required to be re-elected while he holds the position of Managing Director.

## Company secretary

On 11 December 2015, SEEK Limited announced the resignation of Moana Weir as Company Secretary, effective 21 December 2015, and the appointment of Lynne Jensen as its new Company Secretary, effective 22 December 2015.

Lynne has 24 years of international and domestic legal and governance experience, including as a partner of Allens Arthur Robinson and as Group General Counsel and Company Secretary of Grocon. Lynne holds a Bachelor of Laws (Honours) and Bachelor of Arts from the University of Melbourne.

## Officers

The names and roles of other Officers of the Company during the year are shown in section 1.1 of the Remuneration Report on page 23 of this report.

### Appointment of new Group Chief Financial Officer

On 30 June 2015, SEEK announced the appointment of Geoff Roberts as SEEK Limited's Group Chief Financial Officer, replacing John Armstrong. Geoff joined the Company in October 2015 and became a member of the SEEK Executive Team from this date. Geoff has more than 30 years of Finance experience, including as Managing Partner of Deloitte Victoria, and Group CFO of AXA Asia Pacific Holdings Limited for seven years.

### Resignation of Managing Director - Education

On 2 June 2016, SEEK announced the resignation of Joe Powell, Managing Director - Education. Joe will leave in September 2016.

## Insurance of officers

SEEK Limited has entered into Deeds of Indemnity with all SEEK Limited directors in accordance with the SEEK constitution. During the financial year, SEEK Limited paid a premium to insure the directors, officers and managers of the Company and its controlled entities. The insurance contract requires the amount of the premium paid to be confidential.

## Proceedings on behalf of the Company

No proceedings have been brought or intervened in on behalf of the Company, nor have any applications for leave to do so been made in respect of the Company, under section 237 of the *Corporations Act 2001*.

# Directors' Report

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## Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

## Non-audit services

It is the Group's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the Group are important. These assignments are principally tax advice and due diligence reporting on acquisitions.

It is the Group's policy to seek competitive tenders for all major consulting projects.

Fees that were paid or payable during the financial year for non-audit services provided by the auditor of the parent entity (and its related practices) are disclosed in note 29 to the Financial Statements, on page 93.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 41.

## Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Corporations Instrument to the nearest hundred thousand dollars, or in certain cases, the nearest dollar.



## Letter from Remuneration Committee Chairman

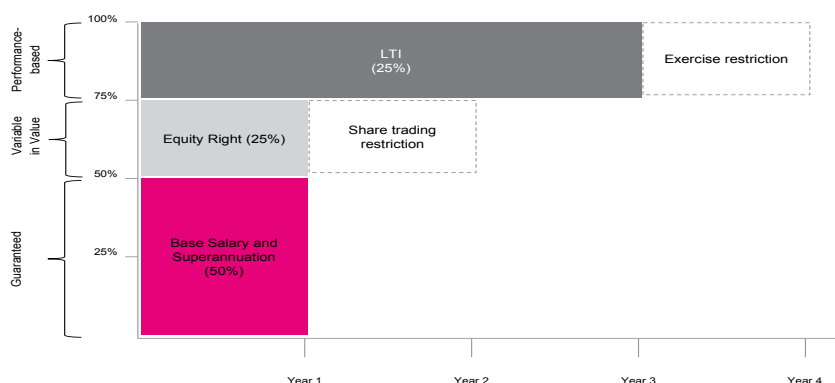
Dear Shareholder,

As Chairman of SEEK's Remuneration Committee, I am pleased to present our Remuneration Report for FY2016.

The objective of our remuneration framework is to attract and retain talented Executives and align them to building long-term shareholder value. The remuneration framework must also be fair to our shareholders and easy to explain.

With remuneration becoming more complex and difficult to understand, in 2013 the Board decided to make our approach simpler, more transparent and better aligned to our shareholders' interests. We acknowledge that our remuneration approach has moved away from the 'norm', however, in our view, it is better suited to helping us achieve our objectives.

A diagrammatic representation of our remuneration framework is set out below:



We resolved that Executive remuneration at SEEK should comprise two components:

- The first is a fixed amount to come to work and do a good job in all market conditions. This amount comprises cash and also some locked-up equity. There are no short-term incentives (STI) with complex formulae and lists of KPIs that do not link to long-term shareholder value.
- The second is our long-term incentive (LTI) plan that only provides a return to Executives if absolute shareholder wealth is significantly increased. SEEK's people are our greatest asset and as producers of intellectual capital they are entitled to share in the value they create for shareholders. It is only fair that our Executives share in any wealth created in the business - but only if shareholders do well.

The structure of our remuneration framework at SEEK is hugely important to us as we compete on the world stage. We now span 19 countries, with exposure to a population of over 4 billion people and 30 percent of Global GDP. We are truly a global company with a global purpose and face complexities unlike domestic-focused companies. Accordingly, our remuneration framework needs to be globally competitive.



# Directors' Report

## Letter from Remuneration Committee Chairman continued

### SEEK's Remuneration Principles

SEEK's remuneration principles underpin our strategy and framework and we continue to hone these principles. We have elicited feedback from shareholders, proxy advisors and external advisors and after considering this feedback, we continue to believe that our approach is right for SEEK and delivers well against our remuneration principles:

- Alignment** – We encourage our Executives to think and act like owners. Accordingly, 50 percent of our Executives' total packages are paid in equity – Executives are subject to the same SEEK share price movements (up or down) as shareholders. The equity is subject to disposal restrictions, which extend the 'at risk' period. Unlike most schemes in the market, the LTI portion only pays out if the share price has risen significantly. Furthermore, by removing STIs, we have removed what is invariably a 'conflict of interest' for management when dealing with short-term financial targets which may not align with long-term value. Our Executives are encouraged to focus on growing shareholder value and not on the impact of their management decisions on the payment of STIs.
- Simplicity and Transparency** – Our approach is relatively simple and easy to explain. We make it clear to our shareholders at the outset how much our Executives will be paid. This is unlike most schemes that have complex STIs where what is actually delivered to the Executive is not clear until after the end of the year.
- Competitiveness** – We know that our Executive team is highly desirable, both here and overseas. So we need to be competitive and flexible to attract and retain our talent. We spend a great deal of time benchmarking our remuneration against local Australian benchmarks but we also know that a small group of our people are attractive to global players and so we also benchmark some roles against global benchmarks.
- Fairness and Integrity** – We take account of shareholder and community concerns about excessive executive pay. We believe that our pay opportunities are very reasonable based on both Australian and international standards. Our Executive remuneration is targeted at between the 50th and 80th percentiles based on Australian comparators, which equates to much lower rankings against international comparators. We do not rely on remuneration to direct Executives' focus. Rather we rely on our robust performance management system and ensuring that our values and culture are sustained.

### LTI Summary for FY2016

The Remuneration Report that follows this letter describes our remuneration approach in full.

In summary, we are delighted that in the three years to 1 July 2016, our share price increased by 71%, from \$8.84 to \$15.15. When dividends are included, that resulted in a Total Shareholder Return (TSR) of 83.9% (in comparison to the ASX 200 index of 27.2%). Our long term shareholders have reaped the rewards of this share price and dividend growth, and as a result, the performance hurdle of \$10.38 for the FY2014 Executive LTI Options was exceeded and the Options fully vested.

This outcome is at the core of our remuneration strategy - our Executives have driven outstanding business results over a long term period and, in doing so, have shared in the wealth which has been generated for shareholders.

### Changes to SEEK's Remuneration Strategy

As SEEK continues to evolve, our remuneration strategy also evolves to suit the needs of our business strategy and, where applicable, to address concerns from SEEK's shareholders and proxy advisors. The Board undertook a comprehensive review of SEEK's remuneration framework this year, and believes that, with minor refinements for FY2017, this remains the most appropriate approach for remuneration at SEEK. As a result, we have made two small changes:

	Change in FY2017	Rationale for change
Pricing methodology for LTI hurdle calculation and testing	The share price used to determine the starting point and testing of the LTI Option/Right hurdle will change from a 10 day volume weighted average price (VWAP) to a 60 day VWAP prior to the 1 July grant and 30 June testing dates.	Reduces the impact of volatility in SEEK's share price prior to 1 July each year. This change supports our principles of alignment, fairness and simplicity.
Equity Right (previously called Performance Right) – VWAP pricing methodology	Shares will be allocated using a 60 day VWAP at the start of the 12 month qualification period rather than being allocated using a monthly VWAP.	Provides clarity, at the commencement of the year, as to the number of shares that convert from the Equity Right. This supports our principles of alignment, fairness and simplicity.  In addition, given the amount of shares will be "fixed" – and related directly to the 60 day VWAP - the Executive team will be subject to the same movements in share price from the start of the year as shareholders (i.e. if the value of shares goes down, Executives share the downside and vice versa).

## Q&A

Finally, in our discussions with our external stakeholders, the Board are often asked questions about our remuneration approach and so what follows is a brief summary of the answers that we give to these questions:

- **Why does SEEK not pay STIs?** We believe that STIs are flawed for many reasons. Business outcomes are rarely the result of effort by Executives in a 12 month period. Profit outcomes usually reflect market conditions and/or the impact of Executive decisions in prior periods. Short-term priorities can change quickly and we believe that remuneration schemes with pre-determined targets can undermine value creation. Rather than focus on fixed targets, we want our Executives to adapt to our fast-paced environment and make decisions that create long-term and sustainable value.

Accordingly, instead of cash-based STIs, we reward our Executives with equity which has the same risk and opportunity as that experienced by our shareholders. Our Equity Right forms part of fixed remuneration and therefore is not, for the reasons given above, subject to performance hurdles. It is part of what we believe is appropriate to pay our Executives to come to work and do a good job in all market conditions. However, the combined qualification and restriction period (24 months) means that the value is at risk for the Executive – as it is for the shareholder – for a longer period.

- **Without STIs, how does SEEK manage performance?** SEEK has a very robust performance management system and every Executive has a set of KPIs that are long-term focused. All that we have done is uncouple the KPIs from short-term remuneration. So, performance against KPIs does not affect compensation outcomes within the year but will very much influence the remuneration positioning for an Executive in the following year. SEEK has found that de-coupling remuneration from short term objectives has provided Executives with the freedom to embrace ‘stretch targets’ that will create significant shareholder value, rather than incremental growth.
- **Is our LTI hurdle sufficiently challenging?** We believe that the hurdle is very challenging as the LTI only pays out if the SEEK share price growth is above the market average. Specifically, in order for the LTI award to vest, our share price must beat the historical growth of the ASX All Ordinaries over the past 15 years. The hurdle for the FY2016 LTI was 4.5% compounded over 3 years - this is a capital return hurdle only and excludes dividends. Some companies reference total shareholder return (TSR) (share price change plus dividends). On that basis, SEEK’s equivalent absolute TSR hurdle for the FY2016 LTI (based on a dividend yield of 2.6% for FY2016) would be 7.1%. The Board believes that SEEK’s hurdle is a challenging hurdle given the level of domestic and global return rates and volatility of markets.

We emphasise that unlike many other schemes, our Executives only receive LTI payments when shareholders have done well. Most LTI schemes are built around relative shareholder returns or earnings hurdles, which can provide rewards even when the share price falls.

The Board believes that the absolute share price hurdle is right for SEEK as it ensures that Executives focus on the creation of shareholder value. As shown in the diagram below, our LTI Options and Rights will only vest where wealth has been created, unlike an LTI with a relative TSR hurdle which may vest if a company outperforms its peers, even if TSR is negative.



- **Why do we use fair value as opposed to face value for our allocation of the LTI?** We have historically used a fair value methodology to allocate LTI to Executives. We want to keep our LTI plan simple, consistent and transparent, and avoid the confusion of changing our allocation methodology from fair value, or using a different allocation methodology for LTI Rights and Options. We continue to re-evaluate the best strategy for SEEK and believe that a fair value allocation methodology works best for our Company.

However, we recognise that many organisations communicate their LTI grants in “face value” terms. To provide clarity, we set out an expression of the CEO’s FY2016 LTI grant in face value terms, in section 3.4 of this Remuneration Report.

## Letter from Remuneration Committee Chairman continued

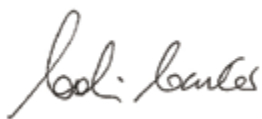
- **Why does our LTI plan use a cliff vesting approach?** We apply a specific share price hurdle to ensure that our plan is simple and transparent. Adding a graduated hurdle adds complexity. We want to ensure that our plan only pays out when the value of our shares has beaten the historical market growth rate (capital returns only) and shareholders have also grown their wealth.
- **Why have we given Executives a choice of LTI Options or LTI Rights?** This change, made in FY2016, provides flexibility for Executives to determine which LTI instrument is most appropriate based on their personal circumstances. The performance hurdle for both LTI Options and LTI Rights is the same. The Board believes that providing Executives with the choice of LTI Options or Rights further supports the Board's objective of attraction and retention of Executives, provided the hurdles are aligned with shareholder wealth creation.

It should be noted that performance rights are the most prevalent LTI instrument in the ASX100. It should also be noted that the choice of instrument will not result in any change in an Executive's LTI opportunity (i.e. the LTI proportion of an Executive's total remuneration).

We also point out that in offering our Executives a choice, we are trying to address the 'boom/bust' problem that exists in the long-term portion of many remuneration schemes. If Executives work hard and the share price has grown and beaten market averages, we want the LTI to pay out. That Options or Rights appear more attractive to Executives at particular points of the economic cycle is not a concern for us as long as the payout only occurs if shareholders have also done well.

In summary, the current remuneration framework was introduced in FY2013. Between 1 July 2012 and 30 June 2016, SEEK delivered total shareholder returns of 162.4% in comparison to the ASX 200 index of 53.2%. The Board believes that the Company's focus on long-term value creation rather than short-term outcomes, and the alignment of remuneration to this focus, has significantly benefited shareholders to date and will continue to do so.

We appreciate the support of our shareholders as we continue to look to the future of remuneration at SEEK.



Colin Carter  
Chair of the Remuneration Committee

# Remuneration Report

## 1. Introduction

This Remuneration Report sets out remuneration information for the Key Management Personnel (“KMP”) of SEEK. All references to Executives in this Remuneration Report will be to Executives that are KMP. The information in this Report has been prepared based on the requirements of the Corporations Act 2001 and the applicable accounting standards. The Remuneration Report is designed to provide shareholders with an understanding of SEEK’s remuneration policies and philosophy and the link with SEEK’s strategy and financial performance. Individual remuneration outcomes for SEEK’s KMP are provided in this Remuneration Report.

The Remuneration Report has been audited.

### 1.1 Key Management Personnel (“KMP”)

	Name	Position
<b>Non-executive directors</b>	N G Chatfield	Chairman, non-executive director
	C B Carter	Non-executive director
	D I Bradley	Non-executive director
	G B Goldsmith	Non-executive director
	J A Fahey	Non-executive director
<b>Executive director</b>	A R Bassat	Managing Director and Chief Executive Officer (CEO)
<b>Other key management personnel</b>	J A Armstrong	Chief Financial Officer (CFO) (resignation from role effective 1 December 2015)
	G I Roberts	Group CFO (appointed 6 October 2015)
	P D Everingham	Managing Director - SEEK International
	M J Ilczynski	Managing Director - SEEK Employment
	J S Powell	Managing Director - SEEK Education (resignation announced 2 June 2016)

### 1.2 Changes during the year

John Armstrong resigned as Group CFO effective 1 December 2015. John remained employed until 1 July 2016 in the role of Consultant to the Group CFO assisting with the transition to the new Group CFO (Geoff Roberts). John’s remuneration for the period to 1 December 2015 when he ceased to be a KMP is disclosed in this Remuneration Report.

On 30 June 2015, SEEK announced the appointment of Geoff Roberts as Group CFO. Geoff joined SEEK on 6 October 2015 and became a KMP at this time. Geoff’s remuneration is disclosed from 6 October 2015 for the period that he was a KMP in FY2016.

Jason Lenga ceased his role as Managing Director - SEEK International on 1 July 2015 and remained employed until 1 July 2016 in the role of Special Advisor, providing strategic services on international business and corporate issues. Jason ceased to be a KMP on 1 July 2015 due to the change in his role. Jason resigned as Chairman of Zhaopin Ltd on 1 January 2016 but continues in his role as a Director of Zhaopin Ltd.

Meahan Callaghan resigned as Group Human Resources (HR) Director effective 31 December 2015. Meahan remained employed until 1 July 2016 to assist with the transition to the new Group HR Director. The Group HR Director role ceased to be classified as a KMP from 1 July 2015 so remuneration for Meahan Callaghan is not disclosed in this Remuneration Report.

The incentive grants for John Armstrong, Jason Lenga and Meahan Callaghan have been dealt with in accordance with the relevant plan rules.

### 1.3 Changes since the end of the reporting period

On 2 June 2016, SEEK announced the resignation of Joe Powell, Managing Director – SEEK Education. Joe will remain employed until September 2016.

# Directors' Report

## Remuneration Report continued

### 1.4 Description of terms

Throughout this Remuneration Report, references will be made to a number of elements of the SEEK remuneration framework. The reference guide below outlines where details and explanations can be found for each element

Term	Description	Reference
<b>Total remuneration (TR)</b>	Total remuneration in FY2016 comprises the Executive's package of base salary, superannuation, Equity Right and LTI Options/Rights.	3, 3.1
<b>Base Salary and Superannuation</b>	Base salary and superannuation for SEEK's Executives is set at 50% of TR. Retirement benefits are delivered under the superannuation laws of relevant countries.	3, 3.2
<b>Equity Right (previously called Performance Right)</b>	Executives are issued one Equity Right, valued at 25% of TR, which converts to a number of shares upon vesting. The Equity Right is issued under the Performance Rights and Options Plan (PROP) and was previously called Performance Right.	3, 3.3
<b>LTI Options or Rights</b>	<p>Executives are issued with a number of LTI Options/Rights. The performance hurdle for the FY2016 LTI Options/Rights was set using an indexed share price (as outlined below).</p> <p>If the Executive chooses LTI Options and the performance hurdle is met, each LTI Option gives the Executive the right to purchase a SEEK share by paying the exercise price (equivalent to the share price hurdle). If the Executive chooses LTI Rights and the performance hurdle is met, each LTI Right gives the Executive the right to a SEEK share and no exercise price is payable.</p> <p>An exercise restriction of 12 months applies to LTI Options/Rights on vesting.</p> <p>The LTI Options/Rights are issued under the PROP.</p>	3, 3.4
<b>Indexed share price</b>	<p>The performance hurdle of the LTI Options/Rights is determined in two steps. Firstly, the "return" is based on the 15 year average return of the All Ordinaries Index. To be clear, the required growth in share price is capital only (dividends paid are not included in this return).</p> <p>Secondly, the "return" is multiplied over a three year performance period on a compound basis and applied to the VWAP share price at the effective date to create the "performance hurdle."</p> <p>As a result, SEEK's share price in future years needs to exceed this performance hurdle for the LTI Options/Rights to provide a financial return to an Executive. This is the same methodology that has applied in previous years. For example:</p> <ol style="list-style-type: none"><li>The 15 year average of the All Ordinaries Index for FY2016 LTI grant was 4.5%</li><li>VWAP share price at the effective date was \$14.62</li></ol> <p><i>Calculation: <math>(1+0.045)^3</math> year period x \$14.62 = \$16.68 (performance hurdle)</i></p>	3.4

## 2. Executive remuneration strategy

This section explains SEEK's remuneration strategy and how it aligns to our purpose, vision and shareholders' interests.

SEEK's remuneration strategy is aligned to our purpose and vision. Our objective is to align strategies and behaviours with the creation of shareholder wealth over the long-term. The Board recognises that to build sustainable long-term growth in shareholder value, SEEK must attract and retain world class people, and align their interests and behaviours with shareholders' interests.

As a result, SEEK's approach to remuneration is tailored to fit both our business and remuneration strategies by rewarding Executives for growing the long-term value of the Group. SEEK places great emphasis on behaviours and actions which are focused on generating long-term shareholder value, rather than short-term gains.

### 3. Executive remuneration framework

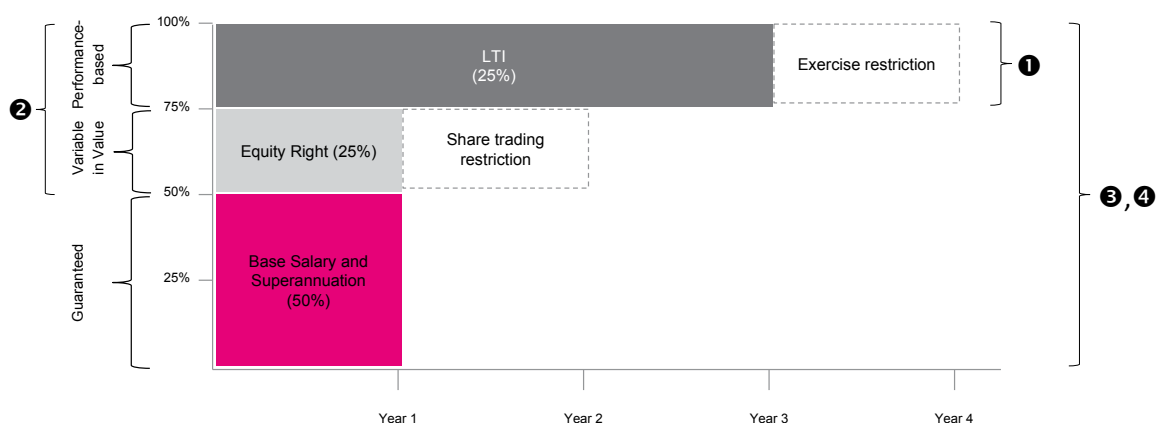
This section explains the SEEK remuneration framework, how it reflects the SEEK remuneration strategy and how it is designed to drive the right behaviours, decisions and world class performance at SEEK.

SEEK's Executive remuneration framework is focused on rewarding performance which aligns with SEEK's vision of being a world class company delivering sustained long-term growth in shareholder wealth. The framework supports us in striving towards achieving our purpose and vision.

SEEK's remuneration approach is structured to drive this alignment and medium- to long-term focus:

1. 50% of Executive remuneration is paid in cash as Base Salary and Superannuation. This is set at levels which attract our people to come to work in all market conditions and economic cycles;
2. 50% of Executive remuneration opportunity is in equity, with 25% provided in Equity Rights and 25% in LTI Options/Rights;
3. We reward Executives with Equity Rights instead of short term incentives. While an Executive at SEEK receives shares after a 12 month qualification period (upon vesting and conversion of the Equity Right), the sale of these shares is restricted for a further 12 months, resulting in a total 24 month lock up period;
4. The LTI component has a three year vesting period and is locked up for another 12 months, so the value to the Executive is deferred for four years and will reflect share price movements over that time; and
5. Executives are subject to minimum shareholding requirements. Given the significant emphasis on equity in Executives' remuneration and disposal restrictions on the equity, Executives are very focused on increasing shareholder value.

The diagram below provides a summary of our remuneration framework and illustrates how our remuneration mix is structured and its link to SEEK's Remuneration Principles.



#### Link to Principles

- |   |   |
|---|---|
| <p><b>1</b></p> <p><b>Alignment</b></p> <ul style="list-style-type: none"> <li>- 50% of TR is payable in equity locked up for 2 to 4 years</li> <li>- LTI hurdle solely linked to absolute share price growth</li> <li>- Requirements to hold equity worth 1-2 years of base salary and superannuation</li> </ul> | <p><b>3, 4</b></p> <p><b>Competitiveness balanced by Fairness &amp; Integrity</b></p> <ul style="list-style-type: none"> <li>- Need to pay to attract &amp; retain the best (50<sup>th</sup> to 80<sup>th</sup> percentile of comparator group)</li> <li>- SEEK's Executives are paid significantly below international comparators despite facing similar challenges and complexities</li> </ul> |
| <p><b>2</b></p> <p><b>Simplicity &amp; Transparency</b></p> <ul style="list-style-type: none"> <li>- No complex STI hurdles that are not linked to creation of shareholder wealth</li> <li>- LTI hurdle is readily observable (share price)</li> </ul>  |   |

# Directors' Report

## Remuneration Report continued

### 3.1 SEEK's approach to determining remuneration

#### Benchmarking Total Remuneration

##### Context

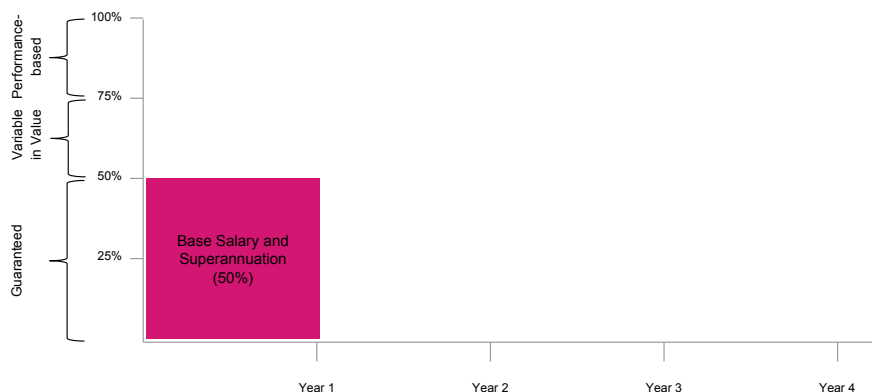
- SEEK is a complex business focused on being world class and therefore the Board must set remuneration at appropriate levels to attract and retain the best talent available across the globe.
- Very few Australian companies have established strong market positions domestically and overseas in rapidly developing markets as SEEK has done. SEEK is operating in industries that are subject to rapid change and new competitor activity.

##### Methodology

- For benchmarking purposes, SEEK's primary comparator group comprises the +/- 10 companies either side of SEEK's market capitalisation on the ASX, as at 31 March each year. In addition, two further comparator groups are also included in benchmarking analysis when relevant for some Executive roles; one group comprising companies within the ASX100, and a second global comparator group comprising companies relevant to SEEK's international operations.
- TR is targeted between the 50th and 80th percentiles of comparator groups.
- Individual TR is determined by the Remuneration Committee, referencing external data from independent remuneration consultants, performance, role complexity and scope and the supply of talent in the domestic and international marketplace.

The Board's objective is to pay amounts that will attract and retain Executives who can successfully drive growth in this hugely challenging and competitive global business

### 3.2 Base Salary and Superannuation



Base salary and superannuation for SEEK's Executives is set at 50% of TR. Retirement benefits are delivered under the superannuation laws of relevant countries. Under current legislation, SEEK permits the choice of superannuation funds to all employees. Other retirement benefits for Executives and directors may be provided directly by SEEK if the benefit is within statutory limits or is approved by shareholders.

It should be noted that in addition to base salary and superannuation, Executives receive salary continuance insurance, which is also provided to employees, and on-site car parking.

### 3.3 Equity rights

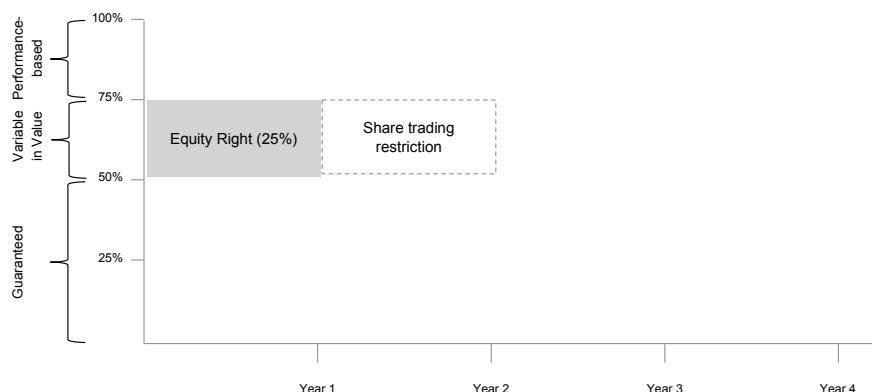
Our Equity Rights (previously known as Performance Rights) represent a key element of an Executive's fixed remuneration. However, as it is provided as equity, it is variable in value to the Executive during the qualification and restriction periods. This component of remuneration is subject to the same movements in share price as experienced by shareholders, such that if the value of shares goes down, the Executive shares the downside and vice versa. Our Equity Rights serve to ensure that Executives hold equity in SEEK and aim to encourage retention.

The Equity Rights operate as outlined below for the FY2016 grant. As noted in the letter from our Remuneration Committee Chairman on page 20 the allocation methodology will be changing for the FY2017 grant to improve alignment with our remuneration principles. From FY2017 onwards, shares will be allocated using a 60 day VWAP at the start of the 12 month Qualification Period rather than being allocated using a monthly VWAP.



### 3.3 Equity rights continued

#### Terms and duration - FY2016 onwards



The terms for the grants in FY2016 are set out below:

#### Executive and CEO Equity rights

<b>Objectives</b>	Ensuring Executives hold equity in SEEK and encouraging retention
<b>Effective date</b>	1 July 2015
<b>Grant date</b>	Executives: 1 October 2015; CEO: 7 December 2015
<b>Share price at 1 July 2015</b>	\$14.02
<b>Qualifying Period</b>	1 July 2015 to 30 June 2016
<b>Condition</b>	Employment with the SEEK Group for entire Qualifying Period
<b>Vesting schedule and allocation methodology</b>	Share entitlement was determined each month during the Qualifying Period as follows: Monthly Number of shares = $\frac{1}{12\text{th of allocation value}} \times \text{SEEK monthly VWAP}$ Following the end of the Qualifying Period, the total number of shares to be provided on exercise of the Equity Right was determined by aggregating the sum of the 12 Monthly Numbers of shares.
<b>Exercise price</b>	\$nil
<b>Restriction period</b>	1 July 2016 to 1 July 2017
<b>Dividend and voting entitlements</b>	Once vested and automatically exercised, dividends are received on shares during the restriction period, and the Executive has voting rights on shares held. The Executive is entitled to the shares if employment ceases during this period.

### 3.4 LTI Options / Rights

As disclosed in the FY2015 Remuneration Report, from FY2016 SEEK has given Executives the choice between receiving their LTI grant in Options or Rights subject to the same hurdle. The LTI grant represents the portion of the Executives' package which is at risk. The LTI is designed to deliver value to our Executives only if our shareholders have also done well.

SEEK's LTI is aligned with shareholders' interests. Our share price must beat the historical growth rate of the market for the LTI to vest and for Executives to receive any value from their grant. If SEEK's share price does not grow and beat the challenging hurdle, the LTI does not vest, even if SEEK has out-performed its peers. Further, by avoiding 'relative' hurdles, which can deliver returns to Executives when poor performance simply exceeds even poorer performance in a peer group, wealth is created for both shareholders and Executives as a result of the increase in SEEK's value as a company.

SEEK's performance hurdle for LTI Options/Rights is purely a capital hurdle - dividends are not included in the calculated return to shareholders. Shareholders receive the benefit of any dividends paid in addition to their capital return.

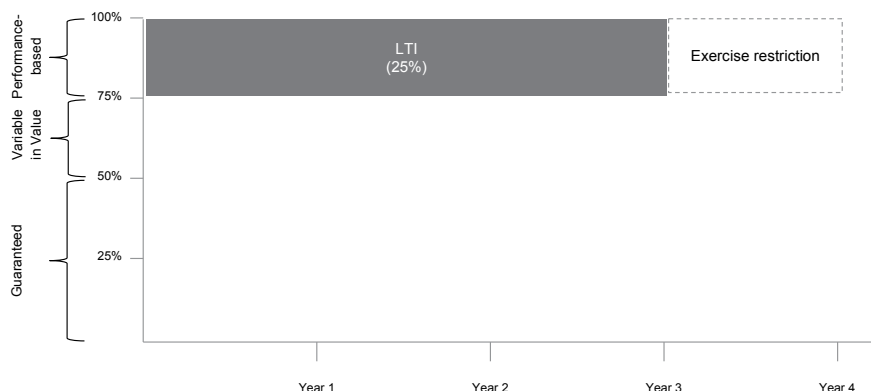
As noted in the letter from our Remuneration Committee Chairman on page 20 the pricing methodology for calculation and testing of the LTI Option/Right hurdle will be changing for the FY2017 grant to improve alignment with our remuneration principles. From FY2017 onwards, the share price used to determine the starting point and testing of the LTI Option/Right hurdle will change from a 10 day volume weighted average price (VWAP) to a 60 day VWAP prior to the 1 July grant and 30 June testing dates.

# Directors' Report

## Remuneration Report continued

### 3.4 LTI Options / Rights continued

#### Terms and duration - FY2016 onwards



In FY2016, all Executives, including the CEO, chose to receive LTI Rights.

The CEO's LTI grant was equal to 50% of base salary, using a fair value allocation approach. For the purposes of comparison, the face value of the grant was 127% of base salary.

A comparison of the fair value and face value of the LTI Rights as at 1 July 2015 (effective date) is set out below for the CEO:

	Number of LTI rights	Fair value of LTI rights	Face value of LTI rights
Andrew Bassat	182,713	\$1,050,600	\$2,671,264

The terms of the FY2016 LTI grants are as follows:

	FY2016 grant
<b>Objectives</b>	Ensuring Executives focus on Group performance over the long term
<b>Effective date</b>	1 July 2015
<b>Grant date</b>	Executives: 1 October 2015; CEO: 7 December 2015
<b>Testing date</b>	30 June 2018
<b>Vesting date</b>	1 July 2018
<b>Exercise restriction period</b>	1 July 2018 to 1 July 2019
<b>Expiry date</b>	1 July 2020
<b>Fair value at effective date</b>	LTI Option: \$1.92; LTI Right: \$5.75
<b>Share price at grant date</b>	Executives: \$12.19 at 1 October 2015 CEO: \$14.07 at 7 December 2015
<b>Exercise price</b>	LTI Rights: \$nil; LTI Options: \$16.68
<b>Fair value at grant date</b>	Executives excluding new CFO: \$3.55 at 1 October 2015 New CFO: \$4.40 at 2 November 2015 CEO: \$5.68 at 7 December 2015
<b>Performance conditions</b>	Dependent on achieving a share price hurdle of \$16.68. Share price hurdle is calculated using an indexed share price as follows: $(1+0.045)^{3 \text{ year period}} \times \$14.62 = \$16.68$ See section 1.4 for a detailed explanation of the calculation of the hurdle.
<b>Lapsing condition</b>	LTI Options/Rights will lapse, subject to Board discretion, where the Executive ceases employment (i) before the testing date as a result of summary dismissal or (ii) before 1 January 2017. In other circumstances, being good leaver events, the Executive's LTI Options/Rights will remain on foot and subject to their original terms, unless the Board determines otherwise.

<b>Vesting schedule</b>	<p>The share price hurdle is tested once on the testing date.</p> <p>If SEEK's share price on the testing date (FY2016: 10 day VWAP to 30 June 2018) meets the share price hurdle, 100% LTI Rights will vest.</p> <p>If SEEK's share price does not meet the share price hurdle, 0% of LTI Rights will vest.</p>
<b>Allocation methodology</b>	<p>The number of LTI Options/Rights granted to an Executive was determined by dividing the Executive's LTI value by the fair value of the LTI Option/Right at the effective date, as determined by an independent consultant (Ernst &amp; Young).</p> <p>The fair value was based on the closing share price as at the effective date, and was calculated using a binomial option pricing model, which takes into consideration factors such as the performance hurdle, probability of the hurdle being achieved, share price volatility, expected life of the award, dividend yield and risk free rate.</p>

### 3.5 CEO Remuneration for FY2017

In the spirit of transparency, we set out below the proposed terms of the CEO's remuneration for FY2017. Typically these terms would be shared for the first time in the Notice of Annual General Meeting, however, we are including them in this Report to facilitate disclosure to shareholders.

Shareholders will be asked to approve the grant of an Equity Right and LTI Options / Rights for the CEO at the 2016 SEEK Annual General Meeting on 24 November 2016.

The terms below represent an 8 percent increase in remuneration from FY2016.

	\$
Base salary	2,269,296
Equity Right	1,134,648
LTI Options / Rights	1,134,648
Total	4,538,592

## 4. Relationship between remuneration and company performance

This section sets out how remuneration outcomes are aligned to SEEK's performance.

### 4.1 SEEK's performance

The table below sets out information about the Group's earnings and movements in shareholders' wealth for the past five years up to and including FY2016.

	2016	2015	2014	2013	2012
NPAT (excluding significant items and early stage ventures) attributable to SEEK (\$'m) <sup>(1)</sup>	198.1	193.0	179.7	141.1	130.5
Basic EPS (excluding significant items and early stage ventures) (cents) <sup>(1)</sup>	57.6	56.3	53.0	41.8	38.6
Share price at year end (\$)	15.21	14.06	15.85	9.07	6.34
Weighted average share price (\$)	14.12	16.61	13.64	8.58	6.11
Total dividend (cents per share)	40.0	36.0	30.0	22.0	17.3

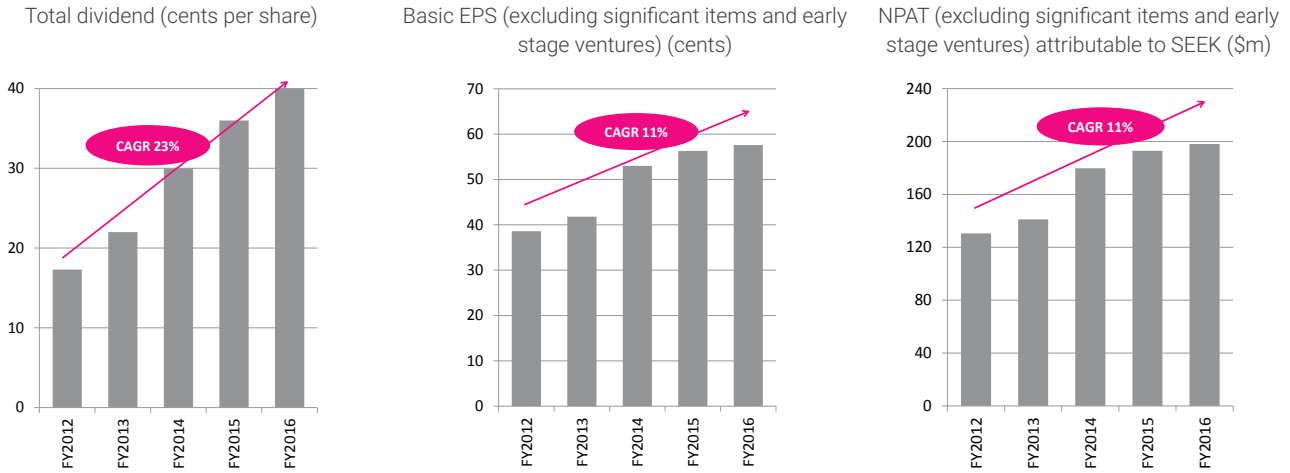
1. Excludes the impact of one-off significant items and early stage ventures in FY2016 and FY2015; refer to the Review of Operations on page 5. In the FY2015 Annual Report, NPAT relating to early stage ventures was not excluded – previously disclosed as \$186.8m NPAT (excluding significant items) and 54.5 Basic EPS (excluding significant items).

# Directors' Report

## Remuneration Report continued

### 4.1 SEEK's performance continued

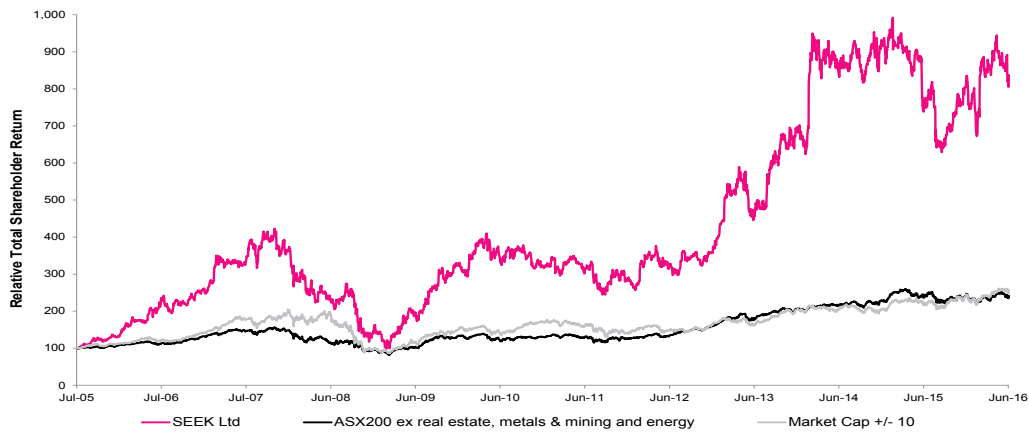
The SEEK remuneration strategy focuses on continuing to drive long-term growth in shareholder value. The charts below set out information about the Group's performance, earnings and movements in shareholders' wealth for the past five years up to and including the current financial year.



\* Graphs reflect normalised results which exclude the impact of one-off items in each year, as disclosed in respective Annual Reports.

Long-term value has been created from strategic decisions made by the Executive team. As a result of having a long-term vision for SEEK, the Executives have been able to generate significant wealth for shareholders. SEEK's remuneration framework rewards Executives for this alignment, and allows them to share in the wealth created.

The graph below shows SEEK's total shareholder return from 1 July 2005 to 30 June 2016 compared to the ASX 200 and SEEK's current benchmark peer group of companies with market capitalisation ranking of 10 above and 10 below SEEK at 31 March 2016. The graph illustrates SEEK's strong performance against these comparator groups and the creation of long-term shareholder value under the leadership of the KMP and entire Executive team.



### 4.2 Outcomes of LTI plans vesting in FY2016

#### FY2013 LTI Options – vested on 1 July 2015

In FY2013, the Board reviewed the Company's strategic direction, in particular the broadened international operations of the Company and growing global competition profile. Following that review, SEEK's remuneration strategy was updated to best reward its Executives for achieving the Company's goals.

The first grant of LTI Options was made in FY2013 and vested on 1 July 2015. Details of these grants and the vesting outcomes are outlined below.

Effective date	Grant date	Members	Performance hurdle	Test date	Vesting date	% Vested	End of disposal restriction
1 July 2012	7 September 2012	Executives	Share price: \$7.43	30 June 2015	1 July 2015	100%	1 July 2016
1 July 2012	3 December 2012	CEO	Share price: \$7.43	30 June 2015	1 July 2015	100%	1 July 2016

#### FY2014 LTI Options – vested on 1 July 2016

LTI Options granted in FY2014 vested on 1 July 2016. Details of these grants and their vesting outcomes are outlined below.

Effective date	Grant date	Members	Performance hurdle	Test date	Vesting date	% Vested	End of disposal restriction
1 July 2013	6 September 2013	Executives	Share price: \$10.38	30 June 2016	1 July 2016	100%	1 July 2017
1 July 2013	4 December 2013	CEO	Share price: \$10.38	30 June 2016	1 July 2016	100%	1 July 2017

#### FY2015 Equity Rights – vested 1 July 2015

In FY2015, each Executive received one Equity Right with an effective date of 1 July 2014. The Equity Rights vested on 1 July 2015 and were automatically exercised for nil exercise price and converted to a number of shares. The table below details the number of shares issued to Executives during FY2016. Shares received on exercise of the Equity Rights have a disposal restriction for 18 months until 1 January 2017. Note this disposal restriction period was subsequently changed to 12 months for future Equity Right grants.

The value of shares for Executives has a direct correlation to shareholder value, as growth in share price generates wealth for both Executives and shareholders.

	Name	Effective date	Date of exercise of Equity Right	Number of shares issued on exercise
<b>Executive director</b>	A R Bassat	1 July 2014	1 July 2015	48,942
<b>Other key management personnel</b>	J A Armstrong	1 July 2014	1 July 2015	20,095
	P D Everingham	1 July 2014	1 July 2015	23,393
	M J Ilczynski	1 July 2014	1 July 2015	25,645
	J S Powell	1 July 2014	1 July 2015	25,193

#### FY2016 Equity Rights – vested 1 July 2016

In FY2016, each Executive received one Equity Right with an effective date of 1 July 2015. The Equity Rights vested on 1 July 2016 and were automatically exercised for \$nil exercise price. The table below details the number of shares that will be issued to Executives in respect of these Equity Rights. Shares received on exercise of these Equity Rights have a disposal restriction for 12 months until 1 July 2017.

The value of shares for Executives has a direct correlation to shareholder value, as growth in share price generates wealth for both Executives and shareholders.

	Name	Effective date	Date of exercise of Equity Right	Number of shares issued on exercise
<b>Executive director</b>	A R Bassat	1 July 2015	1 July 2016	74,069
<b>Other key management personnel</b>	J A Armstrong	1 July 2015	1 July 2016	10,640
	G I Roberts	1 July 2015	1 July 2016	27,395
	P D Everingham	1 July 2015	1 July 2016	35,746
	M J Ilczynski	1 July 2015	1 July 2016	43,185
	J S Powell	1 July 2015	1 July 2016	30,883

### 4.3 Shares provided on exercise of LTI Options

There were no exercises of LTI Options during FY2016.

# Directors' Report

## Remuneration Report continued

### 5. Remuneration governance

Effective governance is key to SEEK's remuneration strategy. This section sets out the key elements of SEEK's remuneration governance framework.

The following diagram illustrates SEEK's remuneration governance framework and the key roles of the Remuneration Committee.



#### 5.1 Use of remuneration advisors

The Remuneration Committee engages external remuneration consultants to provide independent benchmarking data and information regarding best practice, trends and regulatory developments. The Remuneration Committee and the Board consider this input, along with several other factors, when making decisions regarding remuneration.

In FY2016, the Remuneration Committee engaged Ernst & Young for executive benchmarking data and information relevant to SEEK. The consultants were requested to source appropriate data and comparator groups within the Australian domestic and international markets, in which SEEK competes for executive talent. Ernst & Young were also engaged in FY2016 to provide benchmarking data for SEEK's non-executive director fees, to ensure payments are appropriate relative to the core comparator group and in line with market norms, and assisted with SEEK's review of the Executive remuneration framework.

The Remuneration Committee is satisfied that no remuneration recommendations (as defined in the Corporations Act 2001) were provided by Ernst & Young or any other advisor.

#### 5.2 Minimum shareholding requirements

During FY2016, the Board introduced minimum shareholding requirements for Executives who are required to hold SEEK equity equivalent to one year of base salary (including superannuation). The CEO is required to hold SEEK equity equivalent to two years of base salary (including superannuation). The equity that is taken into account in determining if the requirement is met includes vested and unvested equity.

New Executives will be permitted to reach the minimum requirement over a three year period.

### 6. Executive contract terms

This section sets out key contract terms for SEEK's Executives.

Remuneration and other terms of employment for the CEO and other Executives are formalised in service agreements. Each of these agreements provides for Base Salary and Superannuation, Equity Right and LTI Options/Rights. These are reviewed annually by the Remuneration Committee.

The table below outlines contractual arrangements for the CEO and Executives.

Individual	Contract term	Notice period - employer	Notice period - employee	Post-employment restraints
CEO	Ongoing	Six months	Six months	12 months non-competition period across all markets in which SEEK operates
All other Executives	Ongoing	Three months	Three months	12 months non-competition period across all markets in which SEEK operates

The Company can terminate employment with a payment in lieu of notice.

## 7. Non-executive director fees

This section sets out how SEEK's Board members are remunerated and details of non-executive director fees paid in FY2016.

### 7.1 Non-executive director fee policy

The following table outlines the non-executive director fee policy and terms:

<b>Aggregate non-executive director fee pool</b>	<p>Non-executive directors' fees are determined within an aggregate directors' fee pool limit.</p> <p>The fee pool currently stands at \$1,500,000 per annum, covering all non-executive directors. The current fee pool was approved by shareholders at the 2013 AGM.</p> <p>Approval will be sought from shareholders at the 2016 AGM to increase the fee pool to \$1,800,000.</p>																
<b>Non-executive director fee reviews</b>	<p>Non-executive directors' fees and payments are reviewed annually by the Remuneration Committee, and approved by the Board, to ensure fees are appropriately positioned in the market to attract and retain high calibre non-executive directors.</p>																
<b>Non-executive director fees in FY2016</b>	<p>The following fee structure applied in FY2016 for non-executive directors.</p> <table border="1"> <tr> <td>Non-executive directors</td> <td>\$150,000</td> </tr> <tr> <td colspan="2">Additional fees were paid for the following roles:</td> </tr> <tr> <td>Chairman of the Audit and Risk Management Committee</td> <td>\$27,250</td> </tr> <tr> <td>Chairman of the Remuneration Committee</td> <td>\$10,000</td> </tr> <tr> <td colspan="2">The Chairman does not receive any additional committee fees on top of his fees as Chairman.</td> </tr> <tr> <td>Chairman of the Board</td> <td>\$390,000</td> </tr> </table>	Non-executive directors	\$150,000	Additional fees were paid for the following roles:		Chairman of the Audit and Risk Management Committee	\$27,250	Chairman of the Remuneration Committee	\$10,000	The Chairman does not receive any additional committee fees on top of his fees as Chairman.		Chairman of the Board	\$390,000				
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The Chairman does not receive any additional committee fees on top of his fees as Chairman.																	
Chairman of the Board	\$390,000																
<b>Proposed changes to non-executive director fees in FY2017</b>	<p>In FY2016, independent remuneration consultants (Ernst &amp; Young) provided the Remuneration Committee with a comparative benchmarking analysis on director fees. Based on this analysis, the Board determined that the Chair fees for the Audit and Risk Management Committee and the Remuneration Committee would increase and fees would be introduced for members of the Committees on the basis that these new arrangements would be transitioned in over a two year period. Refer to the fee structure set out below for FY2017, effective 1 July 2016.</p> <p>Non-executive director fees remain unchanged.</p> <table border="1"> <tr> <td>Non-executive directors</td> <td>\$150,000</td> </tr> <tr> <td colspan="2">Additional fees are paid for the following roles:</td> </tr> <tr> <td>Chairman of the Audit and Risk Management Committee</td> <td>\$32,125</td> </tr> <tr> <td>Member of the Audit and Risk Management Committee</td> <td>\$9,500</td> </tr> <tr> <td>Chairman of the Remuneration Committee</td> <td>\$20,000</td> </tr> <tr> <td>Member of the Remuneration Committee</td> <td>\$7,500</td> </tr> <tr> <td colspan="2">Based on the analysis provided by Ernst &amp; Young, the Board determined that the Chairman's fee would be increased to the amount set out below. The Chairman's fees are determined as a separate exercise to those of other non-executive directors. The Chairman does not participate in any decision in relation to his own remuneration. The Chairman does not receive any additional committee fees on top of his fees as Chairman.</td> </tr> <tr> <td>Chairman of the Board</td> <td>\$400,000</td> </tr> </table>	Non-executive directors	\$150,000	Additional fees are paid for the following roles:		Chairman of the Audit and Risk Management Committee	\$32,125	Member of the Audit and Risk Management Committee	\$9,500	Chairman of the Remuneration Committee	\$20,000	Member of the Remuneration Committee	\$7,500	Based on the analysis provided by Ernst & Young, the Board determined that the Chairman's fee would be increased to the amount set out below. The Chairman's fees are determined as a separate exercise to those of other non-executive directors. The Chairman does not participate in any decision in relation to his own remuneration. The Chairman does not receive any additional committee fees on top of his fees as Chairman.		Chairman of the Board	\$400,000
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Chairman of the Board	\$400,000																
<b>Superannuation</b>	<p>The fees set out above include superannuation payments in accordance with relevant statutory requirements. Superannuation is paid up to the maximum legal threshold, with the remainder paid in cash.</p>																
<b>Non-executive director minimum shareholding requirement</b>	<p>All non-executive directors are required to acquire over time a SEEK shareholding equivalent to one year of directors' fees (after tax). Non-executive directors are expected to hold 20% of their after tax annual fee in SEEK shares for each year of their directorship until the minimum shareholding requirement is achieved.</p>																
<b>Performance-based remuneration</b>	<p>Non-executive directors do not receive share options or rights or any performance-based remuneration.</p>																
<b>Non-executive director fees for international subsidiaries</b>	<p>Zhaopin Ltd is a subsidiary entity based in China which is listed on the New York Stock Exchange. Consistent with international practice, Zhaopin's independent directors are paid director fees. The Zhaopin director fees paid in FY2016 in relation to a SEEK director are disclosed in the table of director fees in Section 7.2.</p>																

# Directors' Report

## Remuneration Report continued

### 7.2 Non-executive director fees

Details of the nature and amount of each element of the remuneration of each non-executive director of the parent entity and the Group for the years ended 30 June 2016 and 2015 are set out in the following table:

		Short term benefits			Post-employment benefits	Total
		SEEK Limited Director fees	Zhaopin Ltd Director fees	Non-monetary benefits	Superannuation	
		\$	\$	\$	\$	\$
N G Chatfield	2016	370,692	-	5,433	19,308	395,433
	2015	371,217	-	4,967	18,783	394,967
C B Carter	2016	146,119	-	-	13,881	160,000
	2015	146,119	-	-	13,881	160,000
D I Bradley	2016	136,986	-	-	13,014	150,000
	2015	136,986	-	-	13,014	150,000
G B Goldsmith	2016	161,872	137,329	5,433	15,378	320,012
	2015	161,872	119,940	4,967	15,378	302,157
J A Fahey <sup>(1)</sup>	2016	136,986	-	-	13,014	150,000
	2015	129,259	-	-	12,280	141,539
Total	2016	952,655	137,329	10,866	74,595	1,175,445
	2015	945,453	119,940	9,934	73,336	1,148,663

1. Julie Fahey was appointed as non-executive director on 23 July 2014.

## 8. Statutory disclosures

This section sets out the required statutory disclosures of KMP remuneration for FY2016.

The statutory remuneration disclosures for the year ended 30 June 2016 are outlined in this section and are prepared in accordance with Australian Accounting Standards.

The statutory remuneration disclosed in section 8.1 differs from the FY2016 remuneration decisions and outcomes outlined in the SEEK remuneration strategy, discussed in sections 2 and 3. Differences arise mainly due to the accounting treatment of share-based payments (Equity Rights, LTI Options/Rights).

Statutory disclosures include an accounting remuneration value for current year Equity Rights and all unvested LTI awards. Accounting standards require remuneration in the form of equity awards to be expensed (and therefore included as remuneration) over the performance period of the option or right.



## 8.1 Executive statutory remuneration for FY2016 and FY2015

	Short term benefits			Post-employment benefits		Long-term benefits		Share-based payments				Total			Percentage of remuneration that consists of:		
	Cash salary <sup>(1)</sup>	Non-monetary benefits	Superannuation <sup>(2)</sup>	Long service leave	Share-based payments		Share-based payments - LTI Rights <sup>(3)</sup>	Share-based payments - LTI Rights <sup>(4)</sup>	Share-based payments - LTI Options <sup>(4)</sup>	Guaranteed <sup>(5)</sup>	Variable <sup>(6)</sup>	Performance based LTI					
					Rights <sup>(3)</sup>	Options <sup>(4)</sup>											\$
<b>CEO and Current Disclosed Executives</b>																	
A R Bassat	2016	2,071,200	6,729	30,000	53,425	1,050,600	691,873	1,498,912	5,402,739	40%	19%	41%					
	2015	2,009,584	6,263	30,417	90,580	816,000	-	1,941,595	4,894,439	44%	17%	39%					
G I Roberts	2016	754,058	3,622	35,000	-	400,000	244,870	-	1,437,550	55%	28%	17%					
	2015	-	-	-	-	-	-	-	-	n/a	n/a	n/a					
P D Everingham	2016	977,699	6,361	30,000	65,964	507,000	208,676	376,849	2,172,549	50%	23%	27%					
	2015	752,500	5,895	30,417	10,464	390,000	-	486,828	1,676,104	48%	23%	29%					
M J Ilcoznski	2016	1,194,999	8,674	30,000	80,744	612,500	252,100	404,246	2,583,263	51%	24%	25%					
	2015	824,583	6,587	30,417	27,211	427,500	-	510,698	1,826,996	49%	23%	28%					
J S Powell	2016	846,000	8,674	30,000	17,900	438,000	180,276	436,493	1,957,343	46%	22%	32%					
	2015	830,583	8,208	30,417	11,454	420,000	-	568,089	1,868,751	47%	22%	31%					
<b>Former Disclosed Executives</b>																	
J A Armstrong <sup>(7)</sup>	2016	249,966	4,013	12,932	(14,527)	139,583	-	194,325	586,292	43%	24%	33%					
	2015	640,000	6,263	30,000	15,109	335,000	-	302,389	1,328,761	52%	25%	23%					
M F Callaghan <sup>(7)</sup>	2016	-	-	-	-	-	-	-	-	n/a	n/a	n/a					
	2015	388,733	6,827	30,417	5,782	207,500	-	278,992	918,251	47%	23%	30%					
J S Lenga <sup>(7)</sup>	2016	-	-	-	-	-	-	-	-	n/a	n/a	n/a					
	2015	872,798	6,911	30,321	11,206	450,000	-	1,275,261	2,646,497	35%	17%	48%					
<b>Total</b>	<b>2016</b>	<b>6,093,922</b>	<b>38,073</b>	<b>167,932</b>	<b>203,506</b>	<b>3,147,683</b>	<b>1,577,795</b>	<b>2,910,825</b>	<b>14,139,736</b>								
	2015	6,318,781	46,954	212,406	171,806	3,046,000	-	5,363,852	15,159,799								

- Cash salary includes base salary and excess superannuation.
- Staff can elect to have super capped at \$30,000 or \$35,000 (age based) and any amount above this is included within "cash salary".
- Amounts disclosed reflect the expense for the Executives' Equity Right issues.
- Amounts disclosed reflect the value of remuneration consisting of LTI Options/Rights, based on the value of LTI Options/Rights expensed during the year.
- Percentage reflects the proportion relating to cash salary, non-monetary benefits, all superannuation benefits and long service leave.
- Percentage reflects the proportion of remuneration expensed in the year relating to the Executives' Equity Right issue.
- Refer to section 1.2 of the FY2016 Remuneration Report.

# Directors' Report

## Remuneration Report continued

### 8.2 LTI Options/Rights and Equity Right holdings

The number of LTI Options, LTI Rights and Equity Rights over ordinary shares in the Company held during the financial year by KMP, including their personally related parties, are set out below.

The tables include one Equity Right granted to KMP each financial year. Equity Rights with an effective date of 1 July 2014 vested on 1 July 2015 and converted to a number of ordinary shares. The Equity Rights with an effective date of 1 July 2015 vested on 1 July 2016. Refer to section 4.2 for further details.

FY2016	Balance at the start of the year	Granted during the year as compensation	Exercised during the year <sup>(1)</sup>	Forfeited during the year	Balance at the end of the year	Vested and exercisable at the end of the year <sup>(2)</sup>	Unvested at the end of the year
<b>Executive directors</b>							
A R Bassat	2,272,160	182,714	(1)	-	2,454,873	-	1,369,347
<b>Other key management personnel</b>							
J A Armstrong <sup>(3)</sup>	627,574	1	(1)	-	627,574	-	338,100
G I Roberts	-	92,754	-	-	92,754	-	92,754
P D Everingham	708,216	88,174	(1)	-	796,389	-	472,705
M J Ilczynski	733,584	106,522	(1)	-	840,105	-	519,052
J S Powell	829,454	76,174	(1)	-	905,627	-	521,416

1. One Equity Right exercised during the year

2. All KMP held LTI Options at 30 June 2016 which were vested but unexercisable due to the terms of the grant. No LTI Options were exercisable during FY2016.

3. J A Armstrong remains employed until 1 July 2016 so all Options remained on foot at 30 June 2016

FY2015	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Forfeited during the year	Balance at the end of the year	Vested and exercisable at the end of the year	Unvested at the end of the year
<b>Executive directors</b>							
A R Bassat	3,138,600	514,286	(1,380,726)	-	2,272,160	-	2,272,160
<b>Other key management personnel</b>							
J A Armstrong	662,818	140,757	(176,001)	-	627,574	-	627,574
M F Callaghan	464,268	87,185	(143,412)	-	408,041	-	408,041
P D Everingham	812,146	163,866	(267,796)	-	708,216	-	708,216
M J Ilczynski	766,338	179,622	(212,376)	-	733,584	-	733,584
J S Lenga	1,412,229	189,076	(749,292)	-	852,013	-	852,013
J S Powell	922,954	176,471	(269,971)	-	829,454	-	829,454

### 8.3 Shareholdings – SEEK Limited

The number of ordinary shares in the Company held during the financial year by each KMP, including their personally related parties, are set out below. No shares were granted during the reporting period as compensation.

FY2016 - SEEK Limited shares	Balance at the start of the year	Received during the year on exercise of LTI Options	Received during the year on exercise of Equity Rights	Purchase of shares	Sale of shares	Other changes during the year	Balance at the end of the year
<b>Non-executive directors</b>							
N G Chatfield	46,756	-	-	-	-	-	46,756
C B Carter	64,458	-	-	-	-	-	64,458
D I Bradley	8,456	-	-	1,600	-	-	10,056
G B Goldsmith	45,000	-	-	-	-	-	45,000
J A Fahey	2,288	-	-	-	-	-	2,288
<b>Executive directors</b>							
A R Bassat	13,990,787	-	48,942	-	-	-	14,039,729
<b>Other key management personnel</b>							
J A Armstrong <sup>(1)</sup>	19,833	-	20,095	-	(19,833)	(20,096)	-
G I Roberts	-	-	-	-	-	-	-
P D Everingham	22,174	-	23,393	-	-	-	45,567
M J Ilczynski	55,390	-	25,645	-	-	-	81,035
J S Powell	27,009	-	25,193	-	-	-	52,202

FY2015 - SEEK Limited shares	Balance at the start of the year	Received during the year on exercise of LTI Options	Received during the year on exercise of Equity Rights	Purchase of shares	Sale of shares	Other changes during the year <sup>(2)</sup>	Balance at the end of the year
<b>Non-executive directors</b>							
N G Chatfield	43,157	-	-	4,000	(401)	-	46,756
C B Carter	94,458	-	-	-	(30,000)	-	64,458
D I Bradley	5,000	-	-	3,456	-	-	8,456
G B Goldsmith	35,000	-	-	10,000	-	-	45,000
J A Fahey	-	-	-	2,288	-	-	2,288
<b>Executive directors</b>							
A R Bassat	13,942,506	1,380,725	67,556	-	(1,400,000)	-	13,990,787
<b>Other key management personnel</b>							
J A Armstrong	28,298	176,000	19,833	-	(204,298)	-	19,833
M F Callaghan	35,556	143,411	13,073	-	(63,024)	58,540	187,556
P D Everingham	31,641	267,795	22,174	-	(299,436)	-	22,174
M J Ilczynski	46,762	212,375	23,405	-	(227,152)	-	55,390
J S Lenga	94,481	749,291	28,010	-	(725,000)	-	146,782
J S Powell	37,557	269,970	27,009	-	(307,527)	-	27,009

1. John Armstrong ceased to be a KMP during the year therefore 'Other changes during the year' represents balance at time of role change.

2. Adjustment to correct balance at the start of the year.

# Directors' Report

## Remuneration Report continued

### 8.4 American Depository Shares (ADSs) holdings - Zhaopin Ltd

During FY2016, a number of KMP held ADSs in SEEK's subsidiary Zhaopin Ltd. The table below details the number of ADSs held during FY2016 for each member of SEEK's KMP.

FY2016 - Zhaopin Ltd ADSs	Balance at the start of the year	Purchase of ADSs	Balance at the end of the year
<b>Non-executive directors</b>			
N G Chatfield	-	-	-
C B Carter	4,250	-	4,250
D I Bradley	-	-	-
G B Goldsmith	18,000	-	18,000
J A Fahey	-	-	-
<b>Executive directors</b>			
A R Bassat	60,000	-	60,000
<b>Other key management personnel</b>			
J A Armstrong	-	-	-
G I Roberts	-	-	-
P D Everingham	10,000	-	10,000
M J Ilczynski	2,500	-	2,500
J S Powell	18,000	-	18,000

FY2015 - Zhaopin Ltd ADSs	Balance at the start of the year	Purchase of ADSs	Balance at the end of the year
<b>Non-executive directors</b>			
N G Chatfield	-	-	-
C B Carter	-	4,250	4,250
D I Bradley	-	-	-
G B Goldsmith	18,000	-	18,000
J A Fahey	-	-	-
<b>Executive directors</b>			
A R Bassat	60,000	-	60,000
<b>Other key management personnel</b>			
J A Armstrong	-	-	-
M F Callaghan	3,600	-	3,600
P D Everingham	10,000	-	10,000
M J Ilczynski	2,500	-	2,500
J S Lenga	8,000	-	8,000
J S Powell	18,000	-	18,000

### 8.5 Options granted to KMP in overseas subsidiaries

During FY2016, no options over ordinary shares in Zhaopin Ltd were issued.

### 8.6 Loans to KMP

There have been no loans to directors or Executives during the financial year (FY2015: nil).

### 8.7 Other transactions with KMP

During the year there were no other transactions with KMP, apart from related party transactions disclosed in note 28 of the Financial Report.

## 9. Legacy remuneration arrangements

This section sets out the required statutory disclosures of equity grants for SEEK's KMP.

### 9.1 Equity grants – legacy grants on foot during FY2016

	Grant date	# of options and rights granted	Vest date	Exercise price	Value of options and rights at grant date <sup>(1)</sup>	Vested %	Vested #	Forfeited / lapsed %	Value of lapsed awards at lapse date
A R Bassat	3 Dec 2012	1,085,526	1 Jul 2015	\$7.43	\$1,139,802	100%	1,085,526	0%	-
	4 Dec 2013	672,348	1 Jul 2016 <sup>(2)</sup>	\$10.38	\$2,783,521	-	-	-	-
	12 Dec 2014	1	1 Jul 2015	\$0.00	\$816,000	100%	1	0%	-
	12 Dec 2014	514,285	1 Jul 2017	\$19.04	\$1,229,141	-	-	-	-
	7 Dec 2015	1	1 Jul 2016 <sup>(2)</sup>	\$0.00	\$1,050,600	-	-	-	-
	7 Dec 2015	182,713	1 Jul 2018	\$0.00	\$1,037,810	-	-	-	-
	J A Armstrong	7 Sep 2012	289,474	1 Jul 2015	\$7.43	\$272,106	100%	289,474	0%
6 Sep 2013		197,343	1 Jul 2016 <sup>(2)</sup>	\$10.38	\$550,587	-	-	-	-
6 Aug 2014		1	1 Jul 2015	\$0.00	\$335,000	100%	1	0%	-
6 Aug 2014		140,756	1 Jul 2017	\$19.04	\$399,747	-	-	-	-
1 Oct 2015		1	1 Jul 2016	\$0.00	\$139,583	-	-	-	-
G I Roberts	2 Nov 2015	1	1 Jul 2016 <sup>(2)</sup>	\$0.00	\$400,000	-	-	-	-
	2 Nov 2015	67,088	1 Jul 2018	\$0.00	\$295,187	-	-	-	-
	30 May 2016	25,665	1 Jul 2018 <sup>(3)</sup>	\$0.00	\$112,926	-	-	-	-
P D Everingham	7 Sep 2012	323,684	1 Jul 2015	\$7.43	\$304,263	100%	323,684	0%	-
	6 Sep 2013	220,666	1 Jul 2016 <sup>(2)</sup>	\$10.38	\$615,658	-	-	-	-
	6 Aug 2014	1	1 Jul 2015	\$0.00	\$390,000	100%	1	0%	-
	6 Aug 2014	163,865	1 Jul 2017	\$19.04	\$465,377	-	-	-	-
	1 Oct 2015	1	1 Jul 2016 <sup>(2)</sup>	\$0.00	\$507,000	-	-	-	-
	1 Oct 2015	88,173	1 Jul 2018	\$0.00	\$313,014	-	-	-	-
M J Ilczynski	7 Sep 2012	321,053	1 Jul 2015	\$7.43	\$301,790	100%	321,053	0%	-
	6 Sep 2013	232,909	1 Jul 2016 <sup>(2)</sup>	\$10.38	\$649,816	-	-	-	-
	6 Aug 2014	1	1 Jul 2015	\$0.00	\$427,500	100%	1	0%	-
	6 Aug 2014	179,621	1 Jul 2017	\$19.04	\$510,124	-	-	-	-
	1 Oct 2015	1	1 Jul 2016 <sup>(2)</sup>	\$0.00	\$612,500	-	-	-	-
	1 Oct 2015	106,521	1 Jul 2018	\$0.00	\$378,150	-	-	-	-
J S Powell	7 Sep 2012	384,211	1 Jul 2015	\$7.43	\$361,158	100%	384,211	0%	-
	6 Sep 2013	268,772	1 Jul 2016 <sup>(2)</sup>	\$10.38	\$749,874	-	-	-	-
	6 Aug 2014	1	1 Jul 2015	\$0.00	\$420,000	100%	1	0%	-
	6 Aug 2014	176,470	1 Jul 2017	\$19.04	\$501,175	-	-	-	-
	1 Oct 2015	1	1 Jul 2016 <sup>(2)</sup>	\$0.00	\$438,000	-	-	-	-
	1 Oct 2015	76,173	1 Jul 2018	\$0.00	\$270,414	-	-	-	-

1. For LTI Options / Rights, value is the fair value at grant. For Equity Rights, value is the allocated value of the Equity Right.

2. 100% vested on 1 July 2016.

3. G I Roberts received an additional grant of LTI Rights to fulfil his contractual entitlement.

# Directors' Report

## Remuneration Report continued

### 9.2 Shares under option

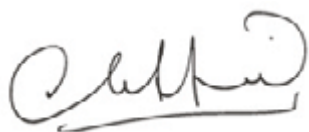
Unissued ordinary shares of SEEK under option at the date of this report are as follows:

Date granted	Expiry date	Exercise price of options	Number of options
<b>Executive Director LTI Options / Rights</b>			
3 December 2012	1 July 2017	\$7.43	1,085,526
4 December 2013	1 July 2018	\$10.38	672,348
12 December 2014	1 July 2019	\$19.04	514,285
7 December 2015	1 July 2020	\$0.00*	182,713
<b>Other LTI Options / Rights</b>			
7 September 2012	1 July 2017	\$7.43	1,839,803
6 September 2013	1 July 2018	\$10.38	1,291,905
6 August 2014	1 July 2019	\$19.04	616,145
1 October 2015	1 July 2020	\$0.00*	469,667
<b>Total shares under option<sup>(1)</sup></b>			<b>6,672,392</b>

\* LTI Rights do not have an Exercise Price unlike LTI Options

1. Balance excludes Equity Rights which were automatically exercised on 1 July 2016. Corresponding fulfilment of these shares will occur in September 2016.

This Directors' Report is made in accordance with a resolution of the directors.



Neil Chatfield  
Chairman  
Melbourne  
22 August 2016



## Auditor's Independence Declaration

As lead auditor for the audit of SEEK Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of SEEK Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'John Yeoman', is written over the printed name.

John Yeoman  
Partner  
PricewaterhouseCoopers

Melbourne  
22 August 2016

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**PricewaterhouseCoopers, ABN 52 780 433 757**  
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001  
T: 61 3 8603 1000, F: 61 3 8603 1999, [www.pwc.com.au](http://www.pwc.com.au)

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# Consolidated income statement

## for the year ended 30 June 2016

	Notes	2016 \$m	2015 \$m
<b>Revenue</b>	2	<b>965.4</b>	872.5
Gain on disposal of equity accounted investment	3	<b>279.7</b>	-
Fair value gain on step acquisition	3	-	100.3
<b>Operating expenses</b>			
Direct cost of services		<b>(39.3)</b>	(29.2)
Sales and marketing		<b>(320.5)</b>	(288.0)
Business development		<b>(84.2)</b>	(71.9)
Operations and administration		<b>(199.7)</b>	(176.8)
Transaction costs	1	<b>(15.3)</b>	(14.0)
Finance costs	4	<b>(41.5)</b>	(30.7)
<b>Total operating expenses</b>		<b>(700.5)</b>	(610.6)
Share of results of equity accounted investments	21	<b>12.2</b>	21.7
<b>Profit before income tax expense</b>		<b>556.8</b>	383.9
Income tax expense	6	<b>(157.4)</b>	(68.7)
<b>Profit for the year</b>		<b>399.4</b>	315.2
<b>Profit is attributable to:</b>			
Owners of SEEK Limited		<b>357.1</b>	281.2
Non-controlling interests		<b>42.3</b>	34.0
		<b>399.4</b>	315.2
<b>Earnings per share attributable to the owners of SEEK Limited:</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	5	<b>103.7</b>	82.1
Diluted earnings per share	5	<b>101.7</b>	79.9

The above consolidated income statement should be read in conjunction with the accompanying notes.



# Consolidated statement of comprehensive income for the year ended 30 June 2016

	Notes	2016 \$m	2015 \$m
<b>Profit for the year</b>		<b>399.4</b>	315.2
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
<i>Exchange differences on translation of foreign operations</i>			
Exchange differences on translation of foreign controlled entities		<b>(50.2)</b>	206.0
Exchange differences on translation of foreign associates		<b>(3.9)</b>	2.1
Net investment hedge of foreign controlled entities	17(a)	<b>(14.2)</b>	(68.6)
Income tax recognised in other comprehensive income	6(b)	<b>(2.7)</b>	-
Reserves recycled on disposal of equity accounted investment		<b>1.0</b>	-
Recycled foreign currency translation reserve on step-acquisition		<b>-</b>	0.5
<i>Cash flow hedges</i>			
(Losses)/gains on hedge contracts of controlled entities		<b>(11.8)</b>	9.2
(Losses)/gains on hedge contracts of associates (net of tax)		<b>(0.5)</b>	1.6
Income tax recognised in other comprehensive income	6(b)	<b>3.7</b>	(2.6)
Reserves recycled on disposal of equity accounted investment		<b>(1.0)</b>	-
<b>Items that will never be reclassified to profit or loss:</b>			
<i>Investment in equity instruments</i>			
Change in fair value of financial assets	11	<b>(3.0)</b>	4.9
<b>Other comprehensive income for the year</b>		<b>(82.6)</b>	153.1
<b>Total comprehensive income for the year for SEEK Limited</b>		<b>316.8</b>	468.3
<b>Total comprehensive income for the year attributable to:</b>			
Owners of SEEK Limited		<b>303.2</b>	365.4
Non-controlling interests		<b>13.6</b>	102.9
		<b>316.8</b>	468.3

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# Consolidated balance sheet

## as at 30 June 2016

	Notes	2016 \$m	2015 (restated)* \$m
<b>Current assets</b>			
Cash and cash equivalents	7	504.9	449.6
Trade and other receivables	10	98.5	120.2
Other current financial assets	11	133.6	63.1
Current tax assets	6(a)	-	9.3
<b>Total current assets</b>		<b>737.0</b>	<b>642.2</b>
<b>Non-current assets</b>			
Investments accounted for using the equity method	21	81.0	132.4
Plant and equipment		28.1	28.1
Intangible assets	12	2,388.3	2,407.7
Other non-current financial assets	11	19.2	64.6
Deferred tax assets	6(c)	24.8	24.2
<b>Total non-current assets</b>		<b>2,541.4</b>	<b>2,657.0</b>
<b>Total assets</b>		<b>3,278.4</b>	<b>3,299.2</b>
<b>Current liabilities</b>			
Trade payables		118.3	116.9
Current borrowings	7(b)	71.1	214.9
Unearned income		226.5	204.3
Other financial liabilities	14	15.8	10.0
Current tax liabilities	6(a)	113.8	17.1
Current provisions	15(a)	29.5	36.0
<b>Total current liabilities</b>		<b>575.0</b>	<b>599.2</b>
<b>Non-current liabilities</b>			
Non-current borrowings	7(b)	751.6	769.3
Deferred tax liabilities	6(c)	100.5	105.2
Non-current provisions	15(b)	26.7	24.6
<b>Total non-current liabilities</b>		<b>878.8</b>	<b>899.1</b>
<b>Total liabilities</b>		<b>1,453.8</b>	<b>1,498.3</b>
<b>Net assets</b>		<b>1,824.6</b>	<b>1,800.9</b>
<b>Equity</b>			
Share capital	16	222.9	222.9
Foreign currency translation reserve		140.5	210.3
Hedging reserve	17(a)	(99.4)	(75.5)
Other reserves	17(b)	66.3	(19.9)
Retained profits		1,024.9	796.5
Non-controlling interests		469.4	666.6
<b>Total equity</b>		<b>1,824.6</b>	<b>1,800.9</b>

\* 30 June 2015 balances for intangible assets, current provisions and non-current provisions have been restated as a result of the finalisation of the JobStreet purchase price allocation described in note 19.

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

# Consolidated statement of changes in equity

## for the year ended 30 June 2016

	Notes	Attributable to equity holders of the parent					Total \$m	Non- controlling interests \$m	Total equity \$m
		Share capital \$m	Foreign currency translation reserve \$m	Hedging reserve \$m	Other reserves \$m	Retained profits \$m			
<b>Balance at 1 July 2014</b>		203.7	45.6	(15.1)	43.3	624.9	902.4	566.2	1,468.6
<b>Profit for the year</b>		-	-	-	-	281.2	281.2	34.0	315.2
Exchange differences on translation of foreign operations		-	139.2	-	-	-	139.2	68.9	208.1
Losses on hedge contracts		-	-	(57.8)	-	-	(57.8)	-	(57.8)
Income tax recognised in other comprehensive income	6(b)	-	-	(2.6)	-	-	(2.6)	-	(2.6)
Reserves recycled on step-acquisition		-	0.5	-	-	-	0.5	-	0.5
Change in fair value of financial assets	11	-	-	-	4.9	-	4.9	-	4.9
<b>Total comprehensive income for the year</b>		-	139.7	(60.4)	4.9	281.2	365.4	102.9	468.3
<i>Transactions with owners:</i>									
Contributions of equity, net of transaction costs and tax	16	19.2	-	-	-	-	19.2	-	19.2
Dividends provided for or paid	18	-	-	-	-	(120.2)	(120.2)	(24.7)	(144.9)
Employee share options scheme		-	-	-	13.0	-	13.0	1.8	14.8
Tax associated with employee share schemes	6(b)	-	-	-	(7.7)	10.6	2.9	-	2.9
Exercise of share options in subsidiary		-	-	-	(8.6)	-	(8.6)	40.3	31.7
Change in ownership of subsidiaries		-	25.0	-	(62.5)	-	(37.5)	(22.8)	(60.3)
Transfer of reserves		-	-	-	(2.9)	-	(2.9)	2.9	-
Share of reserves movement of associates	21(a)	-	-	-	0.6	-	0.6	-	0.6
<b>Balance at 30 June 2015</b>		222.9	210.3	(75.5)	(19.9)	796.5	1,134.3	666.6	1,800.9
<b>Profit for the year</b>		-	-	-	-	357.1	<b>357.1</b>	<b>42.3</b>	<b>399.4</b>
Exchange differences on translation of foreign operations		-	(25.4)	-	-	-	(25.4)	(28.7)	(54.1)
Losses on net investment hedge contracts	17(a)	-	-	(26.5)	-	-	(26.5)	-	(26.5)
Change in fair value of financial assets	11	-	-	-	(3.0)	-	(3.0)	-	(3.0)
Income tax recognised in other comprehensive income	6(b)	-	(2.7)	3.7	-	-	1.0	-	1.0
Reserves recycled on disposal of equity accounted investment	3	-	1.0	(1.0)	-	-	-	-	-
<b>Total comprehensive income for the year</b>		-	(27.1)	(23.8)	(3.0)	357.1	<b>303.2</b>	<b>13.6</b>	<b>316.8</b>
<i>Transactions with owners:</i>									
Dividends provided for or paid	18	-	-	-	-	(130.9)	(130.9)	(13.7)	(144.6)
Employee share options scheme	27(b)	-	-	-	13.2	-	13.2	0.5	13.7
Tax associated with employee share schemes	6(b)	-	-	-	0.4	2.2	2.6	-	2.6
Exercise of share options in subsidiary		-	(3.3)	-	(1.1)	-	(4.4)	15.4	11.0
Contributions of equity	17(b)	-	-	-	-	-	-	4.5	4.5
Change in ownership of subsidiaries	17(b)	-	(39.4)	(0.1)	76.0	-	36.5	(217.5)	(181.0)
Share of reserve movement of associates	21(a)	-	-	-	0.7	-	0.7	-	0.7
<b>Balance at 30 June 2016</b>		222.9	140.5	(99.4)	66.3	1,024.9	<b>1,355.2</b>	<b>469.4</b>	<b>1,824.6</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Consolidated statement of cash flows

## for the year ended 30 June 2016

	Notes	2016 \$m	2015 \$m
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of goods and services tax)		1,065.8	924.7
Payments to suppliers and employees (inclusive of goods and services tax)		(649.4)	(544.7)
		416.4	380.0
Interest received		13.2	12.9
Interest paid		(28.4)	(23.1)
Transaction costs		(15.3)	(16.2)
Income taxes paid	6(a)	(51.0)	(72.2)
<b>Net cash inflow from operating activities</b>		<b>334.9</b>	<b>281.4</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of equity accounted investment	3	331.6	-
Payments for acquisition of subsidiary, net of cash acquired		(15.5)	(512.9)
Dividends and distributions received from equity accounted investments	21	29.2	29.0
Dividends received from financial assets		0.3	0.9
Payment for additional interest in equity accounted investments	21	(11.2)	(6.4)
Payment for investment in equity accounted investments	21	(10.0)	(17.7)
Payments for intangible assets		(40.1)	(40.1)
Payments for plant and equipment		(14.8)	(16.6)
Payment for investment in financial asset		(2.3)	-
<b>Net cash inflow/(outflow) from investing activities</b>		<b>267.2</b>	<b>(563.8)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		199.2	628.8
Repayment of borrowings		(383.9)	(119.7)
Transaction costs on establishment of debt facilities		(3.6)	(6.0)
Exercise of Zhaopin IPO underwriter's option		-	11.9
Cash released from deposits to support entrusted loan facilities		48.4	27.2
Cash placed on deposit in short term investment		(88.9)	(15.3)
Proceeds from issues of shares		-	19.2
Proceeds from share options in subsidiaries		14.6	18.2
Dividends paid to members of the parent	18	(130.9)	(120.2)
Dividends paid to non-controlling interests		(9.2)	(24.7)
Payment for additional interest in subsidiary		(181.0)	(157.7)
Contributions from non-controlling interests		-	100.1
Proceeds from other financing arrangements		9.4	(16.7)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(525.9)</b>	<b>345.1</b>
<b>Net increase in cash and cash equivalents</b>		<b>76.2</b>	<b>62.7</b>
Cash and cash equivalents at the beginning of the year		449.6	323.0
Effect of exchange rate changes on cash and cash equivalents		(20.9)	63.9
<b>Cash and cash equivalents at the end of the year</b>		<b>504.9</b>	<b>449.6</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

## for the year ended 30 June 2016

### About this Financial Report

The content and structure of the financial report has been reviewed and modified in recent years with the aim of making it less complex and more relevant to shareholders. This review has resulted in a number of changes to the report including:

- Reorganisation of disclosures into themed sections;
- Immaterial disclosures being removed;
- Critical estimates/judgements and relevant accounting policies being included within disclosures;
- Wording in the report being simplified to 'plain english'.

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### Basis of preparation

SEEK Limited is a for-profit entity for the purpose of preparing financial statements.

These financial statements:

- are general purpose financial statements;
- are for the consolidated entity consisting of SEEK Limited and its subsidiaries;
- have been prepared in accordance with Australian Accounting Standards (AASBs) and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001;
- comply with International Financial Reporting Standards as issued by the International Accounting Standards Board;
- have been prepared on a going concern basis using historical cost except for the revaluation of financial assets and liabilities (including derivative instruments) measured at fair value through profit and loss;
- are presented in Australian dollars with all values rounded to the nearest hundred thousand dollars, or in certain cases, the nearest dollar, in accordance with the Australian Securities and Investments Commission Corporations Instrument 2016/191;
- apply significant accounting policies consistently to all periods presented, unless otherwise stated.

The Directors have included information in this report that they deem to be material and relevant to the understanding of the financial statements.

Disclosure may be considered material and relevant if the dollar amount is significant due to size or nature, or the information is important to understand the:

- Group's current year results;
- impact of significant changes in the Group's business; or
- aspects of the Group's operations that are important to future performance.

# Notes to the Financial Statements

## for the year ended 30 June 2016

### 1. Segment information

#### Accounting Policy

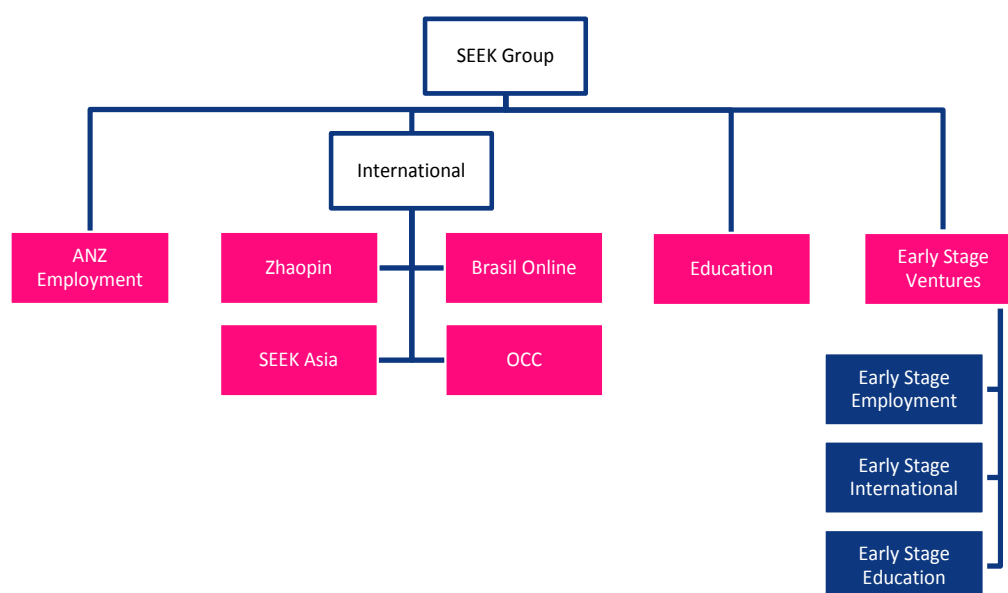
Operating segments, which have not been aggregated, are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

Segment EBITDA is the measure utilised by the CODM to measure the businesses' profitability. Segment EBITDA is earnings before interest, tax, depreciation and amortisation and excludes share of results of equity accounted investments, amortisation of share-based payments and long-term incentives, gains/losses on investing activities, and other non-operating gains/losses.

A change has been made to SEEK's operating segments for FY2016 to align with Executive responsibilities and analysis of results as provided to the CODM. The changes are as follows:

- The Group's early stage ventures have been combined into one operating segment, whereas in FY2015 they were presented as part of 3 segments (early stage employment, education other and international other); and
- SEEK Learning has been combined with the Group's investment in OES and IDP (until sale in November 2015) to form Education.

The revised operating segments are described below. Comparative information for FY2015 has been restated.



Operating segment	Nature of operations	Primary source of revenue	Geographical location
<b>ANZ Employment</b> (formerly Core Employment)	Online employment marketplace services	Job and banner advertising	Australia and New Zealand
<b>Zhaopin</b>	Online employment marketplace services	Job and banner advertising	People's Republic of China
<b>SEEK Asia</b>	Online employment marketplace services	Job and banner advertising	Seven countries across South East Asia
<b>Brasil Online</b>	Online employment marketplace services	CV online	Brazil
<b>OCC</b>	Online employment marketplace services	Job and banner advertising	Mexico
<b>Education</b>	Marketing, sale and distribution of education courses and share of profits from OES and IDP (until sale in November 2015)	Commission	Australia and New Zealand
<b>Early Stage Ventures</b>	A portfolio of Australian and international investments that either sit adjacent to the core online employment and education marketplaces or provide similar products or services in new geographical regions	Various	Various

The following analysis of the Group's results by segment also include 'International Other' which incorporates the share of results from Bdjobs and JCBNext (until the cessation of equity accounting in November 2014), and other operating costs associated with managing the international businesses that are not allocated to a segment.

## (a) Segment performance

	Notes	International						Total			
		ANZ Employment	Zhaopin	SEEK Asia	Brasil Online	OCC	Int'l Other	Total	Education	Early Stage Ventures	Total
Year ended 30 June 2016		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Sales revenue</b>		<b>313.1</b>	329.1	141.8	91.7	29.7	-	<b>592.3</b>	42.1	2.9	<b>950.4</b>
<b>Segment EBITDA<sup>(1)</sup></b>		<b>177.8</b>	79.7	75.8	34.0	9.3	(5.7)	<b>193.1</b>	5.0	(9.2)	<b>366.7</b>
Depreciation		(2.7)	(5.4)	(2.7)	(1.3)	(1.0)	-	(10.4)	(0.6)	-	(13.7)
Amortisation		(18.2)	(3.9)	(9.5)	(1.8)	(1.6)	-	(16.8)	(1.3)	(3.4)	(39.7)
Net interest income/(expense)		(25.0)	6.2	(5.7)	2.9	0.4	(0.2)	3.6	0.1	-	(21.3)
Share-based payments and other LTI	27	(9.4)	(0.3)	(1.9)	(0.6)	(1.8)	(2.6)	(7.2)	(0.1)	(1.7)	(18.4)
Share of results of equity accounted investments	21	-	-	-	-	-	0.5	0.5	20.8	(9.1)	12.2
Gain on disposal of equity accounted investment	3	-	-	-	-	-	-	-	279.7	-	279.7
Transaction costs from investing activities		-	(1.6)	(0.2)	-	-	-	(1.8)	(13.5)	-	(15.3)
Other financing activities/borrowing costs written off		13.8	-	(7.5)	-	-	-	(7.5)	-	-	6.3
Dividend income		-	-	-	-	-	0.3	0.3	-	-	0.3
<b>Profit before income tax expense</b>		<b>136.3</b>	74.7	48.3	33.2	5.3	(7.7)	<b>153.8</b>	290.1	(23.4)	<b>556.8</b>
Income tax expense	6	(38.6)	(12.6)	(12.4)	(7.2)	(2.1)	2.2	(32.1)	(90.9)	4.2	(157.4)
<b>Profit for the year</b>		<b>97.7</b>	62.1	35.9	26.0	3.2	(5.5)	<b>121.7</b>	199.2	(19.2)	<b>399.4</b>
Non-controlling interest	20	-	(23.9)	(6.9)	(11.7)	0.2	-	(42.3)	-	-	(42.3)
<b>Profit attributable to owners of SEEK Limited</b>		<b>97.7</b>	38.2	29.0	14.3	3.4	(5.5)	<b>79.4</b>	199.2	(19.2)	<b>357.1</b>

1. Segment EBITDA is earnings before interest, tax, depreciation and amortisation and excludes share of results of equity accounted investments, share-based payments expense, gains/losses on investing activities and other non-operating gains/losses.

# Notes to the Financial Statements

## for the year ended 30 June 2016

### 1. Segment information continued

#### (a) Segment performance continued

	Notes	International					Total			
		ANZ Employment	Zhaopin	SEEK Asia	Brasil Online	OCC	Int'l Other	Education	Early Stage Ventures	Total
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	
<b>Year ended 30 June 2015 (restated)</b>										
<b>Sales revenue</b>		273.2	252.8	104.7	119.3	24.5	-	501.3	81.2	858.4
<b>Segment EBITDA<sup>(1)</sup></b>		154.2	67.0	49.1	43.7	7.8	(3.1)	164.5	32.5	348.9
Depreciation		(2.2)	(4.6)	(1.7)	(1.3)	(0.8)	-	(8.4)	(1.2)	(11.8)
Amortisation		(10.7)	(6.4)	(9.6)	(1.0)	(1.7)	-	(18.7)	(0.7)	(31.4)
Net interest income/(expense)		(19.8)	4.6	(4.5)	2.2	0.2	0.2	2.7	0.1	(17.0)
Share-based payments and other LTI	27	(8.7)	(3.1)	(1.4)	(0.5)	(0.8)	(3.1)	(8.9)	(0.5)	(18.7)
Share of results of equity accounted investments	21	-	-	-	-	-	(0.5)	(0.5)	25.7	21.7
Fair value gain on step acquisition	3	-	-	100.3	-	-	-	100.3	-	100.3
Transaction costs from investing activities		-	-	(14.0)	-	-	-	(14.0)	-	(14.0)
Other financing activities		-	-	-	-	(0.2)	4.9	4.7	-	4.7
Dividend income		-	-	-	-	-	1.2	1.2	-	1.2
<b>Profit before income tax expense</b>		112.8	57.5	118.2	43.1	4.5	(0.4)	222.9	55.9	383.9
Income tax expense	6	(31.5)	(10.5)	(8.2)	(9.5)	(0.2)	0.8	(27.6)	(11.1)	(68.7)
<b>Profit for the year</b>		81.3	47.0	110.0	33.6	4.3	0.4	195.3	44.8	315.2
Non-controlling interest	20	-	(16.6)	0.2	(16.4)	(1.2)	-	(34.0)	-	(34.0)
<b>Profit attributable to owners of SEEK Limited</b>		81.3	30.4	110.2	17.2	3.1	0.4	161.3	44.8	281.2



## (b) Segment financial position

	Segment assets		Segment liabilities	
	2016 \$m	2015 (restated) \$m	2016 \$m	2015 (restated) * \$m
ANZ Employment	148.7	139.3	(67.5)	(54.7)
Zhaopin	1,163.9	1,151.9	(210.8)	(205.1)
SEEK Asia	1,254.7	1,214.5	(67.7)	(62.2)
Brasil Online	382.5	378.2	(34.6)	(35.0)
OCC	176.2	191.0	(15.3)	(14.3)
Int'l Other	29.2	30.5	(13.5)	(9.0)
Education	36.5	109.4	(5.3)	(10.2)
Early stage ventures	61.9	50.9	(2.1)	(1.3)
<b>Total of segments</b>	<b>3,253.6</b>	<b>3,265.7</b>	<b>(416.8)</b>	<b>(391.8)</b>
Current tax assets	-	9.3		
Deferred tax assets	24.8	24.2		
<b>Total assets</b>	<b>3,278.4</b>	<b>3,299.2</b>		
Borrowings			(822.7)	(984.2)
Current tax liabilities			(113.8)	(17.1)
Deferred tax liabilities			(100.5)	(105.2)
<b>Total liabilities</b>			<b>(1,453.8)</b>	<b>(1,498.3)</b>

\* 30 June 2015 balances have been restated to reflect the revised segments, and as a result of the finalisation of the JobStreet purchase price allocation described in note 19.

## (c) Geographical information

The following table analyses sales revenue and non-current assets (excluding deferred tax assets) based on geographical location.

Sales revenue is allocated to a country based on the geographical location of the customers. Refer to note 2 for a reconciliation of total sales revenue to total consolidated revenue.

Non-current assets are allocated to a country based on the geographical location of the asset. Intangible assets that relate only to one country have been allocated to that country. Intangible assets acquired as part of the JobsDB and JobStreet acquisitions (goodwill, brands and other intangible assets) relate to several countries and have been shown as "South East Asia Unallocated" as they cannot practically be split between the locations. This is consistent with the approach for impairment testing (refer to note 12).

	Sales revenue		Non-current assets (excluding deferred tax assets)	
	2016 \$m	2015 \$m	2016 \$m	2015 (restated) * \$m
Australia	328.3	329.6	110.4	156.9
New Zealand	29.4	27.1	5.3	5.5
Brazil	91.7	119.3	343.7	342.8
Mexico	29.7	24.5	150.5	169.5
China	329.1	252.8	673.4	753.2
Hong Kong	43.9	36.3	2.4	2.1
Malaysia	32.6	22.1	17.9	20.1
Singapore	23.6	16.8	1.5	1.4
Thailand	11.5	10.3	0.2	0.3
Philippines	23.6	13.7	15.2	0.6
South East Asia Unallocated	-	-	1,140.4	1,133.3
Africa	-	-	26.1	23.1
India	-	-	8.6	13.0
Rest of the world	7.0	5.9	21.0	11.0
<b>Total</b>	<b>950.4</b>	<b>858.4</b>	<b>2,516.6</b>	<b>2,632.8</b>

\* 30 June 2015 balance for non-current assets for South East Asia Unallocated has been restated as a result of the finalisation of the JobStreet purchase price allocation described in note 19.

# Notes to the Financial Statements

## for the year ended 30 June 2016

### 2. Revenue

#### Accounting Policy

Revenue is measured at the fair value of the consideration received or receivable and is shown net of sales taxes (such as GST and VAT) and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met as described below:

Class of revenue	Recognition criteria
<b>Online employment marketplaces</b>	
Job advertisements	in the period over which the advertisements are placed.
Banner advertisements	in the period that the impressions occur.
CV online	over the period during which the jobseeker can access the services.
<b>Education</b>	
Commission	when the student is registered with the education provider or when the student passes the relevant census date, depending on the arrangement.
<b>Other revenue</b>	
Dividends	when the right to receive payment is established.
Interest	on a time proportion basis using the effective interest method.

Services sold to customers in advance, which are yet to be utilised, are recognised initially in the balance sheet as unearned income and released to revenue in line with the above recognition criteria.

	2016 \$m	2015 \$m
Sales revenue	950.4	858.4
Dividend income	0.3	1.2
Interest income	14.7	12.9
<b>Total revenue</b>	<b>965.4</b>	<b>872.5</b>

### 3. Other income

	2016 \$m	2015 \$m
Gain on disposal of equity accounted investment	279.7	-
Fair value gain on step acquisition	-	100.3
<b>Total other income</b>	<b>279.7</b>	<b>100.3</b>

#### Disposal of interest in IDP Education Pty Ltd (IDP)

On 25 November 2015, IDP was successfully listed on the Australian Stock Exchange (ticker "IEL"). As a result, SEEK sold its entire 50% stake in IDP as part of the IPO, generating gross proceeds of \$331.6m.

IDP was accounted for as an associate until the date of disposal. SEEK has recognised a gain of \$181.7m on disposal of its investment.

	Gain on disposal \$m
Fair value of consideration received	331.6
Less: carrying value of IDP as an associate	(51.9)
Less: foreign currency translation reserve recycled	(1.0)
Less: share of associate reserves recycled	1.0
<b>Amount recognised as other income</b>	<b>279.7</b>
Less: transaction costs	(13.5)
<b>Gain on disposal (before tax)</b>	<b>266.2</b>
Less: capital gains tax	(84.5)
<b>Gain on disposal (after tax)</b>	<b>181.7</b>

## 4. Expenses

Profit before income tax expense from continuing operations includes the following specific net losses and expenses:

	2016 \$m	2015 \$m
<b>Specific costs included within 'operations and administration'</b>		
Minimum lease payments for operating leases	23.5	20.5
Net foreign exchange gains recognised in profit before income tax expense	(4.9)	(8.8)
<b>Finance costs</b>		
Interest expense	35.9	29.9
Borrowing costs written off	4.9	-
Other finance charges paid/payable	0.7	0.8
<b>Total finance costs</b>	<b>41.5</b>	<b>30.7</b>
<b>Employee benefits</b>		
Salary costs	306.6	262.0
Share-based payments and other long-term incentives	18.4	18.7
Superannuation costs and other pension related costs	27.6	22.4
<b>Total employee benefits</b>	<b>352.6</b>	<b>303.1</b>

## 5. Earnings per share

### Accounting Policy

Diluted earnings per share (EPS) reflects the following adjustments:

- the impact on profit if the subsidiaries' outstanding employee options were fully exercised, resulting in SEEK's ownership being diluted;
- the effect of employee options and rights in SEEK Limited, calculated by comparing the number of shares that would be issued if all options / rights were exercised with the number of shares the Company could hypothetically buy back on market using the exercise price (the dilutive impact being the difference between the two).

	2016 Cents	2015 Cents
Basic earnings per share	103.7	82.1
Diluted earnings per share	101.7	79.9

### (a) Reconciliation of earnings used in calculating EPS

	2016 \$m	2015 \$m
Profit attributable to owners of SEEK Limited (for basic EPS)	357.1	281.2
Potential dilutive adjustment for subsidiary option plans	(3.6)	(4.3)
Adjusted profit attributable to owners of SEEK Limited (for diluted EPS)	353.5	276.9

### (b) Weighted average number of shares

	2016 number	2015 number
Weighted average number of shares used as denominator in calculating basic EPS	344,487,384	342,571,482
Weighted average of potential dilutive ordinary shares:		
- LTI Options	2,154,529	3,565,118
- LTI Rights	427,862	-
- Equity Rights and Performance Rights	423,847	405,731
Weighted average number of shares used as the denominator in calculating diluted EPS	347,493,622	346,542,331

The weighted average of potential dilutive ordinary shares excludes 1,130,430 LTI Options (2015: 1,217,614) which have an exercise price that is higher than the average share price for the period. If these LTI Options were to be exercised the Company could hypothetically use the proceeds to buy back more shares than it issues, resulting in a net positive impact to shareholders.

# Notes to the Financial Statements

## for the year ended 30 June 2016

### 6. Income tax

#### Critical accounting estimates and assumptions

##### Uncertain tax positions

The Group applies its current understanding of the tax law to estimate tax liabilities where the ultimate tax position is uncertain. When the tax position is ultimately determined or tax laws change, the actual tax liability may differ from this current estimate.

##### Research and development claim

The research and development claim available to the Company is estimated in the accounts because a full assessment of the position cannot be made by the year end. It is the policy of the Company to only bring to account that preliminary portion of expenses that is reasonably expected to be claimable at period end.

##### Tax rate applicable to Beijing Wangpin

Beijing Wangpin Consulting Co., Ltd (a PRC subsidiary of Zhaopin Ltd) qualifies as a High and New Technology Enterprise (HNTE) and as such, has been granted a preferential income tax rate of 15% for the three year period ending 31 December 2016. Deferred tax balances associated with Beijing Wangpin have been recorded on the assumption this rate will continue to apply in the future (i.e. Beijing Wangpin's HNTE status will be renewed).

#### Accounting policy

Each entity in the Group uses the tax laws in place or those that have been substantively enacted at reporting date in the relevant jurisdiction to calculate income tax. For deferred income tax, the entity also considers whether these laws are expected to be in place when the related asset is realised or the liability is settled.

Deferred tax assets and liabilities are recognised on all assets and liabilities that have different carrying values for tax and accounting, except for:

- initial recognition of goodwill.
- any undistributed profits of the Company's subsidiaries, associates or joint ventures where either the distribution of those profits would not give rise to a tax liability or the directors consider they have the ability to control the timing of the reversal of the temporary differences.

Deferred tax assets:

- are recognised only to the extent that it is probable that there is sufficient future taxable amounts to recover these assets. This assessment is reviewed at each reporting date.
- are offset against deferred tax liabilities in the same tax jurisdiction, when there is a legally enforceable right to do so.
- acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in profit or loss.

SEEK Limited and its wholly-owned Australian entities formed an income tax consolidated group in 2004. These entities have tax sharing and tax funding agreements in place. Refer to note 23 for further information.

#### Adoption of Voluntary Tax Transparency Code

On 3 May 2016, the Australian Treasurer released a Voluntary Tax Transparency Code (the Voluntary Code). The Voluntary Code recommends additional tax information be publicly disclosed to help educate the public about large corporate compliance with Australia's tax laws.

SEEK fully supports and has signed up to this Voluntary Code. Accordingly, the income tax disclosures in this note include the recommended additional disclosures.

#### (a) Income tax expense

	Notes	2016 \$m	2015 \$m
Current tax		160.7	69.9
Deferred tax		(3.2)	(1.9)
(Over)/under provision in prior year		(0.1)	0.7
<b>Income tax expense</b>		<b>157.4</b>	<b>68.7</b>
Deferred income tax expense included in income tax expense comprises:			
(Increase)/Decrease in deferred tax assets		(0.9)	0.9
Decrease in deferred tax liability		(2.3)	(2.8)
		<b>(3.2)</b>	<b>(1.9)</b>

## (a) Income tax expense continued

### Reconciliation of income tax at the standard rate to actual income tax payable

	2016 \$m	2015 \$m
<b>Profit from ordinary activities before income tax expense</b>	<b>556.8</b>	383.9
Income tax calculated @ 30% (2015: 30%)	<b>167.0</b>	115.2
Tax effect of amounts that are not deductible/(taxable) in calculating income tax:		
Net taxable gain on disposal of equity accounted investment (a)	<b>4.6</b>	-
Fair value gain on step acquisitions (b)	-	(30.1)
Taxable unfranked dividend (c)	<b>5.4</b>	2.0
Financing, transaction and legal costs (d)	<b>3.1</b>	4.9
Tax deductible goodwill (e)	<b>(2.4)</b>	(3.8)
Post tax associate earnings (f)	<b>(3.7)</b>	(6.5)
Research and development claim (g)	<b>(7.0)</b>	(4.4)
Overseas tax rate differential (h)	<b>(11.3)</b>	(10.8)
(Over)/under provision in prior year	<b>(0.1)</b>	0.7
Other	<b>1.8</b>	1.5
<b>Income tax expense in the consolidated income statement</b>	<b>157.4</b>	68.7

#### Explanation of key items

- The difference between the accounting and tax gain on SEEK's disposal of its interest in IDP.
- Non-taxable gain realised as part of the JobStreet transaction.
- The unfranked portion of dividends received from IDP during the period is taxable to SEEK.
- Non-deductible financing, transaction and legal costs within the SEEK Group.
- Goodwill amortisation is tax deductible in Brazil.
- SEEK's share of profit from associates and joint ventures is taken up net of tax expense.
- Research and development incentives utilised throughout the SEEK Group.
- SEEK Group's international profits are taxed at local statutory or preferential rates varying from the Australian statutory tax rate (as shown below):

#### Local tax rates

Country (Business)	2016	2015
Australia (SEEK Australia)	<b>30.0%</b>	30.0%
New Zealand (SEEK NZ)	<b>28.0%</b>	28.0%
China (Zhaopin excluding Beijing Wangpin)	<b>25.0%</b>	25.0%
China (Beijing Wangpin)	<b>15.0%</b>	15.0%
South East Asia (SEEK Asia)	<b>16.5%-30.0%</b>	16.5%-30.0%
Brazil (Brasil Online)	<b>34.0%</b>	34.0%
Mexico (OCC)	<b>30.0%</b>	30.0%

### Effective tax rate

The effective tax rate is calculated as company income tax expense divided by profit from ordinary activities, adjusted for post-tax share of results of equity accounted investments.

	SEEK Group		Australian operations	
	2016 \$m	2015 \$m	2016 \$m	2015 \$m
Profit from ordinary activities before income tax expense	<b>556.8</b>	383.9	<b>401.7</b>	166.5
Less: Post-tax share of results of equity accounted investments	<b>(12.2)</b>	(21.7)	<b>(20.1)</b>	(25.5)
(A) Adjusted profit before income tax expense	<b>544.6</b>	362.2	<b>381.6</b>	141.0
(B) Income tax expense	<b>157.4</b>	68.7	<b>122.7</b>	40.0
<b>Effective tax rate (B/A)</b>	<b>28.9%</b>	19.0%	<b>32.2%</b>	28.4%

# Notes to the Financial Statements

## for the year ended 30 June 2016

### 6. Income tax continued

#### (a) Income tax expense continued

##### Reconciliation of income tax expense to current tax liability

	2016 \$m	2015 \$m
<b>Income tax expense in the consolidated income statement</b>	<b>157.4</b>	68.7
Add/(subtract):		
Deferred tax assets charged to income	0.9	(0.9)
Deferred tax liabilities charged to income	2.3	2.8
Over/(under) provision in prior years (current and deferred tax)	0.1	(0.7)
<b>Current tax included in income tax expense</b>	<b>160.7</b>	69.9
Add/(subtract):		
Tax payments made to tax authorities	(51.0)	(72.2)
Under provision in prior years (current tax)	(1.3)	(1.8)
Items recognised directly in equity	(2.2)	(10.6)
Acquisition of subsidiary's tax payable	-	1.8
Foreign exchange	0.3	1.9
Other	(0.5)	0.6
Net opening balance carried forward	7.8	18.2
<b>Net current tax liability</b>	<b>113.8</b>	7.8
<b>Net current tax liability comprises:</b>		
Current tax asset in the consolidated balance sheet	-	(9.3)
Current tax liability in the consolidated balance sheet	113.8	17.1
<b>Net current tax liability</b>	<b>113.8</b>	7.8

The Australian capital gains tax of \$84.5m from the disposal of IDP (refer to note 3 for further details) is due and payable in December 2016.

#### (b) Amounts recognised directly in equity

Tax relating to certain taxable (or tax-deductible) items are recognised in other comprehensive income or directly in equity, rather than through the income statement.

	Notes	2016 \$m	2015 \$m
<b>Relating to items of other comprehensive income:</b>			
Deferred tax debited directly to foreign currency translation reserve		(2.7)	-
Deferred tax credited/(debited) directly to hedge reserve		3.7	(2.6)
		1.0	(2.6)
<b>Relating to items recognised directly in equity:</b>			
Deferred tax credited directly to share-based payment reserve		0.4	(7.7)
Current tax credited directly to retained profits, on issuance of new shares		2.2	10.6
<b>Total tax recognised directly in equity</b>		<b>3.6</b>	0.3

## (c) Deferred taxes

### (i) Deferred tax assets

	Opening balance \$m	Charged to income \$m	Charged to OCI/equity \$m	Acquisition of subsidiary \$m	Exchange differences \$m	Closing balance \$m
<b>For the year ended 30 June 2016</b>						
Share based payments	11.2	(2.3)	0.4	-	-	9.3
Other provisions	7.5	2.4	-	-	(0.2)	9.7
Employee benefits	6.0	3.5	-	-	(0.2)	9.3
Unearned income	4.8	0.5	-	-	(0.1)	5.2
Cash flow hedge reserve	(2.6)	-	3.7	-	-	1.1
Unrealised foreign exchange	-	-	(2.7)	-	-	(2.7)
Research and development offset	(10.4)	(3.2)	-	-	-	(13.6)
Other	7.7	(1.0)	-	-	(0.2)	6.5
	<b>24.2</b>	<b>(0.1)</b>	<b>1.4</b>	<b>-</b>	<b>(0.7)</b>	<b>24.8</b>
Deferred tax assets to be recovered within 12 months						12.7
Deferred tax assets to be recovered after more than 12 months						12.1
<b>Closing balance at 30 June 2016</b>						<b>24.8</b>

	Opening balance \$m	Charged to income \$m	Charged to OCI/equity \$m	Acquisition of subsidiary \$m	Exchange differences \$m	Closing balance \$m
<b>For the year ended 30 June 2015</b>						
Share based payments	20.1	(1.2)	(7.7)	-	-	11.2
Other provisions	5.7	1.8	-	-	-	7.5
Employee benefits	4.3	1.5	-	0.2	-	6.0
Unearned income	2.1	0.7	-	2.0	-	4.8
Cash flow hedge reserve	-	-	(2.6)	-	-	(2.6)
Research and development offset	(5.4)	(5.0)	-	-	-	(10.4)
Other	8.9	(1.1)	-	-	(0.1)	7.7
	<b>35.7</b>	<b>(3.3)</b>	<b>(10.3)</b>	<b>2.2</b>	<b>(0.1)</b>	<b>24.2</b>
Deferred tax assets to be recovered within 12 months						13.7
Deferred tax assets to be recovered after more than 12 months						10.5
<b>Closing balance at 30 June 2015</b>						<b>24.2</b>

Certain liability balances are shown as part of deferred tax assets, as they originate in the same jurisdiction as, and can be offset against, other deferred tax assets.

### (ii) Deferred tax liabilities

	Opening balance \$m	Charged to income \$m	Acquisition of subsidiary \$m	Exchange differences \$m	Closing balance \$m
<b>For the year ended 30 June 2016</b>					
Intangible assets	101.3	(3.9)	-	(2.3)	95.1
Withholding tax on undistributed profits	3.5	1.6	-	(0.1)	5.0
Other	0.4	-	-	-	0.4
	<b>105.2</b>	<b>(2.3)</b>	<b>-</b>	<b>(2.4)</b>	<b>100.5</b>
Deferred tax liabilities expected to be settled within 12 months					6.7
Deferred tax liabilities expected to be recovered after more than 12 months					93.8
<b>Closing balance at 30 June 2016</b>					<b>100.5</b>

	Opening balance \$m	Charged to income \$m	Acquisition of subsidiary \$m	Exchange differences \$m	Closing balance \$m
<b>For the year ended 30 June 2015</b>					
Intangible assets	73.6	(4.5)	23.7	8.5	101.3
Withholding tax on undistributed profits	1.8	1.5	-	0.2	3.5
Other	0.2	0.2	-	-	0.4
	<b>75.6</b>	<b>(2.8)</b>	<b>23.7</b>	<b>8.7</b>	<b>105.2</b>
Deferred tax liabilities expected to be settled within 12 months					3.2
Deferred tax liabilities expected to be recovered after more than 12 months					102.0
<b>Closing balance at 30 June 2015</b>					<b>105.2</b>

# Notes to the Financial Statements

## for the year ended 30 June 2016

### 7. Net debt

#### Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Subsequently, borrowings are measured at amortised cost with any difference between amortised cost and redemption value being recognised using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs where it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. Where there is no evidence that this is probable, the fee is amortised on a straight-line basis over the entire life of the facility.

Borrowings 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 reporting period.

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

	2016				2015			
	Facility limit	Borrowings \$m	Cash \$m	Net cash/ (debt) \$m	Facility limit	Borrowings \$m	Cash \$m	Net debt/ (cash) \$m
SEEK Limited	A\$518m	(218.0)			A\$465m	(435.0)		
SEEK Limited	US\$273m	(366.4)			US\$273m	(353.9)		
<b>SEEK Australia total</b>		<b>(584.4)</b>	<b>40.2</b>	<b>(544.2)</b>		<b>(788.9)</b>	<b>30.3</b>	<b>(758.6)</b>
SEEK Asia	HK\$480.7m	(80.6)			HK\$349.9m	(58.6)		
SEEK Asia	SG\$130.8m	(127.1)			SG\$87.3m	(84.0)		
<b>SEEK Asia total</b>		<b>(207.7)</b>	<b>81.0</b>	<b>(126.7)</b>		<b>(142.6)</b>	<b>62.1</b>	<b>(80.5)</b>
Zhaopin	US\$30m	(34.8)	462.7	427.9	US\$50m	(59.6)	404.9	345.3
Brasil Online	-	-	31.3	31.3	-	-	27.0	27.0
OCC	-	-	21.2	21.2	-	-	17.6	17.6
Int'l Other	-	-	1.0	1.0	-	-	1.3	1.3
<b>SEEK International</b>		<b>(242.5)</b>	<b>597.2</b>	<b>354.7</b>		<b>(202.2)</b>	<b>512.9</b>	<b>310.7</b>
<b>Total</b>	<b>A\$1,138.0m</b>	<b>(826.9)</b>	<b>637.4</b>	<b>(189.5)</b>	<b>A\$1,026.2m</b>	<b>(991.1)</b>	<b>543.2</b>	<b>(447.9)</b>
Add/(less):								
Unamortised borrowing costs		4.2				6.9		
Funds on deposit <sup>(1)</sup>			(43.6)				(93.5)	
Short-term investments <sup>(1)</sup>			(88.9)				(0.1)	
<b>Per balance sheet</b>		<b>(822.7)</b>	<b>504.9</b>			<b>(984.2)</b>	<b>449.6</b>	
<b>Net interest cover: EBITDA<sup>(2)</sup> / net interest</b>				<b>17.2</b>				20.5
<b>Net leverage ratio: net debt / EBITDA<sup>(2)</sup></b>				<b>0.5</b>				1.3

1. Net debt includes cash on deposit of \$43.6m (2015: \$93.5m) held as security by Zhaopin lenders and \$88.9m (2015: \$0.1m) cash invested in short-term deposits, which are recognised in 'other financial assets' in note 11.

2. EBITDA is defined and reconciled to consolidated profit before income tax expense in note 1.

#### (a) Cash and cash equivalents

Cash and short-term deposits held in Asian countries (including China) are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from those countries, other than through normal dividends. Cash and bank balances at 30 June 2016 includes RMB39.6m (A\$8.0m) held by some subsidiaries in the People's Republic of China, which is not freely convertible into other currencies for transfer around the Group (2015: A\$9.2m).

At 30 June 2016, cash and cash equivalents include \$30.6m (2015: \$26.3m) of short-term deposits and debentures mainly held by Brasil Online. These highly liquid deposits and investments are readily convertible into known cash amounts and are subject to insignificant risk of changes of value.



## (b) Borrowings

	Current		Non-current	
	2016 \$m	2015 \$m	2016 \$m	2015 \$m
Bank borrowings- principal (i)	-	153.0	584.4	635.9
Entrusted loan facilities (ii)	34.8	25.9	-	33.7
Loan facility - SEEK Asia (iii)	36.3	36.0	171.4	106.6
Less: transaction costs capitalised	-	-	(4.2)	(6.9)
<b>Total borrowings</b>	<b>71.1</b>	<b>214.9</b>	<b>751.6</b>	<b>769.3</b>

The Group had access to \$311.1m in undrawn facilities at 30 June 2016 (2015: \$35.2m).

### (i) Syndicated facility (unsecured) - SEEK Limited

On 20 August 2015, SEEK Limited extended its syndicated debt facility by 18 months. Key features of the updated revolving, unsecured, syndicated senior debt facility are as follows:

- Tranche A: A\$183.0m, expiring July 2017;
- Tranche B: A\$335.0m, expiring July 2018;
- Tranche C: US\$273.0m, expiring July 2019.

This extension was strongly supported by the existing members of the syndicate, being National Australia Bank, Westpac Banking Corporation, ANZ, Commonwealth Bank, HSBC, United Overseas Bank, Sumitomo Mitsui Banking Corporation and Bank of Tokyo-Mitsubishi UFJ. Reflecting SEEK's business model strength and improving funding conditions there was a significant improvement in terms and conditions of the facility.

During the year, SEEK repaid A\$315.0m principal on its AUD facilities, using the proceeds from the disposal of IDP (refer to note 3).

As at 30 June 2016, A\$584.4m principal had been drawn down against the new facility, comprising A\$218.0m and US\$273.0m (2015: A\$788.9m, comprising A\$435.0m and US\$273.0m).

Transaction costs of A\$4.0m which were incurred to establish and extend the facility have been capitalised in the consolidated balance sheet, of which A\$1.8m has not yet been amortised through the consolidated income statement.

### (ii) Entrusted loan facilities - Zhaopin Limited

Zhaopin utilises entrusted loan facilities. At 30 June 2016, A\$34.8m (US\$26.0m) was drawn down on these facilities (2015: A\$59.6m, comprising US\$46.0m). The facilities are supported by funds on deposit of RMB215.7m (A\$43.6m) within the Zhaopin Group and are non-recourse to the SEEK Limited wholly-owned group.

In August 2016, this facility was extended for a further two years.

### (iii) Loan Facility – SEEK Asia

In June 2016, SEEK Asia extended and increased its syndicated multi-currency debt facility. Key features of the facility include:

- 4 year amortising term facilities of SG\$98.3m and HK\$387.1m;
- 4 year revolving facilities of SG\$32.5m and HK\$93.6m;
- Supported by guarantees, cross-guarantees and security provided by agreed SEEK Asia subsidiaries; and
- Non-recourse to the SEEK Limited wholly-owned group.

Transaction costs of HK\$13.9m (A\$2.4m) which were incurred to extend and increase the facility have been capitalised in the consolidated balance sheet, and have not yet been amortised through the consolidated income statement. Transaction costs associated with the previous facility of HK\$27.5m (A\$4.9m) were written off during the year and have been expensed in 'finance costs' in the consolidated income statement.

#### Borrowings drawn down at the date of this report

- Syndicated facility - SEEK Limited: A\$565.1 comprising A\$208.0m and US\$273.0m
- Entrusted loan facilities - Zhaopin Limited: A\$34.0m, comprising US\$26.0m
- Loan facility - SEEK Asia: A\$202.9m, comprising SG\$127.7m and HK\$465.7m

# Notes to the Financial Statements

## for the year ended 30 June 2016

### 8. Reconciliation of profit for the year to net cash inflow from operating activities

The below table shows the reconciliation of profit after tax to operating cash flow. Operating cash flow is, broadly speaking, the net cash amount of receipts from our customers and payments to our suppliers. The difference between profit and operating cash flow is generally due to:

- items included in profit which have no cash impact (e.g. depreciation and share of results from equity accounted investments);
- items included in profit which are not related to operations (e.g. gain on step acquisitions);
- payments/receipts being made in the current financial year in relation to previous or future financial years (e.g. opening balances on debtor/creditor accounts); and
- foreign exchange movements which cause operating assets and liabilities balances to fluctuate.

	2016 \$m	2015 \$m
<b>Profit for the year</b>	<b>399.4</b>	315.2
<b>Non-cash items</b>		
Depreciation and amortisation	53.4	43.2
Amortisation of share-based payments	13.7	13.0
Aggregated tax amounts arising in the reporting period recognised directly in equity	(3.6)	7.7
Share of results of equity accounted investments	(12.2)	(21.7)
Other	9.3	(1.4)
<b>Items relating to step acquisitions</b>		
Fair value gain on step acquisition	-	(100.3)
<b>Items relating to disposal of equity accounted investment</b>		
Gain on disposal of equity accounted investment	(279.7)	-
<b>Classified as financing and investing activities</b>		
Write-off of borrowing costs	4.9	-
Settlement of non-operating hedge	-	14.9
<b>Change in operating assets and liabilities:</b>		
Decrease/(increase) in trade and other receivables	21.7	(19.0)
(Increase) in other financial assets	(5.6)	(24.2)
(Increase)/decrease in deferred tax assets	(0.6)	13.7
Decrease/(increase) in current tax assets	9.3	(9.3)
Increase in trade and other payables	4.6	28.0
Increase in deferred income	22.1	57.9
Increase/(decrease) in current tax liability	96.7	(2.9)
(Decrease)/increase in provisions	(4.4)	7.2
(Decrease)/increase in deferred tax liability	(4.7)	5.9
Increase in other financial liabilities	4.2	4.5
Exchange loss/(gain) on translation of foreign operations	6.4	(51.0)
<b>Net cash inflow from operating activities</b>	<b>334.9</b>	281.4

## 9. Financial risk management

The Group maintains a capital structure for the business which ensures sufficient liquidity and support to fund business operations, maintain shareholder and market confidence, provide strong stakeholder returns, and position the business for future growth.

The ongoing maintenance of the Group's capital management approach is characterised by:

- Ongoing cash flow forecast analyses and detailed budgeting processes which, combined with continual development of banking relationships, is directed at providing a sound financial positioning for the Group's operations and financial management activities;
- A capital structure that provides adequate funding for the Group's potential acquisition and investment strategies in order to build future growth in shareholder value; and
- Investment criteria that considers earnings accretion and risk adjusted rate of return requirements based on the Group's weighted average cost of capital, and overall strategic goals.

The Group's financial risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as use of derivative financial instruments and investment of excess liquidity.

### Exposure to risks

The Group's capital structure, global operations and the nature of the business activities result in exposure to operational risk and a number of financial risks including:

Risk	Exposure arising from	Management
<b>Foreign exchange risk</b> - the risk that fluctuations in foreign exchange rates may impact the Group results	Translation risk	Creating a natural hedge by matching debt with underlying local currency earnings and investments  Where a natural hedge is not possible, creating synthetic debt (via cross currency swaps) to hedge underlying earnings and balance sheet exposures
	Transaction risk	When international cash inflows and outflows are certain, use forward rate contracts or options to hedge inflows/outflows
<b>Interest rate risk</b> – the risk that fluctuations in interest rates may impact the Group results	Long-term borrowings at variable interest rates	Where appropriate, adopt interest rate swaps or options to fix some interest rates
<b>Liquidity risk</b> – the risk that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities	Borrowings and other liabilities	Availability of committed borrowing facilities
<b>Credit risk</b> – the risk that default by a counterparty (debtor or creditor) could impact the Group's financial position and results	Cash and cash equivalents, and derivative financial instruments	Use of financial institutions with an investment grade rating
	Trade receivables	Credit limits and credit checks

### Use of financial instruments

The Group holds the following financial instruments for operational, financing and risk management reasons:

- Interest bearing instruments:
  - Cash and cash equivalents (which, in addition to funds on deposit for entrusted loan facilities included in the other financial assets below, attract interest at variable rates);
  - Borrowings (principal, which is issued at variable interest rates);
  - Cross currency swaps (at fixed and variable interest rates);
- Non-interest bearing instruments:
  - Trade and other receivables, excluding prepayments;
  - Other financial assets and liabilities such as forward foreign exchange contracts and options;
  - Trade and other payables.

The carrying value of these assets and liabilities, as disclosed in the balance sheet or associated notes, closely approximates or equals their fair value.

# Notes to the Financial Statements

## for the year ended 30 June 2016

### 9. Financial risk management continued

#### Accounting policy

Derivatives are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured to their fair value at each reporting period.

#### (i) Derivatives that qualify for hedge accounting

Hedge effectiveness is determined at the establishment of the hedge relationship. This relates to the extent that the hedging instrument (derivative) offsets the changes in value of the hedged item (asset, liability or future transaction that is being hedged). It is measured through periodic forward-looking effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into hedge relationships where the critical terms of the hedging instrument exactly matches the terms of the hedged item, after a qualitative assessment is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

The Group designates certain derivatives as either:

	Cash flow hedge	Net investment hedge
Risk that is being hedged	The risk of uncertain cash flows attributable to a particular risk associated with an asset, liability or future transaction.	The risk of changes in foreign currency when net assets of a foreign operation are translated from their functional currency to Australian dollars.
Treatment of gains or losses on movement in fair value	The effective portion of changes in the fair value is recognised in other comprehensive income and accumulated in reserves in equity.  The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within "operations and administration expenses".	The effective portion of changes in the fair value is recognised in other comprehensive income and accumulated in reserves in equity.  The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within "operations and administration expenses".
Treatment if the hedge relationship finishes	The hedge relationship will end when the hedging instrument expires or is sold or terminated, or when it no longer meets the criteria for hedge accounting, or when the hedged risk occurs.  Gains and losses accumulated in equity remain in equity until the hedged item affects profit or loss. At this time, the accumulated gain or loss is reclassified to profit or loss within: <ul style="list-style-type: none"> <li>• "finance costs" for interest rate swaps hedging variable rate borrowings;</li> <li>• "operations and administration expenses" for other derivative instruments, where the underlying exposure is not relating to funding the Company.</li> </ul> When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.	The hedge relationship will end when the hedging instrument expires or is sold or terminated, or when it no longer meets the criteria for hedge accounting.  Gains and losses accumulated in equity remain in equity until the foreign operation ceases to be consolidated. At this time, the accumulated gain or loss is recognised in profit or loss as part of the gain or loss on disposal.

#### (ii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in "operations and administration expenses".

Derivatives are only used for economic hedging purposes and not as speculative instruments. The Group has the following derivative financial instruments:

Derivative assets and liabilities	Current assets		Current liabilities	
	2016 \$m	2015 \$m	2016 \$m	2015 \$m
Forward foreign exchange options - cash flow hedge	-	12.2	(1.6)	-
Forward foreign exchange contracts - cash flow hedge	-	0.9	(0.2)	-
Cross currency swap contracts - net investment hedge	-	-	(9.0)	(7.2)
Foreign exchange related instruments that do not qualify for hedge accounting	0.9	1.0	(1.8)	-
Interest rate swap contracts - cash flow hedge	-	-	(0.9)	-
Interest rate swap contracts - that do not qualify for hedge accounting	-	-	(2.3)	-
Interest rate options - cash flow hedge	0.2	-	-	(2.8)
Total current derivative financial assets/(liabilities)	1.1	14.1	(15.8)	(10.0)

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## (a) Foreign exchange risk

The Group increasingly operates internationally and is therefore exposed to foreign exchange risk arising from various currencies, predominantly the US dollar (USD), Chinese Yuan (RMB), Hong Kong dollar (HKD), Malaysian Ringgit (MYR), Singapore dollar (SGD), Brazilian Real (BRL) and Mexican Peso (MXN).

As a result of this international presence, the Group is exposed to both:

- **Translation risk** – the risk of unfavourable foreign exchange movements in the translation of the profits, assets and liabilities of overseas subsidiaries operating in functional currencies other than Australian dollars.
- **Transaction risk** – the risk that unfavourable foreign exchange movements may have an adverse impact on future cash flows which are committed to in foreign currencies.

### Risk management policy

The Group's foreign exchange risk management policy is to hedge up to 100% of anticipated significant cash flows in foreign currencies (for example for one-off significant transactions) for up to a six month period using external forward currency contracts. The derivative instruments used for hedging these types of exposures are forward exchange contracts and purchased net forward exchange option contracts. The forward foreign exchange contracts taken up by the Group are regularly reassessed.

If funding of equity in foreign subsidiaries is material, Group Treasury will attempt to match the asset with borrowings in the currency of that subsidiary to form a natural hedge to protect the balance sheet. Where a natural hedge is not possible, synthetic debt may be created using a cross currency swap.

### Material arrangements in place at reporting date

The Group has foreign exchange options and forward contracts in cash flow hedging relationships against the USD denominated portion of the Group's syndicated facility, intended to limit the AUD cost of making the repayments.

- The option contracts have purchased calls between 0.78 - 0.80, purchased puts between 0.75 - 0.64, sold puts between 0.60 - 0.76 and sold calls between 0.75 - 0.78, with exercise dates between December 2015 and January 2017.
- At 30 June 2016, there is a net liability on these derivatives of \$1.6m (2015: asset of \$12.2m). This means that at 30 June 2016, the net option contract rates committed to by the Group were less favourable than market exchange rates.

The Group has also entered into cross currency swap contracts to create synthetic USD funding and protect its balance sheet from fluctuations between the AUD and USD.

- At 30 June 2016, there is a net liability on this derivative of \$9.0m (2015: \$7.2m).

### Material exposures and sensitivities

At 30 June 2016, the Group's only material exposure to foreign currency exchange risk is in regards to the USD denominated borrowings. This is the greatest exposure that the Group has in relation to a foreign currency denominated asset or liability as it is repayable in USD but held by an Australian entity which operates in Australian dollars.

At 30 June 2016, the principal of the USD borrowings were US\$273.0m (2015: US\$273.0m). This loan has been designated as a net investment hedge for accounting purposes and therefore movements are taken directly to equity, rather than impacting profit or loss.

A sensitivity analysis has been performed over possible movements in relevant foreign currencies against the underlying functional currencies in the short term subsequent to 30 June 2016. Utilising a range of +5% to -5%, the analysis showed that the impact to the profit and loss would be less than \$1.5m for each of the common currency pairings.

# Notes to the Financial Statements

## for the year ended 30 June 2016

### 9. Financial risk management continued

#### (b) Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

#### Risk management policy

To protect part of its borrowings from exposure to fluctuations in interest rates, the Group's Treasury policy prescribes the use of interest rate swaps and options.

#### Material arrangements in place at reporting date

The Group has entered into interest rate swaps and options under which it receives interest at variable rates and pays interest at fixed rates. As shown in the table below, swaps and options in place at 30 June 2016 cover approximately 75% (2015: 62%) of the variable loan principal outstanding on the Group's loan facility and are timed to expire as each loan repayment falls due.

	2016		2015	
	Weighted average interest rate %	\$m	Weighted average interest rate %	\$m
<b>AUD denominated borrowings</b>				
Bank loans - principal	3.7%	218.0	4.1%	435.0
Less amounts covered by interest rate swaps	2.8%	(270.0)	2.9%	(320.0)
		(52.0)		115.0
<b>USD denominated borrowings</b>				
Bank loan - principal	2.0%	366.4	2.1%	353.9
Entrusted loan facilities	1.4%	34.8	1.4%	59.6
Less amounts covered by interest rate swaps or options	1.2%	(261.7)	0.3%	(212.6)
		139.5		200.9
<b>HKD denominated borrowings</b>				
Loan facility	3.5%	80.6	4.8%	58.5
Less amount covered by interest rate swaps	1.0%	(16.2)	0.9%	(32.4)
		64.4		26.1
<b>SGD denominated borrowings</b>				
Loan facility	4.2%	127.1	4.1%	84.0
Less amount covered by interest rate swaps	1.1%	(69.7)	0.8%	(48.1)
		57.4		35.9
<b>Total Group borrowings</b>				
Total borrowings	2.9%	826.9	3.5%	991.0
Less amounts covered by interest rate swaps	1.9%	(617.6)	1.7%	(613.1)
		209.3		377.9

As at 30 June 2016, the Group has a net liability on its interest rate swaps and options of \$3.0m (2015: \$2.8m), meaning that at 30 June 2016 interest rate swaps have fixed the Group interest payments higher than market rates. As a result of the repayment of AUD denominated facilities during the year, certain AUD interest rate swaps previously treated as cash flow hedges were de-designated, and the resulting unrealised loss was recognised in profit and loss during the period. These swaps were cancelled subsequent to the end of the financial year.

#### Material exposures and sensitivities

The weighted average interest rate for the year ended 30 June 2016 was 2.9% (2015: 3.5%). If the weighted average interest rate had been 10% higher or 10% lower, interest expense would increase/decrease by \$2.4m.

While the Group's bank accounts are predominantly interest bearing accounts, funds that are in excess of short-term liquidity requirements are generally invested in short-term deposits. Where excess funds are significantly in excess of short-term requirements, they are then applied to reduce the syndicated loan facility balance. Given this, at 30 June 2016, there is not a material interest rate risk relating to the Group's cash balances.

## (c) Liquidity risk

Prudent liquidity risk management requires maintaining sufficient cash and ensuring that all term deposits can be converted to funds at call.

### Risk management policy

Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping accessible the cash reserves of the business. The Group maintains borrowing facilities to enable the Group to borrow funds when necessary. For details of these facilities, refer to note 7.

All other financial liabilities are current and anticipated to be repaid over the normal payment terms, usually 30 days.

### Material arrangements in place at reporting date

At 30 June 2016, the Group had access to borrowing facilities totalling \$76.5m expiring within one year and \$1,061.5m expiring beyond one year (2015: \$244.8m expiring within one year and \$781.4m expiring beyond one year). The table below outlines the level of drawn and undrawn debt at the balance sheet date.

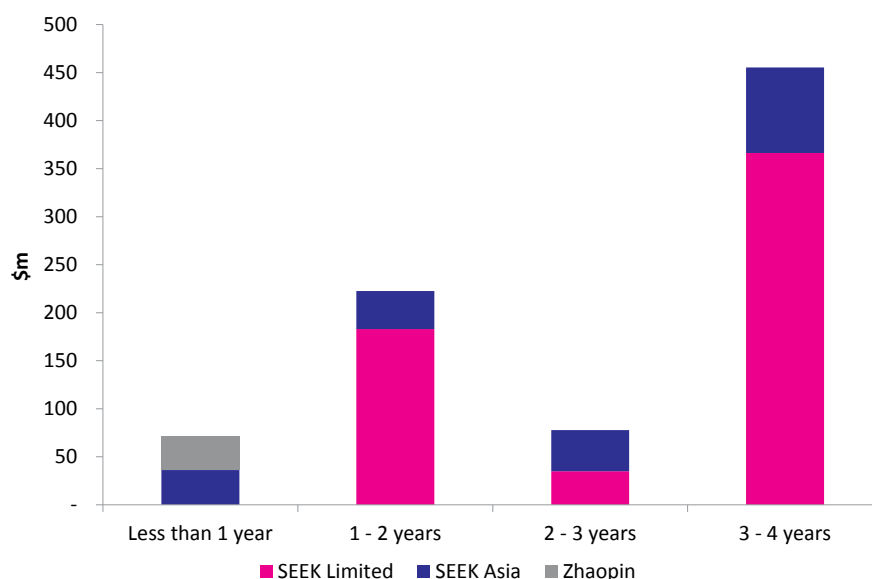
	Drawn		Undrawn		Total	
	2016 \$m	2015 \$m	2016 \$m	2015 \$m	2016 \$m	2015 \$m
<b>Floating rate</b>						
Expiring within one year	71.1	214.8	5.4	30.0	76.5	244.8
Expiring beyond one year	755.8	776.2	305.7	5.2	1,061.5	781.4
	<b>826.9</b>	991.0	<b>311.1</b>	35.2	<b>1,138.0</b>	1,026.2

Subject to continuing to meet certain financial covenants, the bank loan facilities may be drawn down at any time. The Group is not subject to externally imposed capital requirements, other than the contractual banking covenants and obligations. The Group has complied with all bank lending requirements during the year and at the date of this report.

### Material exposures

As part of managing liquidity risk, the Group monitors the contractual maturities of financial liabilities. At 30 June 2016:

- all trade payables are due within six months of balance date (2015: all were due within six months);
- the majority of the contracted cash flows for the Group's derivatives mature in less than six months, with a net outflow of \$10.0m, which includes a net outflow from a cross currency swap contract used as a net investment hedge of \$9.0m (2015: majority of outflows was in the one to two year range); and
- the largest contractual outflows relate to borrowings totalling \$844.7m (2015: \$1,048.2m), being the principal plus interest payable. The below graph outlines the contractual undiscounted maturities of the Group's borrowings portfolio:



# Notes to the Financial Statements

## for the year ended 30 June 2016

### 9. Financial risk management continued

#### (d) Credit risk

The Group's exposure to credit risk arises from the potential default of the Group's trade and other receivables as well as the institutions in which the Group's cash and cash equivalents are deposited, and with whom derivative instruments are traded, with a maximum exposure equal to the carrying amounts of these assets.

#### Risk management policy

Credit risk in relation to trade and other receivables is managed in the following ways:

- The provision of credit is covered by a risk assessment process for all customers (e.g. appropriate credit history, credit limits, past experience); and
- Concentrations of credit risk are minimised by undertaking transactions with a large number of customers.

Credit risk arising from the deposit of Group cash and cash equivalents is managed under the Group's treasury policy which only authorises dealings with financial institutions that have an investment grade rating.

#### Material exposures

Cash and cash equivalents at 30 June 2016 were \$504.9m (2015: \$449.6m). All amounts are invested with financial institutions that have an investment grade rating. Given this, at 30 June 2016, there is not a material credit risk relating to the Group's cash balances.

Trade receivables at 30 June 2016 were \$57.7m (2015: \$62.2m). The Group does not hold any credit derivatives or collateral to offset its credit exposure. Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value. The exposure to credit risk is relatively low due to the credit terms provided and the large and diverse customer base.

Further details of the Group's trade receivables are included in note 10, and cash and cash equivalents are detailed in note 7.

#### (e) Fair value measurement

Financial assets and liabilities that are carried at fair value are measured by the following fair value measurement hierarchy:

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

All of the Group's financial assets and liabilities are measured at amortised cost except for the following:

Financial asset / liability	Fair value approach	Level	2016 \$m	2015 \$m
Quoted equity instruments	Measured at fair value through OCI <sup>(1)</sup>	Level 1	16.0	19.0
Derivative financial assets	Measured at fair value	Level 2	1.1	14.1
Derivative financial liabilities	Measured at fair value	Level 2	(15.8)	(10.0)

1. The Group holds equity instruments in JCBNext Berhad ("JCBNext") which it accounts for at fair value through other comprehensive income ("OCI"). JCBNext is listed on the Main Board of Bursa Malaysia exchange. Dividends relating to this investment recognised during the period were \$0.3m (30 June 2015: \$1.2m).



## 10. Trade and other receivables

### Accounting policy

Trade receivables are recognised initially at the amount stated on the invoice and subsequently at the amount considered receivable from the customer (amortised cost using the effective interest method), less a provision for amounts considered unrecoverable. These receivables are interest-free and are generally due for settlement within 30 days.

The creation or release of the provision for doubtful debts has been included in 'operations and administration' expense in the consolidated income statement and the creation or the release of the credit note provision has been included within sales revenue. Amounts charged to the provision are generally written off when there is no expectation of recovering additional cash.

	2016 \$m	2015 \$m
Trade receivables	57.7	62.2
Less: provisions for impairment of receivables	(2.8)	(3.3)
<b>Net trade receivables</b>	<b>54.9</b>	58.9
Other receivables	16.3	39.8
Prepayments	27.3	21.5
<b>Trade and other receivables</b>	<b>98.5</b>	120.2

Other receivables mainly comprises accrued revenue, refundable deposits and accrued interest.

During the year, a total expense of \$1.2m (2015: \$2.2m) was recognised in the consolidated income statement in relation to the provision for doubtful debts and credit notes.

The following table shows the ageing of the Group's net trade receivables at 30 June:

	2016 \$m	2015 \$m
Current - 30 days	46.7	50.2
30 - 60 days	4.9	5.3
60 - 90 days	2.6	1.9
90 - 120 days	0.4	0.9
120+ days	0.3	0.6
<b>Closing balance</b>	<b>54.9</b>	58.9

# Notes to the Financial Statements

## for the year ended 30 June 2016

### 11. Other financial assets

	Notes	Current		Non-current	
		2016 \$m	2015 \$m	2016 \$m	2015 \$m
Hedge assets (i)	9	1.1	14.1	-	-
Short-term investments (ii)	7	88.9	0.1	-	-
Funds on deposit for entrusted loan facilities	7	43.6	48.9	-	44.6
Non-current prepayments		-	-	0.9	1.0
Investment in equity instruments (iii)		-	-	18.3	19.0
<b>Total other financial assets</b>		<b>133.6</b>	<b>63.1</b>	<b>19.2</b>	<b>64.6</b>

#### (i) Hedge assets

The Group has taken out forward contracts, options and swaps to protect against exchange rate and interest rate risk. Refer to note 9 for details of the Group's financial risk management policy and the Group's hedge assets.

#### (ii) Short-term investments

Short-term investments comprise cash in fixed interest term deposits and money market funds in Australia, China and South East Asia, with maturities ranging from 1 day to 12 months.

#### (iii) Investment in equity instruments

This balance comprises an investment in JCBNext Berhad ("JCBNext", formerly JobStreet Corporation Berhad) and other small investments.

SEEK has elected at initial recognition to record gains and losses of the investment in JCBNext in other comprehensive income. The movement in the investment value in the year is shown below.

	2016 \$m	2015 \$m
Shares in JCBNext		
Fair value as at 1 July	19.0	-
Transfer from investments accounted for using the equity method	-	14.1
Change in fair value	(3.0)	4.9
Fair value as at 30 June	16.0	19.0

## 12. Intangible assets

### Critical accounting estimates and assumptions

Management has determined that some of the intangible assets (brands and licences) recognised as part of business combinations have indefinite useful lives. This means that the value of these assets does not reduce over time and therefore they are not amortised. These assets have no legal or contractual expiry date and are integral to future revenue generation. Management intends to continue to promote, maintain and defend the brands and licences to the extent necessary to maintain their values for the foreseeable future.

Management assesses the useful lives of the Group's intangible assets at the end of each reporting period. If an intangible asset is no longer considered to have an indefinite useful life, this change is accounted for prospectively.

### Accounting policy

Intangible assets are non-physical assets held by the Group in order to generate revenue and profit. These assets include goodwill, brands and licences, software and website development and work in progress. They are recognised either at the cost the Group has paid for them or at their fair value if they are acquired as part of a business combination. They are amortised over their expected useful life unless they are considered to have an indefinite useful life.

Type of intangible asset	Valuation method	Amortisation method	Estimated useful life
Goodwill	Measured as described in note 19	Not amortised, reviewed for impairment at least annually	n/a
Brands and licences	Initially at cost, or fair value if acquired as part of a business combination	Finite life brands, straight-line. Indefinite life brands not amortised, reviewed for impairment at least annually	Specific to circumstances
Customer relationships	Initially at fair value at date of business combination	Straight-line	1 to 5 years
Software and website development	Initially at cost, or fair value if acquired as part of a business combination, and subsequently at cost less accumulated amortisation	Straight-line	3 to 5 years
Work in progress	Cost	Not amortised as not ready for use	n/a

#### (i) Goodwill

Goodwill arises on business combinations as described in note 19. It relates to the portion of amounts paid to acquire other entities which cannot be identified as separate assets but instead represents expected future economic benefits. Goodwill on acquisition of subsidiaries is included in intangible assets whilst goodwill on acquisitions of associates and joint ventures is included in the carrying amount of the investment. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

#### (ii) Software and website development

Costs incurred in acquiring, developing and implementing new websites or software are recognised as intangible assets only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, licences and direct labour.

#### (iii) Work in progress

Work in progress (WIP) represents intangible assets of other classes not yet put into use. These assets are transferred to another class of assets on the date of completion.

# Notes to the Financial Statements

## for the year ended 30 June 2016

### 12. Intangible assets continued

	Goodwill \$m	Brands and licences \$m	Customer relationships \$m	Software and website development \$m	Work in progress \$m	Total \$m
<b>2015 (restated) *</b>						
<b>Cost</b>						
Opening balance at 1 July 2014	1,196.2	257.0	42.9	77.5	6.9	1,580.5
Additions	-	-	-	1.0	39.1	40.1
Exchange differences	160.8	34.1	7.6	1.2	-	203.7
Acquisition of subsidiaries <sup>(1)</sup>	588.2	81.6	16.0	1.2	-	687.0
Transfers	-	-	-	41.0	(41.0)	-
Closing balance at 30 June 2015	1,945.2	372.7	66.5	121.9	5.0	2,511.3
<b>Amortisation</b>						
Opening balance at 1 July 2014	-	-	(29.9)	(36.7)	-	(66.6)
Amortisation charge <sup>(2)</sup>	-	-	(14.0)	(17.4)	-	(31.4)
Exchange differences	-	-	(5.9)	0.3	-	(5.6)
Closing balance at 30 June 2015	-	-	(49.8)	(53.8)	-	(103.6)
<b>Carrying value at 30 June 2015</b>	<b>1,945.2</b>	<b>372.7</b>	<b>16.7</b>	<b>68.1</b>	<b>5.0</b>	<b>2,407.7</b>
<b>2016</b>						
<b>Cost</b>						
Opening balance at 1 July 2015	1,945.2	372.7	66.5	121.9	5.0	2,511.3
Additions	-	-	-	1.9	39.4	41.3
Exchange differences	(27.9)	(7.8)	(0.6)	(0.8)	0.1	(37.0)
Acquisition of subsidiaries	13.9	1.5	-	-	-	15.4
Transfers	-	-	-	40.9	(40.9)	-
Closing balance at 30 June 2016	1,931.2	366.4	65.9	163.9	3.6	2,531.0
<b>Amortisation</b>						
Opening balance at 1 July 2015	-	-	(49.8)	(53.8)	-	(103.6)
Amortisation charge <sup>(2)</sup>	-	(1.0)	(10.2)	(28.5)	-	(39.7)
Exchange differences	-	-	0.2	0.4	-	0.6
Closing balance at 30 June 2016	-	(1.0)	(59.8)	(81.9)	-	(142.7)
<b>Carrying value at 30 June 2016</b>	<b>1,931.2</b>	<b>365.4</b>	<b>6.1</b>	<b>82.0</b>	<b>3.6</b>	<b>2,388.3</b>

1. Includes identifiable intangible assets acquired through the purchase of JobStreet (2015).

2. Amortisation charges have been included within 'operations and administration' expenses in the consolidated income statement

\* 30 June 2015 carrying amount of SEEK Asia goodwill has been restated as a result of the finalisation of the JobStreet purchase price allocation described in note 19.

#### (a) Cash-generating units

For the purpose of undertaking impairment testing, the Group has identified its cash-generating units (CGUs). These are the smallest group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. This assessment is usually determined by considering business and operating segments and areas of operation.

Goodwill and other intangible assets are allocated to CGUs for the purpose of testing. This allocation is made based on which CGUs are expected to benefit from the relevant business combination.

CGU / Group of CGUs	2016		2015	
	Goodwill \$m	Intangible assets with indefinite useful lives \$m	Goodwill* \$m	Intangible assets with indefinite useful lives \$m
SEEK New Zealand	5.2	-	5.2	-
SEEK Learning	3.7	-	3.7	-
Jora	1.1	-	1.1	-
SEEK Asia (i)	1,011.5	140.5	985.0	137.0
Zhaopin	508.2	147.5	533.1	154.9
Brasil Online (ii)	277.1	58.0	277.1	58.0
OCC	124.4	19.4	140.0	21.8
	<b>1,931.2</b>	<b>365.4</b>	1,945.2	371.7

\* 30 June 2015 carrying amount of SEEK Asia goodwill has been restated as a result of the finalisation of the JobStreet purchase price allocation described in note 19.

### (i) SEEK Asia

SEEK Asia is a leading provider of online employment marketplaces operating across seven countries throughout South East Asia. The goodwill and intangible assets with indefinite useful lives relating to SEEK Asia are a significant component of the consolidated balance sheet. The goodwill for this business is attributable to the strong market position it holds and the high growth potential in these emerging markets.

Each country has been determined as a CGU. For the purpose of impairment testing, goodwill and intangible asset balances are assessed on the following basis:

- Goodwill is tested across the group of CGUs that comprise SEEK Asia as the goodwill balance contributes to the generation of cash flows across the whole business;
- The JobsDB and JobStreet brands are tested across the group of CGUs that comprise SEEK Asia as a high level of integration has been achieved in the period post acquisition of JobStreet in November 2014, with management having exercised its ability to direct cash flows from one brand to the other; and
- Other intangible assets with indefinite useful lives are tested at the applicable CGU level.

### (ii) Brasil Online

Brasil Online operates the two leading online employment marketplaces in Brazil, Catho Online and Manager Online, and considers them as two CGUs. For the purpose of impairment testing, goodwill and intangible asset balances are assessed on the following basis:

- Goodwill is tested across the group of CGUs that comprise Brasil Online as the goodwill balance contributes to the generation of cash flows across the whole of the businesses; and
- Other intangible assets with indefinite useful lives are tested at the applicable CGU level.

## (b) Impairment testing and key assumptions

### Critical accounting estimates and assumptions

Goodwill and intangible assets with indefinite useful lives are allocated to a cash-generating-unit (CGU) or group of CGUs and tested annually to determine whether they have suffered any impairment.

The recoverable amounts of the CGU or group of CGUs to which the assets have been allocated have been determined based on value-in-use or fair value less costs of disposal calculations. These calculations are performed based on cash flow projections and other supplementary information which, given their forward looking nature, require the adoption of assumptions and estimates.

The key assumptions and estimates utilised in management's assessments relate primarily to:

- Five or ten year cash flow forecasts sourced from internal budgets and long-term management forecasts;
- Terminal value growth rates applied to the period beyond the five or ten year cash flow forecasts; and
- Pre-tax discount rates, used to discount the cash flows to present value.

Each of these assumptions and estimates is based on a "best estimate" at the time of performing the valuation. However, increases in discount rates or changes in other key assumptions, such as operating conditions or financial performance, may cause the recoverable amount of CGUs or groups of CGUs to fall below their carrying amounts, resulting in an impairment loss being recognised.

The Group tests whether goodwill and other intangible assets have suffered any impairment as described above. Impairment is recognised where the recoverable amount of an asset or CGU has fallen below the carrying amount.

The recoverable amounts of assets and CGUs have been determined based on the higher of:

- value-in-use (expected future cash flows from operating the asset/CGU); and
- fair value less costs of disposal (expected net proceeds if the asset/CGU were sold).

These calculations require the use of key assumptions on which management has based its cash flow projections, as well as pre-tax discount rates. These key assumptions are discussed in the 'critical accounting estimates and assumptions' box above.

The cash flow projections have been:

- derived from management forecasts based on next year's budgeted result, with the remaining years based on management forecasts; and
- compiled using a combination of past experience, current performance and market position as well as structural changes and economic factors which have been derived based on external data and internal analysis.

# Notes to the Financial Statements

## for the year ended 30 June 2016

### 12. Intangible assets continued

#### Key structural and market factors

Key assumptions relating to structural and market factors have been derived under a consistent approach to the prior year impairment assessment, utilising past experience, external data and internal analysis. The key structural and market factors considered comprise:

##### *Online employment businesses*

Labour market growth, rising internet penetration, continued structural migration of advertising expenditure from print to online channels and GDP growth. Management also anticipate growth from increased market penetration and continued evolution of products and services.

##### *SEEK Learning*

Regulatory environment and funding, as well as economic trends which have an impact on the types of courses students require and mode of study.

#### Key assumptions

CGU / Group of CGUs	Valuation method	Years of cash flow projection	Real terminal growth rate	Pre-tax discount rate %	
				2016	2015
SEEK New Zealand	Value in use	5	0%	<b>17.4</b>	17.4
SEEK Learning	Value in use	5	0%	<b>16.8</b>	15.3
Jora (i)	Fair value less costs of disposal	n/a	n/a	<b>n/a</b>	n/a
SEEK Asia (ii)	Fair value less costs of disposal	n/a	n/a	<b>n/a</b>	n/a
Zhaopin (iii)	Fair value less costs of disposal	n/a	n/a	<b>n/a</b>	n/a
Brasil Online	Fair value less costs of disposal	10	0%	<b>24.3</b>	21.7
OCC	Fair value less costs of disposal	10	0%	<b>17.8</b>	17.8

#### (i) Jora

On 26 November 2013, the Group acquired 100% controlling interest in Job Seeker Pty Ltd (Jora), an Australian-based search engine for jobs. At 30 June 2016, the recoverable amount of its assets have been determined based on fair value less costs of disposal, with reference to the purchase price of the acquired interest. There are no indicators to suggest that the fair value of Jora has significantly changed since acquisition.

#### (ii) SEEK Asia

On 23 June 2016, SEEK Asia entered into a share repurchase agreement with two of its minority shareholders to acquire their ownership interests. At 30 June 2016, the recoverable amount of its assets have been determined based on fair value less cost of disposal, with reference to this transaction.

#### (iii) Zhaopin

Since June 2014, Zhaopin has been listed on the New York Stock Exchange. The recoverable amounts of Zhaopin's assets as at 30 June 2016 have been assessed with reference to its listed share price and other supplementary internal analyses.

### (c) Sensitivity analysis

Future net cash flows of these CGUs are based on the key assumptions noted above, each of which are subject to some uncertainty. With the exception of Brasil Online, which is discussed further below, any reasonable change in the key assumptions would not result in the carrying amounts exceeding their recoverable amounts.

#### (i) Brasil Online

As part of the annual impairment review at 30 June 2016, the carrying value of the goodwill and other indefinite life intangible assets in Brasil Online was compared with a fair value less costs of disposal (FVLCD) discounted cash flow (DCF) model. The value indicated by the FVLCD DCF model exceeded the carrying value of the CGU by \$18m at 30 June 2016. As such, no impairment charge has been recognised.

Key assumptions to which the valuation outcome of the FVLCD DCF model is most sensitive relate to the underlying dynamics of the current Brazilian economic situation which impacts the DCF valuation in 2 main ways:

1. The timing of the recovery of the Brazilian economy, which has a significant impact on Brasil Online's revenue growth profile; and
2. The current macro-economic environment (specifically key inputs such as market risk premium, inflation/interest rates) which have an impact on the discount rate.

For the purposes of the DCF modelling exercise, management has assumed the following:

1. Revenue growth profile: Based on recent reports issued by a number of independent investment banks, the economy is expected to continue to deteriorate in Calendar Year (CY) 2016 before returning to positive GDP growth in CY 2017. Management has adopted a more cautious assumption, with the economy, and Brasil Online's revenue, returning to positive growth in FY2018;
2. Discount rate: A pre-tax discount rate of 24.3%.

Management consider a reasonable possible change in each of these assumptions to be as follows:

1. Revenue growth profile: Brazil's economic recovery is delayed by an additional year, and therefore Brasil Online does not return to positive revenue growth until FY2019;
2. Discount rate: An increase of 1% in the pre-tax discount rate to 25.3%.

The above changes hold all other assumptions constant. Should either of these possible changes occur, the valuation indicated by the FVLCD DCF model would be approximately equal to the carrying value of the CGU.

Management note that the carrying value of the investment in Brasil Online reflects the purchase price at the time SEEK moved to control in May 2012, at which point the intangible assets were recognised on a 100% basis in the Group balance sheet. SEEK acquired the remaining 49% of Brasil Online in June 2016 at a discount to the FVLCD DCF model noted above. This lower valuation reflects specific circumstances of the recent transaction, including a non-controlling interest adjustment, and accordingly management has not made any adjustments to the current carrying values.

### 13. Net tangible asset backing

	2016 cents per share	2015 cents per share
<b>Net tangible assets per share</b>	<b>(163.83)</b>	(176.75)
<b>Net assets per share</b>	<b>530.18</b>	522.89

A large proportion of the Group's assets are intangible in nature, including goodwill and identifiable intangible assets relating to businesses acquired. These assets are excluded from the calculation of net tangible assets per share, which results in the negative outcome.

### 14. Other financial liabilities

	Notes	2016 \$m	2015 \$m
Hedge liabilities	9	<b>15.8</b>	10.0

The Group has taken out forward contracts, options and swaps to protect against exchange rate and interest rate risk. Refer to note 9 for details of the Group's financial risk management policy and the Group's hedge liabilities.

# Notes to the Financial Statements

## for the year ended 30 June 2016

### 15. Provisions

#### Critical accounting estimates and assumptions

Following the guidance in AASB 3: *Business Combinations*, the Group has recognised a provision for contingent liabilities acquired in various business combinations. At acquisition, the provisions were measured at the fair value of the contingent liabilities, which reflected the range of possible outcomes across the portfolio of contingent liabilities and is adjusted for risk. The carrying amount of the provision has been reassessed in each subsequent reporting period.

The settlement of these contingent liabilities is uncertain and the difference between the settlement amounts and the amounts provided for may be material.

#### Accounting policy

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources (usually cash or other assets) will be required to settle the obligation; and
- the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering those similar obligations together. A provision is recognised in aggregate even if the likelihood of an outflow with respect to any one item is small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

	Current		Non-current	
	2016	2015	2016	2015
	\$m	(restated) * \$m	\$m	(restated) * \$m
Employee benefits provision <sup>(1)</sup>	15.3	15.3	8.9	5.8
Other provisions	14.2	20.7	17.8	18.8
<b>Total provisions</b>	<b>29.5</b>	<b>36.0</b>	<b>26.7</b>	<b>24.6</b>

1. Includes long service leave and cash long-term incentives.

\* 30 June 2015 balances for other current and non-current provisions have been restated as a result of the finalisation of the JobStreet purchase price allocation described in note 19.

#### (a) Current provisions

The movement in other current provisions during the financial year is set out below:

	Lease incentives \$m	Make good provision \$m	Acquired contingent liabilities (c) \$m	Total \$m
<b>At 1 July 2014</b>	0.8	-	14.2	15.0
Additional provision recognised in the year	-	-	0.3	0.3
Credited to the consolidated income statement	(0.6)	-	-	(0.6)
Assumed in a business combination (restated)	-	-	1.9	1.9
Transfer from non-current provisions	0.3	-	-	0.3
Exchange differences	-	-	3.8	3.8
<b>At 30 June 2015 (restated)</b>	0.5	-	20.2	20.7
Additional provision recognised in the year	-	0.2	-	0.2
Credited to the consolidated income statement	(0.2)	-	(4.6)	(4.8)
Utilised in the year	-	-	(1.9)	(1.9)
Transfer (to)/from non-current provisions	(0.1)	-	0.6	0.5
Exchange differences	-	-	(0.5)	(0.5)
<b>At 30 June 2016</b>	<b>0.2</b>	<b>0.2</b>	<b>13.8</b>	<b>14.2</b>



## (b) Non-current provisions

The movement in other non-current provisions during the financial year is set out below:

	Lease incentives \$m	Acquired contingent liabilities (c) \$m	Tax cases provision (d) \$m	Other \$m	Total \$m
<b>At 1 July 2014</b>	0.8	9.7	6.9	1.9	19.3
Additional provision recognised in the year	-	-	0.5	1.3	1.8
Credited to the consolidated income statement	(0.2)	(0.8)	-	(1.9)	(2.9)
Assumed in a business combination (restated)	-	3.1	-	-	3.1
Transfer to current provisions	(0.3)	-	-	-	(0.3)
Exchange differences (restated)	-	(1.0)	(1.0)	(0.2)	(2.2)
<b>At 30 June 2015 (restated)</b>	0.3	11.0	6.4	1.1	18.8
Additional provision recognised in the year	-	-	0.6	0.8	1.4
Credited to the consolidated income statement	(0.1)	(1.1)	-	(0.8)	(2.0)
Transfer from/(to) current provisions	0.1	(0.6)	-	-	(0.5)
Exchange differences	-	0.1	-	-	0.1
<b>At 30 June 2016</b>	0.3	9.4	7.0	1.1	17.8

## (c) Acquired contingent liabilities

In accordance with the Group's accounting policy on business combinations, the Group has recognised the fair value of contingent liabilities acquired as part of a number of business combinations:

- JobStreet (FY2015), relating to tax and legal contingent liabilities (current and non-current);
- Zhaopin (FY2013), relating to tax and labour contingent liabilities (current); and
- Brasil Online (FY2012), relating to outstanding legal, tax and social security provisions (non-current).

## (d) Tax cases provision

Catho Online (a subsidiary of Brasil Online) is subject to a number of tax infraction notices from the tax authority in Brazil. These tax infractions are either open, subject to legal proceedings, or under appeal after legal proceedings. Based on advice from local legal counsel, Catho has estimated the most likely amounts payable including penalties and interest and has recognised this amount as a provision.

# Notes to the Financial Statements

## for the year ended 30 June 2016

### 16. Share capital

#### (a) Ordinary share capital

Ordinary shares have no par value and entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

The below table shows the movement in share capital for the consolidated and parent entity:

Date	Details	Number of Shares	Average issue price \$	\$m
1 July 2014	Balance	340,459,756		203.7
	Exercise of options	3,335,054	5.76	19.2
	Exercise of Performance Rights	86,442	-	-
	Exercise of Equity Rights <sup>(1)</sup>	217,227	-	-
30 June 2015	Balance (including treasury shares)	344,098,479		222.9
Less:	Treasury shares - allocated	(299,790)		-
<b>30 June 2015</b>	<b>Balance (excluding treasury shares)</b>	<b>343,798,689</b>		<b>222.9</b>
1 July 2015	Balance	<b>344,098,479</b>		<b>222.9</b>
17 July 2015	Exercise of Performance Rights	<b>136,974</b>	-	-
17 July 2015	Exercise of Equity Rights <sup>(1)</sup>	<b>198,219</b>	-	-
10 August 2015	Exercise of Performance Rights	<b>3,478</b>	-	-
12 August 2015	Exercise of Performance Rights	<b>554</b>	-	-
6 October 2015	Exercise of Performance Rights	<b>178</b>	-	-
6 June 2016	Issue of shares to satisfy future option exercises	<b>1,000,000</b>	-	-
30 June 2016	Issue of shares to satisfy future option exercises	<b>18,000</b>	-	-
30 June 2016	<b>Balance (including treasury shares)</b>	<b>345,455,882</b>		<b>222.9</b>
Less:	Treasury shares			
	- allocated	<b>(308,056)</b>	-	-
	- unallocated	<b>(1,022,695)</b>	-	-
30 June 2016	<b>Balance (excluding treasury shares)</b>	<b>344,125,131</b>		<b>222.9</b>

1. Equity Rights granted to SEEK Limited Executives were previously called Performance Rights.

#### (b) Treasury shares

During FY2016, 299,790 shares held by the Employee Share Trust on 1 July 2015 ceased to be held as treasury shares as they vested to employees under the Performance Rights and Options Plan.

The Group issued an additional 1,357,403 shares during the year to the Employee Share Trust for the purposes of satisfying awards to participants under the Performance Rights and Options Plan. 26,652 were released to employees during the year, resulting in 1,330,751 shares remaining as treasury shares as at 30 June 2016. Of the remaining treasury shares, 308,056 shares are allocated and 1,022,695 are unallocated.

### 17. Equity

#### Nature and purpose of reserves

##### Share-based payments reserve

The reserve is comprised of two components:

Unexercised: is used to recognise the fair value of options and rights issued but not exercised;

Exercised: is used to hold the fair value of options and rights that have been exercised, and options that have lapsed but are not required to be adjusted through the consolidated income statement.

##### Foreign currency translation reserve

Exchange differences arising on the translation of foreign controlled entities and associates are recognised in the foreign currency translation reserve, as described in note 30(b).

## Nature and purpose of reserves continued

### Cash flow hedge reserve

The cash flow hedge reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that is recognised directly in equity, as described in note 9. Amounts are recognised in the consolidated income statement when the associated hedged transaction affects the profit or loss, or if the hedged item was a forecast transaction and that transaction is no longer expected to take place.

### Net investment hedge reserve

The net investment hedge reserve is used to record gains or losses on a hedging instrument in a net investment hedge that is recognised directly in equity, as described in note 9. Amounts are recognised in the consolidated income statement when the foreign operation ceases to be consolidated.

### Financial asset revaluation reserve

The financial asset revaluation reserve is used to record changes in the fair value of investments in equity instruments that are not held for trading, for which the Group elected, at initial recognition, to present gains and losses in other comprehensive income.

### Transfers under common control reserve

The transfers under common control reserve is used to record the net impact on the equity attributable to the shareholders of the Group in the event of a transfer of an entity under common control. Upon disposal of all interests in that entity by the Group this reserve would be transferred to retained earnings.

### Transactions with non-controlling interests

This reserve is used to record differences arising as a result of transactions with a non-controlling interest that do not result in a loss of control.

## (a) Hedging reserve

	2016 \$m	2015 \$m
Cash flow hedge reserve	(1.8)	7.9
Net investment hedge reserve (i)	(97.6)	(83.4)
<b>Total hedging reserve</b>	<b>(99.4)</b>	<b>(75.5)</b>

The Group's approach to hedging is described in note 9.

### (i) Cash flow hedge reserve

The movement of \$9.7m in the cash flow hedge reserve for the year included the crystallisation of a \$13.8m gain on foreign exchange options recognised in the consolidated income statement, an expense on interest rate swaps recognised in the consolidated income statement and the movement in deferred tax assets associated with the cash flow hedge instruments.

### (ii) Net investment hedge reserve

The movement of \$14.2m in the net investment hedge reserve for the year was due to the further depreciation of the US dollar against the Australian dollar and its impact on US dollar borrowings designated as a net investment hedge held by the Group.

## (b) Other reserves

Other reserves comprises the following reserves:

	2016 \$m	2015 \$m
Share-based payments reserve (i)	63.4	49.0
Financial asset revaluation reserve	1.9	4.9
Transactions with non-controlling interests (ii)	2.1	(72.7)
Transfers under common control	(1.1)	(1.1)
<b>Total other reserves</b>	<b>66.3</b>	<b>(19.9)</b>

### (i) Share-based payment reserve

During the year, the share-based payment reserve increased by \$14.4m primarily due to the share-based payment scheme of SEEK Limited (2016: \$11.1m, 2015: \$10.3m) and its subsidiaries (2016: \$2.1m, 2015: \$2.7m).

# Notes to the Financial Statements

## for the year ended 30 June 2016

### 17. Equity continued

#### (ii) Change in ownership of subsidiaries

##### SEEKAsia Limited

On 23 June 2016, SEEKAsia Limited completed a share buy back, acquiring the shares previously held by Macquarie Capital and Tiger Global. As a result of this transaction, SEEK's interest in SEEKAsia Limited increased from 80.8% to 86.3%. The remaining shares of SEEKAsia Limited continue to be held by Windfyr Pty Ltd (News Corp).

The change in ownership of SEEKAsia Limited has resulted in a debit of \$18.5m in the transactions with non-controlling interests reserve and a decrease in non-controlling interests of \$67.5m.

##### Brasil Online

On 23 June 2016, SEEK's interest in Brasil Online increased from 51% to 100%. The change in ownership of Brasil Online has resulted in a credit of \$94.2m in the transactions with non-controlling interests reserve and a decrease in non-controlling interests of \$150.0m.

### 18. Dividends

	Payment date	Amount per share	Franked amount per share	Total dividend
<b>Financial Year 2015</b>				
2014 final dividend	17 October 2014	16.0 cents	16.0 cents	\$54.8m
2015 interim dividend	21 April 2015	19.0 cents	19.0 cents	\$65.4m
Total dividends paid for the year ended 30 June 2015				\$120.2m
<b>Financial Year 2016</b>				
2015 final dividend	16 October 2015	17.0 cents	17.0 cents	\$58.6m
2016 interim dividend	27 April 2016	21.0 cents	21.0 cents	\$72.3m
Total dividends paid for the year ended 30 June 2016				\$130.9m

Dividends paid or declared by the Company after the year-end (to be paid out of retained profits at 30 June 2016):

<b>2016 final dividend</b>	<b>14 October 2016</b>	<b>19.0 cents</b>	<b>19.0 cents</b>	<b>\$65.6m</b>
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The balance of the franking account of the Australian consolidated tax group, adjusted for franking credits that will arise from the payment of the current tax liability, is \$163.9m at 30 June 2016 (2015: \$99.0m) based on a tax rate of 30% (2015: 30%).

The dividend payment on 14 October 2016 will be fully franked using this balance, and will reduce the franking credits available by \$28.1m for the consolidated Group.

### 19. Business combinations

#### Critical accounting estimates and assumptions

The Group has made assumptions and estimates to determine the purchase price of businesses acquired as well as its allocation to acquired assets and liabilities.

##### (i) Intangible assets

The Group is required to determine the acquisition date fair value of the identifiable assets acquired, including intangible assets such as brands, customer relationships and liabilities assumed. The assumptions and estimates made by the Group have an impact on the asset and liability amounts recorded in the financial statements.

In addition, the estimated useful lives of the acquired amortisable assets, the identification of intangible assets and the determination of the indefinite or finite useful lives of intangible assets acquired will have an impact on the Group's future profit or loss.

##### (ii) Fair value of previously held equity interests and non-controlling interests

In step acquisitions where the Group obtains control over an entity by acquiring an additional interest in that entity, the Group's previously held equity interest is remeasured to fair value at the date the controlling interest is acquired and a gain or loss is recognised in the consolidated income statement. The Group has also adopted the fair value method in measuring non-controlling interests in recent step acquisitions.

The determination of these fair values involves management's judgement and takes into consideration the purchase price of the acquired controlling interest, other comparable transactions and trading comparables.

## Accounting policy

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired.

The consideration paid for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities assumed and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

The excess of the consideration paid and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Acquisition-related costs are expensed as incurred.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

## Finalisation of JobStreet acquisition

On 20 November 2014, the Group, through its majority owned subsidiary SEEKAsia Limited, acquired 100% of the online employment businesses of JobStreet Corporation Berhad for total consideration of MYR 1,933.8m (A\$665.4m at the exchange rate on the date of the transaction).

In the financial statements for 30 June 2015, the net asset valuation and allocation of the purchase price to acquired assets and fair values assigned to intangible assets were preliminary.

In accordance with the Group's accounting policy, the accounting for the acquisition of JobStreet was finalised during the current year and the preliminary balances have been updated accordingly. There have been reallocations of the purchase price as outlined in the table. These reallocations were between current contingent liabilities, non-current contingent liabilities and goodwill.

Revised goodwill is \$588.5m.

The final fair values of the assets and liabilities arising from the JobStreet acquisition are as follows:

	Final fair value \$m	Revised preliminary fair value as presented at 30 June 2015 \$m	Preliminary fair value as presented at 31 Dec 2014 \$m
Cash and cash equivalents	24.1	24.1	24.1
Trade and other receivables	4.7	4.7	4.7
Plant and equipment	1.8	1.8	1.8
Intangible assets	-		
Brands and licences	81.6	81.6	-
Customer relationships	16.0	16.0	-
Computer software and website development	1.2	1.2	-
Deferred tax assets	2.2	2.2	2.2
Trade and other payables	(3.4)	(3.4)	(3.4)
Unearned income	(18.3)	(18.3)	(18.3)
Current tax liabilities	(1.8)	(1.8)	(1.8)
Current contingent liabilities	(1.9)	(2.1)	(1.3)
Non-current contingent liabilities	(3.1)	(4.5)	(4.4)
Current provisions	(2.2)	(2.2)	(2.2)
Non-current provisions	(0.3)	(0.3)	(0.3)
Deferred tax liabilities	(23.7)	(23.7)	-
<b>Net identifiable assets acquired</b>	<b>76.9</b>	<b>75.3</b>	<b>1.1</b>
Add: goodwill	588.5	590.1	663.9
<b>Net assets acquired</b>	<b>665.4</b>	<b>665.4</b>	<b>665.0</b>

# Notes to the Financial Statements

## for the year ended 30 June 2016

### 20. Interests in controlled entities

#### (a) Material subsidiaries

##### Critical accounting estimates and assumptions

The Group has fully consolidated a number of entities in the SEEK Asia group despite not holding the majority of equity<sup>(1)</sup>. SEEK has also consolidated a number of special purpose entities (SPEs) which Zhaopin controls despite not holding a direct ownership interest<sup>(2)</sup>.

Through existing contractual agreements, the Group is able to exercise effective control over the financial and operating policies of these businesses and receive substantially all of the economic benefits and residual returns.

Unless otherwise stated, the following subsidiaries have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights of the Group (except for Zhaopin with voting rights of 74.7%<sup>(3)</sup>).

Name of entity	Country of incorporation	Equity holding 2016 %	Equity holding 2015 %
SEEK NZ Limited	New Zealand	100	100
SEEK Learning Pty Ltd <sup>(4)</sup>	Australia	100	100
Online Career Centre Mexico, S.A.P.I de CV (together with its consolidated subsidiaries, "OCC")	Mexico	98.2	98.2
Brasil Online Holdings Cooperatief U.A. <sup>(5)</sup> (together with its consolidated subsidiaries, "Brasil Online")	Netherlands	100	51
Catho Online, Ltda.	Brazil	100	100
Manager Online Servicos de Internet, Ltda.	Brazil	100	100
SEEKAsia Ltd (together with its consolidated subsidiaries, "SEEK Asia")	Cayman Islands	86.3	80.8
Jobs DB Inc	British Virgin Islands	100	100
Jobs DB Hong Kong Limited	Hong Kong	100	100
Jobs DB Singapore Pte Limited	Singapore	100	100
Jobs DB Recruitment (Thailand) Limited	Thailand	100	100
PT Jobs DB Indonesia	Indonesia	90	90
Jobs DB Philippines Inc.	Philippines	100	100
SEEK Asia Investments Pte. Ltd.	Singapore	100	100
JobStreet.com Pte Ltd	Singapore	100	100
JobStreet.com Sdn. Bhd. <sup>(1)</sup>	Malaysia	49	49
JobStreet.com Philippines, Inc	Philippines	100	100
PT. JobStreet Indonesia	Indonesia	100	100
JobStreet Company Limited	Vietnam	100	100
Zhaopin Limited <sup>(2)(3)</sup> (together with its consolidated subsidiaries, "Zhaopin")	Cayman Islands	61.5	63.2
Beijing Wangpin Consulting Co., Ltd	P.R. China	90	90
深圳市希捷尔人力资源有限公司 (Shenzhen Xijier Human Resources Co., Ltd) (CJOL)	P.R. China	75.6	75.6

- SEEK has consolidated the following entities in the SEEK Asia group, despite not holding the majority of equity (as required by local regulations): Jobs DB Malaysia Sdn. Bhd., 88 Karat Sdn. Bhd., JobStreet.com Sdn. Bhd., Agensi Perkerjaan JS Staffing Services Sdn. Bhd., Jobs DB Assets (Thailand) Ltd, Jobs DB Prestige Inc and PT Prestige Indonesia.
- SEEK has consolidated the following entities in the Zhaopin group, despite not holding a direct ownership: Beijing Zhilian Sanke Human Resources Service Co. Ltd, Fuzhou Zhilian Advertising Co. Ltd., Harbin Zhilian Wangcai Advertising Co. Ltd., Xiamen Zhilian Wangpin Commercial Service Co. Ltd., Wuhan Zhilian Rencai Advertising Co. Ltd., Shenyang Zhilian Wangpin Advertising Co. Ltd., Shenyang Zhilian Recruitment Service Co. Ltd., Dalian Zhilian Advertising Co. Ltd., Hangzhou Wangpin Advertising Co. Ltd and Guangzhou Houbo Information Technology Co. Ltd.
- As at 30 June 2016, SEEK has an undiluted interest of 61.5% in Zhaopin Ltd with voting rights of 74.7%. The share capital of Zhaopin Ltd comprises Class A and Class B shares, with Class A shares entitled to one vote and Class B shares entitled to four votes. SEEK holds Class B ordinary shares, resulting in voting rights that are not in proportion to share ownership.
- A number of wholly-owned Australian subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission. For further details refer to note 22.
- This is a Cooperative entity registered in the Netherlands; SEEK's investment is in the form of a Member Contribution, rather than shares.

(b) Summarised financial information for subsidiaries with non-controlling interests

For the year ended 30 June 2016	Zhaopin \$m	SEEK Asia \$m	Brasil Online <sup>(1)</sup> \$m	Other <sup>(2)</sup> \$m	Total \$m
<b>Non-controlling interests percentage</b>	<b>38.5%</b>	<b>13.7%</b>	<b>0.0%</b>		
Non-current assets	679.5	1,162.7	353.4		
Current assets	490.6	92.9	38.8		
Non-current liabilities	(41.1)	(206.2)	(38.8)		
Current liabilities	(252.5)	(109.0)	(16.4)		
Net assets	876.5	940.4	337.0		
Net assets attributable to non-controlling interests	314.4	129.5	-		
Net assets attributable to vested share options <sup>(3)</sup>	21.4	-	-		
<b>Carrying amount of non-controlling interests</b>	<b>335.8</b>	<b>129.5</b>	<b>-</b>	<b>4.1</b>	<b>469.4</b>
Revenue	329.1	141.8	91.7		
Profit	62.1	36.0	26.0		
Other comprehensive income	(39.9)	8.4	0.9		
<b>Total comprehensive income</b>	<b>22.2</b>	<b>44.4</b>	<b>26.9</b>		
Profit allocated to non-controlling interests	23.9	6.9	11.7	(0.2)	42.3
Other comprehensive income allocated to non-controlling interests	(17.5)	2.9	(13.7)	(0.4)	(28.7)
Cashflows from operating activities	93.2	52.9	26.6		
Cashflows from investing activities	(7.1)	(19.5)	(4.0)		
Cashflows from financing activities	34.8	(15.2)	(18.7)		
Net increase in cash and cash equivalents	120.9	18.2	3.9		
<b>Dividends paid to non-controlling interests</b>	<b>-</b>	<b>4.5</b>	<b>9.2</b>	<b>-</b>	<b>13.7</b>

For the year ended 30 June 2015	Zhaopin \$m	SEEK Asia \$m	Brasil Online \$m	Other <sup>(2)</sup> \$m	Total \$m
<b>Non-controlling interests percentage</b>	<b>36.8%</b>	<b>19.2%</b>	<b>49.0%</b>		
Non-current assets	758.8	1,140.8	349.8		
Current assets	398.8	75.1	35.4		
Non-current liabilities	(75.8)	(142.5)	(38.0)		
Current liabilities	(239.8)	(101.2)	(18.4)		
Net assets	842.0	972.2	328.8		
Net assets attributable to non-controlling interests	284.0	187.0	161.1		
Net assets attributable to vested share options <sup>(3)</sup>	30.2	-	-		
<b>Carrying amount of non-controlling interests</b>	<b>314.2</b>	<b>187.0</b>	<b>161.1</b>	<b>4.3</b>	<b>666.6</b>
Revenue	252.8	104.7	119.3		
Profit	47.5	3.9	33.4		
Other comprehensive income	149.8	101.5	(46.8)		
<b>Total comprehensive income</b>	<b>197.3</b>	<b>105.4</b>	<b>(13.4)</b>		
Profit allocated to non-controlling interests	16.3	(0.1)	16.4	1.4	34.0
Other comprehensive income allocated to non-controlling interests	57.8	31.3	(22.9)	2.7	68.9
Cashflows from operating activities	95.5	50.4	31.9		
Cashflows from investing activities	(6.8)	(688.7)	(4.3)		
Cashflows from financing activities	3.1	631.6	(20.7)		
Net increase/(decrease) in cash and cash equivalents	91.8	(6.7)	6.9		
<b>Dividends paid to non-controlling interests</b>	<b>-</b>	<b>8.9</b>	<b>12.1</b>	<b>3.7</b>	<b>24.7</b>

1. SEEK held a 51% interest in Brasil Online until 23 June 2016, when it became wholly owned.

2. 'Other' represents other individually immaterial non-controlling interests.

3. Non-controlling interest reserve includes the fair value of unexercised share options of the subsidiary that were vested at the date the Group obtained a controlling interest.

# Notes to the Financial Statements

## for the year ended 30 June 2016

### 21. Interests in equity accounted investments

#### Critical judgements in applying the entity's accounting policies

The Group has not impaired any of its investments in associates, a decision which requires significant estimates and judgements. As required by current Accounting Standards, the Group has evaluated, among other factors, the financial health of and business outlook for its associates and assessed the carrying value of its investments against current estimated fair value.

Where an impairment indicator exists due to the current economic climate, an impairment test has been performed. This has resulted in no impairment write downs being required in the current financial period.

Set out below are the associates and joint arrangements of the Group as at 30 June 2016 which, in the opinion of the directors, are material to the Group. All associates and joint ventures held at 30 June 2016 are privately owned and do not have a published share price.

Associates	Country of Incorporation	Ownership interest %		Principal activities
		2016	2015	
IDP Education Pty Ltd (IDP) (i)	Australia	-	50.0	Provides services for international students wishing to study in Australian educational institutions and also provides International English Language Testing System (IELTS)
<b>Joint ventures</b>				
Online Education Services Ltd (OES, formerly "Swinburne Online")	Australia	<b>50.0</b>	50.0	A joint venture entity between SEEK and Swinburne University of Technology to deliver online learning to students
One Africa Media (Pty) Ltd (OAM) (ii)	South Africa	<b>34.6</b>	27.5	Owns, operates and invests in a portfolio of African market leading online marketplaces in the segments of jobs, cars, real estate and travel
Babajob Services Private Ltd (Babajob)	India	<b>46.2</b>	46.2	Provider of online and mobile employment marketplaces across India.

#### (i) Disposal of interest in IDP

SEEK's interest in IDP was sold on 25 November 2015 and its results were equity accounted up until this date. Refer to note 3 for details.

#### (ii) One Africa Media (OAM)

On 15 April 2015, SEEK entered into a share subscription agreement to make an additional US\$10.0m investment in OAM (in two tranches of US\$5.0m each). Tranche 1 of US\$5.0m (A\$6.4m at the exchange rate on the date of the transaction) was settled in April 2015 taking SEEK's ownership in OAM to 27.5%. Tranche 2 of US\$5.0m (A\$6.9m at the exchange rate on the date of the transaction) was settled in October 2015 taking SEEK's ownership in OAM to 30.6%.

On 14 June 2016, SEEK invested a further US\$2.0m (A\$2.7m at the exchange rate on the date of the transaction) in OAM, resulting in joint control and an increased ownership share of 34.6%.



## (a) Summarised financial information recognised by SEEK

	Associates			Joint ventures			Total \$m
	IDP \$m	JCBNext <sup>(1)</sup> \$m	Other immaterial associates \$m	OES \$m	OAM \$m	Babajob \$m	
<b>Carrying amount as at 30 June 2014</b>	71.0	46.1	9.1	9.4	17.5	-	153.1
Acquisition of interest	-	-	4.9	-	6.5	12.9	24.3
Share of net profits/(losses)	15.7	(0.9)	-	10.0	(2.8)	(0.3)	21.7
Dividends received	(19.5)	(2.8)	(0.1)	(6.6)	-	-	(29.0)
Other comprehensive income	1.1	(0.5)	1.2	0.1	1.4	0.3	3.6
Share of movement in other reserves	-	-	-	-	0.5	0.1	0.6
Derecognition of associate	-	(41.9)	-	-	-	-	(41.9)
<b>Carrying amount as at 30 June 2015</b>	68.3	-	15.1	12.9	23.1	13.0	132.4
Acquisition of interest	-	-	11.6	-	9.6	-	21.2
Share of net profits/(losses)	8.1	-	(1.0)	12.6	(3.1)	(4.4)	12.2
Dividends received	(24.0)	-	(0.3)	(4.9)	-	-	(29.2)
Other comprehensive income	(0.5)	-	0.3	-	(4.0)	(0.2)	(4.4)
Share of movement in other reserves	-	-	-	-	0.5	0.2	0.7
Disposal of interest	(51.9)	-	-	-	-	-	(51.9)
<b>Carrying amount as at 30 June 2016</b>	-	-	25.7	20.6	26.1	8.6	81.0

1. SEEK has accounted for its 20.1% interest in JCBNext as a non-financial asset from 20 November 2014.

## (b) Summarised financial information in respect of material associates and joint ventures

	IDP		OES		OAM		Babajob	
	2016 \$m	2015 \$m	2016 \$m	2015 \$m	2016 \$m	2015 \$m	2016 \$m	2015 \$m
<b>Summarised balance sheet (100%)</b>								
Current assets	-	97.6	55.3	37.6	9.0	9.2	2.8	12.3
Non-current assets	-	68.8	4.7	3.8	16.0	16.3	0.6	-
Current liabilities	-	(66.1)	(17.7)	(15.3)	(6.3)	(5.9)	(0.1)	(0.1)
Non-current liabilities	-	(8.9)	(1.1)	(0.4)	-	-	-	-
<b>Net assets</b>	-	91.4	41.2	25.7	18.7	19.6	3.3	12.2
<i>Assets and liabilities above include:</i>								
Cash and cash equivalents	-	51.2	54.4	37.3	5.3	6.5	2.7	0.4
Current financial liabilities (excluding trade and other payables and provisions)	-	(8.8)	(7.3)	(8.5)	-	-	(0.1)	(0.1)
<b>Group interest</b>								
Group's share in %	0.0%	50.0%	50.0%	50.0%	34.6%	27.5%	46.2%	46.2%
Group's share in \$	-	45.7	20.6	12.9	6.5	5.4	1.5	5.7
Goodwill	-	16.8	-	-	19.6	17.7	7.1	7.3
Other intangibles	-	6.5	-	-	-	-	-	-
Other adjustments	-	(0.7)	-	-	-	-	-	-
<b>Carrying amount</b>	-	68.3	20.6	12.9	26.1	23.1	8.6	13.0

# Notes to the Financial Statements

## for the year ended 30 June 2016

### 21. Interests in equity accounted investments continued

#### (b) Summarised financial information in respect of material associates and joint ventures continued

Summarised statement of comprehensive income (100%)	IDP <sup>(1)</sup>		OES		OAM		Babajob	
	2016 \$m	2015 \$m	2016 \$m	2015 \$m	2016 \$m	2015 \$m	2016 \$m	2015 \$m
Revenue	148.5	309.8	100.6	78.7	12.0	10.1	1.0	0.1
Interest income	0.3	0.9	0.8	0.7	0.4	0.2	0.6	-
Other operating costs	(122.1)	(258.2)	(66.3)	(49.8)	(21.5)	(22.3)	(11.0)	(0.8)
Depreciation and amortisation	(3.4)	(6.6)	(1.1)	(0.8)	(0.7)	-	(0.2)	-
Income tax expense	(7.0)	(14.4)	(10.5)	(8.6)	(0.4)	0.7	-	-
<b>Profit/(loss) for the period</b>	<b>16.3</b>	<b>31.5</b>	<b>23.5</b>	<b>20.2</b>	<b>(10.2)</b>	<b>(11.3)</b>	<b>(9.6)</b>	<b>(0.7)</b>
Other comprehensive income	(0.5)	(2.2)	-	-	(4.0)	2.7	(0.1)	0.3
<b>Total comprehensive income</b>	<b>15.8</b>	<b>29.3</b>	<b>23.5</b>	<b>20.2</b>	<b>(14.2)</b>	<b>(8.6)</b>	<b>(9.7)</b>	<b>(0.4)</b>

1. The IDP results for 2016 represents the period until disposal.

### 22. Deed of Cross Guarantee

The following wholly-owned entities have entered into a Deed of Cross Guarantee.

Company	Financial year entered into agreement
SEEK Limited	30 June 2006
SEEK Learning Pty Ltd *	30 June 2006
SEEK Campus Pty Ltd	30 June 2006
SEEK Business Pty Ltd	30 June 2007
SEEK Investments Pty Ltd	30 June 2007
SEEK International Investments Pty Ltd *	30 June 2007
Job Seeker Pty Ltd	30 June 2014
HS Holdco Pty Ltd	30 June 2015

\* These entities are not required to prepare and lodge a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

The companies that are members of this deed guarantee the debts of the others and represent the "Closed Group" from the date of entering into the agreement. These are the only members of the Deed of Cross Guarantee and therefore these companies also represent the 'Extended Closed Group'.

(a) Income statement, other comprehensive income and a summary of movements in consolidated retained profits of the Closed Group for Deed of Cross Guarantee purposes

	2016 \$m	2015 \$m
<b>Statement of comprehensive income</b>		
<b>Income statement</b>		
Revenue	369.4	371.6
Other income	279.7	100.3
<b>Operating expenses</b>		
Direct cost of services	(4.2)	(3.9)
Sales and marketing	(79.2)	(87.5)
Business development	(50.0)	(43.6)
Operations and administration	(67.6)	(34.7)
Finance costs	(27.7)	(22.2)
<b>Total operating expenses</b>	<b>(228.7)</b>	<b>(191.9)</b>
Share of results of equity accounted investments	11.7	21.4
<b>Profit before income tax expense</b>	<b>432.1</b>	<b>301.4</b>
Income tax expense	(123.0)	(40.0)
<b>Profit for the year of the Closed Group</b>	<b>309.1</b>	<b>261.4</b>
<b>Other comprehensive income</b>		
Exchange differences on translation of foreign associates	(4.1)	0.8
Losses on hedge contracts of controlled entities	(25.9)	(59.3)
(Losses)/gains on hedge contracts of associates (net of tax)	(0.5)	1.6
Change in fair value of financial assets	(3.0)	4.9
Income tax relating to other comprehensive income	1.0	(2.6)
<b>Other comprehensive income for the year</b>	<b>(32.5)</b>	<b>(54.6)</b>
<b>Total comprehensive income for the year of the Closed Group</b>	<b>276.6</b>	<b>206.8</b>
<b>Summary of movements in consolidated retained profits</b>		
Retained profits at 1 July	561.8	410.0
Profit for the year	309.1	261.4
Tax credited directly to retained profits - share-based payments	2.2	10.6
Dividends paid	(130.9)	(120.2)
<b>Retained profits at 30 June of the Closed Group</b>	<b>742.2</b>	<b>561.8</b>

# Notes to the Financial Statements

## for the year ended 30 June 2016

### 22. Deed of Cross Guarantee continued

#### (b) Consolidated balance sheet of the Closed Group for Deed of Cross Guarantee purposes

Consolidated balance sheet	2016 \$m	2015 \$m
<b>Current assets</b>		
Cash and cash equivalents	28.4	29.0
Trade and other receivables	42.8	53.5
Other financial assets	10.6	13.2
Current tax assets	-	8.7
<b>Total current assets</b>	<b>81.8</b>	<b>104.4</b>
<b>Non-current assets</b>		
Investments in controlled entities	1,413.8	1,281.7
Investments accounted for using the equity method	73.4	125.2
Plant and equipment	6.5	7.3
Intangible assets	76.1	63.7
Other financial assets	18.3	19.0
Deferred tax assets	2.7	4.9
Loans with controlled entities	-	1.4
<b>Total non-current assets</b>	<b>1,590.8</b>	<b>1,503.2</b>
<b>Total assets</b>	<b>1,672.6</b>	<b>1,607.6</b>
<b>Current liabilities</b>		
Trade and other payables	31.8	29.9
Current borrowings	-	153.0
Unearned income	21.9	19.7
Other financial liabilities	15.7	9.2
Current tax liabilities	96.2	-
Current provisions	11.6	10.3
<b>Total current liabilities</b>	<b>177.2</b>	<b>222.1</b>
<b>Non-current liabilities</b>		
Non-current borrowings	582.5	634.5
Deferred tax liabilities	-	0.4
Non-current provisions	2.1	1.5
Loans with controlled entities	1.7	-
<b>Total non-current liabilities</b>	<b>586.3</b>	<b>636.4</b>
<b>Total liabilities</b>	<b>763.5</b>	<b>858.5</b>
<b>Net assets</b>	<b>909.1</b>	<b>749.1</b>
<b>Equity</b>		
Contributed equity	222.9	222.9
Reserves	(56.0)	(35.6)
Retained profits	742.2	561.8
<b>Total equity</b>	<b>909.1</b>	<b>749.1</b>

## 23. Parent entity financial information

### Accounting policy

The financial information for the parent entity, SEEK Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below.

#### (i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of SEEK Limited. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established, rather than being deducted from the carrying amount of these investments.

#### (ii) Income tax consolidation legislation

SEEK Limited and its wholly-owned Australian entities have elected to form an income tax consolidated group.

The entities in the arrangement each account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the arrangement continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, SEEK Limited also recognises the current tax assets / liabilities and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the other entities in the arrangement. As a result, the entities in the income tax consolidated group have entered into a tax funding agreement under which they:

- fully compensate SEEK Limited for any current tax liabilities assumed, and
- are compensated by SEEK Limited for any current tax assets and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to SEEK Limited under the income tax consolidation legislation.

The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements. Assets or liabilities arising under the tax funding agreement with the income tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

#### (iii) Financial guarantees

Where SEEK Limited has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

### (a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2016 \$m	2015 \$m
<b>Balance sheet</b>		
Current assets	69.8	92.7
Total assets	1,013.3	1,226.2
Current liabilities	(71.3)	(177.1)
Total liabilities	(655.5)	(826.0)
<b>Net assets</b>	<b>357.8</b>	<b>400.2</b>
<b>Equity</b>		
Issued capital	222.9	222.9
Reserves		
Cash flow hedge reserve	(1.8)	6.3
Net investment hedge reserve	(86.0)	(73.4)
Foreign currency translation reserve	(2.7)	-
Share-based payments reserve	51.5	40.0
Transactions with non-controlling interests	(3.6)	(3.6)
Retained earnings	177.5	208.0
	<b>357.8</b>	<b>400.2</b>
<b>Profit or loss for the year</b>	<b>98.3</b>	<b>104.6</b>
<b>Total comprehensive income</b>	<b>74.9</b>	<b>50.7</b>

### (b) Guarantees entered into by the parent entity

The parent entity has given unsecured guarantees along with its Australian subsidiaries in respect of the syndicated loan facility of A\$518.0m and US\$273.0m of which a total of A\$584.4m has been drawn down at 30 June 2016. Refer to note 7.

In addition, there are cross guarantees given by SEEK Limited, as described in note 22. No deficiencies of assets exist in any of these entities.

# Notes to the Financial Statements

## for the year ended 30 June 2016

### 23. Parent entity financial information continued

#### (c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2016 (2015: nil).

#### (d) Contractual commitments

As at 30 June 2016, the parent entity had contractual commitments for minimum lease payments in relation to non-cancellable operating leases totalling \$14.2m (2015: \$17.8m).

Other commitments for the payment of IT services, advertising and promotions under long-term contracts in existence totalled \$2.0m (2015: \$4.7m).

### 24. Contingent liabilities

Unrecognised contingent liabilities represent the possible (but not probable) cash outflow in excess of any provision. They do not represent management's expectation of likely outflow and are not recognised on the balance sheet.

In addition to the provisions recognised (refer to note 15), the Group has \$7.6m of unrecognised contingent liabilities at 30 June 2016 (2015: \$5.0m) which relate to labour and civil cases in Brasil Online and its subsidiaries.

### 25. Commitments for expenditure

	Lease commitments (a)		Other commitments (b)	
	2016 \$m	2015 \$m	2016 \$m	2015 \$m
Within one year	19.4	20.6	9.4	9.2
Later than one year but not later than five years	40.4	43.5	1.1	4.7
More than five years	-	-	-	-
<b>Total</b>	<b>59.8</b>	<b>64.1</b>	<b>10.5</b>	<b>13.9</b>

#### (a) Lease commitments

The Group leases various offices under non-cancellable operating leases expiring within one to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the lease are negotiated.

#### (b) Other commitments

The Group has commitments for the payment of IT services, advertising and promotions under long-term contracts in existence at the reporting date but not recognised as liabilities payable.

### 26. Events occurring after the balance sheet date

As at the date of this report, the Directors are not aware of any matter or circumstance that has arisen since 30 June 2016 that has significantly affected the operations of the Group, the results of the operations or the state of affairs of the Group.

## 27. Share-based payments

### Accounting Policy

The cost of share-based payments is recognised by expensing the fair value of the options or rights granted, over the period during which the employees become unconditionally entitled to these benefits. Where the plan will be settled by:

- issuing equity, the corresponding entry is an increase in the share based payment reserve;
- a payment in cash, the corresponding entry is a liability.

### Calculating the fair value

Calculating the fair value of share-based payments can be complex. Most options and rights are valued by an independent consultant using a Black-Scholes or similar option pricing model. This calculation includes any market performance conditions and the impact of any non-vesting conditions. Once the fair value has been determined (at grant date), it is not revised.

The impact of any service and non-market vesting conditions is excluded from the fair value. Instead, this is included in assumptions about the number of options that are expected to vest. These assumptions are revised at the end of each reporting period. The impact of any revision to original estimates is recognised in the consolidated income statement, with a corresponding adjustment to equity.

### (a) Types of share-based payments

The SEEK Group has several forms of share-based payments:

- **SEEK Limited:** share based compensation benefits are provided to certain employees via Performance Rights, and to SEEK Limited Executives via Equity Rights (previously called Performance Rights), LTI Rights and LTI Options.
- **Zhaopin:** on acquisition of Zhaopin in FY2013, its share option plan was not replaced. The options are held over class A ordinary shares in Zhaopin Ltd. During the IPO process in June 2014, American Depositary Shares (ADSs) in Zhaopin Ltd were listed on the New York Stock Exchange and each ADS represents 2 class A ordinary shares.
- **SEEK Asia:** a share option plan was established in SEEK Asia in 2014. The options are held over the ordinary share capital of SEEKAsia Limited.
- **OCC:** on acquisition of OCC in FY2012, its share option plan was not replaced. The options are held over the ordinary share capital of Online Career Centre Mexico, S.A.P.I de CV.

If the options granted by Zhaopin, SEEK Asia or OCC were to be exercised and satisfied by issuing new shares, the Group's interest in the respective business would be diluted.

### (b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefits expense were \$18.4m (2015: \$18.7m) including:

- Equity settled share-based payment plans:
  - Performance Rights and Options Plan - SEEK Limited \$11.1m (2015: \$10.3m)
  - Share option plans of subsidiaries \$2.6m (2015: \$4.8m)
- Cash settled share-based payment plans \$2.0m (2015: \$0.9m)

### (c) Performance Rights and Options Plan - SEEK Limited

For details of Equity Rights and LTI Options/Rights granted to SEEK Limited Executives under the Performance Rights and Options Plan, refer to the Remuneration Report contained in the Directors' Report.

As noted above, certain employees also receive a Performance Right as part of their compensation each year under the Performance Rights and Options Plan. Performance Rights convert to a number of shares at the end of the financial year based on the SEEK Limited share price and the performance of the individual. Shares are restricted for a further 12 months from vesting. There has been no change to the Performance Rights and Options Plan plan in FY2016.

# Notes to the Financial Statements

## for the year ended 30 June 2016

### 27. Share-based payments continued

The following table summarises the movement in the number of options in the SEEK Limited plans:

2016	Grant date	Expiry date (years)	Exercise price	Number of options or rights				Closing balance	Vested and exercisable at 30 June
				Opening balance	Granted during the year	Exercised during the year	Forfeited during the year		
<b>LTI Options</b>									
	7 September 2012	5	\$7.43	2,129,277	-	-	-	2,129,277	-
	3 December 2012 <sup>(1)</sup>	5	\$7.43	1,085,526	-	-	-	1,085,526	-
	6 September 2013	5	\$10.38	1,489,248	-	-	-	1,489,248	-
	4 December 2013 <sup>(1)</sup>	5	\$10.38	672,348	-	-	-	672,348	-
	6 August 2014	5	\$19.04	703,329	-	-	(87,184)	616,145	-
	12 December 2014 <sup>(1)</sup>	5	\$19.04	514,285	-	-	-	514,285	-
	<b>Total</b>			<b>6,594,013</b>	<b>-</b>	<b>-</b>	<b>(87,184)</b>	<b>6,506,829</b>	<b>-</b>
<b>LTI Rights</b>									
	1 October 2015	5	\$0.00	-	373,184	-	-	373,184	-
	2 November 2015	5	\$0.00	-	67,088	-	-	67,088	-
	7 December 2015 <sup>(1)</sup>	5	\$0.00	-	182,713	-	-	182,713	-
	30 May 2016	5	\$0.00	-	29,395	-	-	29,395	-
	<b>Total</b>			<b>-</b>	<b>652,380</b>	<b>-</b>	<b>-</b>	<b>652,380</b>	<b>-</b>
<b>Equity Rights</b>									
	6 August 2014	2.5	\$0.00	7	-	(7)	-	-	-
	12 December 2014 <sup>(1)</sup>	2.5	\$0.00	1	-	(1)	-	-	-
	1 October 2015	2	\$0.00	-	10	-	-	10	-
	7 December 2015 <sup>(1)</sup>	2	\$0.00	-	1	-	-	1	-
	<b>Total</b>			<b>8</b>	<b>11</b>	<b>(8)</b>	<b>-</b>	<b>11</b>	<b>-</b>
<b>Performance Rights</b>									
	6 August 2014	2	\$0.00	45	-	(43)	(2)	-	-
	24 March 2016	2	\$0.00	-	53	-	(1)	52	-
	<b>Total</b>			<b>45</b>	<b>53</b>	<b>(43)</b>	<b>(3)</b>	<b>52</b>	<b>-</b>
	<b>Total All Plans</b>			<b>6,594,066</b>	<b>652,444</b>	<b>(51)</b>	<b>(87,187)</b>	<b>7,159,272</b>	<b>-</b>
	<b>Weighted average exercise price</b>			<b>\$10.54</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$14.77</b>	<b>\$9.34</b>	<b>\$0.00</b>
<b>2015</b>									
<b>LTI Options</b>									
	1 July 2010	5	\$7.39	641,180	-	(641,180)	-	-	-
	1 September 2011	5	\$5.36	1,729,804	-	(1,729,804)	-	-	-
	21 November 2011 <sup>(1)</sup>	5	\$5.36	964,065	-	(964,065)	-	-	-
	7 September 2012	5	\$7.43	2,129,277	-	-	-	2,129,277	-
	3 December 2012 <sup>(1)</sup>	5	\$7.43	1,085,526	-	-	-	1,085,526	-
	6 September 2013	5	\$10.38	1,489,248	-	-	-	1,489,248	-
	4 December 2013 <sup>(1)</sup>	5	\$10.38	672,348	-	-	-	672,348	-
	6 August 2014	5	\$19.04	-	1,033,160	-	(329,831)	703,329	-
	12 December 2014 <sup>(1)</sup>	5	\$19.04	-	514,285	-	-	514,285	-
	<b>Total</b>			<b>8,711,448</b>	<b>1,547,445</b>	<b>(3,335,049)</b>	<b>(329,831)</b>	<b>6,594,013</b>	<b>-</b>
<b>Equity Rights</b>									
	6 September 2013	2.5	\$0.00	8	-	(8)	-	-	-
	4 December 2013 <sup>(1)</sup>	2.5	\$0.00	1	-	(1)	-	-	-
	6 August 2014	2.5	\$0.00	-	7	-	-	7	-
	12 December 2014 <sup>(1)</sup>	2.5	\$0.00	-	1	-	-	1	-
	<b>Total</b>			<b>9</b>	<b>8</b>	<b>(9)</b>	<b>-</b>	<b>8</b>	<b>-</b>
<b>Performance Rights</b>									
	6 September 2013	2	\$0.00	35	-	(35)	-	-	-
	6 August 2014	2	\$0.00	-	47	-	(2)	45	-
	<b>Total</b>			<b>35</b>	<b>47</b>	<b>(35)</b>	<b>(2)</b>	<b>45</b>	<b>-</b>
	<b>Total All Plans</b>			<b>8,711,492</b>	<b>1,547,500</b>	<b>(3,335,093)</b>	<b>(329,833)</b>	<b>6,594,066</b>	<b>-</b>
	<b>Weighted average exercise price</b>			<b>\$7.52</b>	<b>\$19.04</b>	<b>\$5.75</b>	<b>\$19.04</b>	<b>\$10.54</b>	<b>\$0.00</b>

1. Options and rights granted to Executive Director, which have been approved and granted at AGM.



There were no options exercised during the year. The weighted average share price at the date of exercise of options exercised during the year ended 30 June 2015 was \$17.35.

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.05 years (2015: 2.20 years).

#### (d) Share option plans - Zhaopin

The table below summarises the movements in options over shares of Zhaopin Limited.

2016 - Zhaopin			Number of options						
Grant date	Expiry date (years)	Exercise price (US\$)	Opening balance	Granted during the year	Exercised during the year	Forfeited during the year	Expired/lapsed during the year	Closing balance	Vested and exercisable at balance date
Schemes issued prior to FY2014			8,496,754	-	(2,842,872)	(58,868)	(192,568)	5,402,446	4,361,650
31 March 2014	6	\$5.00	136,000	-	-	(99,600)	(12,400)	24,000	-
31 March 2014	6	\$4.00	1,044,820	-	(96,344)	(174,840)	-	773,636	102,420
31 March 2014	6	\$4.50	69,000	-	-	(12,000)	-	57,000	-
17 April 2014	6	\$6.75	80,000	-	(6,400)	(73,600)	-	-	-
2 June 2014	5	\$6.75	750,000	-	-	(750,000)	-	-	-
1 March 2016	5	\$7.42	-	50,000	-	-	-	50,000	-
<b>Balance at 30 June 2016</b>			<b>10,576,574</b>	<b>50,000</b>	<b>(2,945,616)</b>	<b>(1,168,908)</b>	<b>(204,968)</b>	<b>6,307,082</b>	<b>4,464,070</b>
<b>Weighted average exercise price</b>			<b>\$3.14</b>	<b>\$7.42</b>	<b>\$2.74</b>	<b>\$6.05</b>	<b>\$2.19</b>	<b>\$2.84</b>	<b>\$2.32</b>

2015 - Zhaopin			Number of options						
Grant date	Expiry date (years)	Exercise price (US\$)	Opening balance	Granted during the year	Exercised during the year	Forfeited during the year	Expired/lapsed during the year	Closing balance	Vested and exercisable at balance date
Schemes issued prior to FY2014			15,311,315	-	(6,421,046)	(161,178)	(232,337)	8,496,754	6,735,200
31 March 2014	6	\$5.00	222,000	-	(6,400)	(79,600)	-	136,000	3,200
31 March 2014	6	\$4.00	1,314,820	-	-	(270,000)	-	1,044,820	-
31 March 2014	6	\$4.50	115,200	-	-	(46,200)	-	69,000	-
17 April 2014	6	\$6.75	80,000	-	-	-	-	80,000	6,400
2 June 2014	5	\$6.75	750,000	-	-	-	-	750,000	-
<b>Balance at 30 June 2015</b>			<b>17,793,335</b>	<b>-</b>	<b>(6,427,446)</b>	<b>(556,978)</b>	<b>(232,337)</b>	<b>10,576,574</b>	<b>6,744,800</b>
<b>Weighted average exercise price</b>			<b>\$2.72</b>	<b>n/a</b>	<b>\$1.94</b>	<b>\$4.21</b>	<b>\$1.72</b>	<b>\$3.14</b>	<b>\$2.28</b>

The weighted average share price at the date of exercise of options exercised during the year ended 30 June 2016 was US\$15.43 (2015: US\$15.71).

The weighted average remaining contractual life of share options outstanding at the end of the year was 1.55 years (2015: 3.61 years).

# Notes to the Financial Statements

## for the year ended 30 June 2016

### 27. Share-based payments continued

#### (e) Share option plans - SEEK Asia

The table below summarises the movements in options over shares of SEEKAsia Limited.

2016 - SEEK Asia			Number of options					Closing balance	Vested and exercisable at balance date
Grant date	Expiry date (years)	Exercise price (US\$)	Opening balance	Granted during the year	Exercised during the year	Forfeited during the year			
20 November 2014	5	\$1.29	14,008,910	-	-	-	14,008,910	-	
<b>Balance at 30 June 2016</b>			<b>14,008,910</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,008,910</b>	<b>-</b>	
<b>Weighted average exercise price</b>			<b>\$1.29</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>\$1.29</b>	<b>n/a</b>	

2015 - SEEK Asia			Number of options					Closing balance	Vested and exercisable at balance date
Grant date	Expiry date (years)	Exercise price (US\$)	Opening balance	Granted during the year	Exercised during the year	Forfeited during the year			
20 November 2014	5	\$1.29	-	14,008,910	-	-	14,008,910	-	
<b>Balance at 30 June 2015</b>			<b>-</b>	<b>14,008,910</b>	<b>-</b>	<b>-</b>	<b>14,008,910</b>	<b>-</b>	
<b>Weighted average exercise price</b>			<b>n/a</b>	<b>\$1.29</b>	<b>n/a</b>	<b>n/a</b>	<b>\$1.29</b>	<b>n/a</b>	

The weighted average remaining contractual life of share options outstanding at the end of the year was 3.39 years (2015: 4.39 years).

#### (f) Share option plans - OCC

The table below summarises the movements in options over shares of Online Career Centre Mexico, S.A.P.I de CV.

2016 - OCC			Number of options					Closing balance	Vested and exercisable at balance date
Grant date	Expiry date (years)	Exercise price (US\$)	Opening balance	Granted during the year	Exercised during the year	Forfeited during the year			
Schemes issued prior to FY2014			10,960	-	-	-	10,960	10,960	
12 May 2014	10	\$145.00	2,951	-	-	-	2,951	2,951	
1 June 2015	14	\$168.20	-	52,725	-	-	52,725	-	
<b>Balance at 30 June 2016</b>			<b>13,911</b>	<b>52,725</b>	<b>-</b>	<b>-</b>	<b>66,636</b>	<b>13,911</b>	
<b>Weighted average exercise price</b>			<b>\$117.14</b>	<b>\$168.20</b>	<b>n/a</b>	<b>n/a</b>	<b>\$117.14</b>	<b>\$101.85</b>	

2015 - OCC			Number of options					Closing balance	Vested and exercisable at balance date
Grant date	Expiry date (years)	Exercise price (US\$)	Opening balance	Granted during the year	Exercised during the year	Forfeited during the year			
Schemes issued prior to FY2014			59,902	-	(48,942)	-	10,960	8,961	
12 May 2014	10	\$145.00	4,758	-	(1,807)	-	2,951	-	
<b>Balance at 30 June 2015</b>			<b>64,660</b>	<b>-</b>	<b>(50,749)</b>	<b>-</b>	<b>13,911</b>	<b>8,961</b>	
<b>Weighted average exercise price</b>			<b>\$100.19</b>	<b>n/a</b>	<b>\$95.55</b>	<b>n/a</b>	<b>\$117.14</b>	<b>\$101.85</b>	

The weighted average remaining contractual life of share options outstanding at the end of the year was 11.37 years (2015: 6.45 years).

## 28. Related party transactions

The Group has identified the parties it considers to be related and the transactions conducted with those parties. Other than those disclosed below, no other related party transactions have been identified.

### (a) Transactions with equity accounted investments

	2016 \$	2015 \$
Dividends and distributions received from equity accounted investments	29,160,227	29,018,388
Directors' fees and other personnel costs charged to equity accounted investments	387,130	250,533
Sales commission received from equity accounted investments	4,888,499	6,734,583

### (b) Transactions with key management personnel

	2016 \$	2015 \$
Short-term employee benefits	7,232,845	7,441,062
Post-employment benefits	242,527	285,742
Share-based employee benefits	7,636,303	8,409,852
Other long-term benefits	203,506	171,806
	15,315,181	16,308,462

### (c) Amounts outstanding

	2016 \$	2015 \$
Amounts receivable from equity accounted investments	3,571,886	4,135,384
Amounts payable to equity accounted investments	(5,486)	-

## 29. Remuneration of auditors

The parent entity and its subsidiaries have been audited by PricewaterhouseCoopers Australia and related practices of PricewaterhouseCoopers Australia. During the year the following fees were paid for services provided by the auditor of the parent entity and its related practices:

	PricewaterhouseCoopers Australia		Related practices of PricewaterhouseCoopers Australia		Total	
	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$
<b>Audit services</b>						
Audit and review of financial reports	770,000	690,000	2,290,726	1,794,535	3,060,726	2,484,535
<b>Other assurance services</b>						
Bank covenant, acquisition and statutory reporting	38,000	110,000	-	-	38,000	110,000
Other non-audit services	175,000	-	257,097	456,390	432,097	456,390
<b>Total other assurance services</b>	213,000	110,000	257,097	456,390	470,097	566,390
<b>Non-assurance services</b>						
Due diligence services	211,460	162,625	9,213	-	220,673	162,625
Tax compliance services	51,150	32,000	12,638	23,180	63,788	55,180
Tax consulting	190,556	141,060	39,869	17,098	230,425	158,158
Other non-assurance services	161,648	-	66,467	-	228,115	-
<b>Total non-assurance services</b>	614,814	335,685	128,187	40,278	743,001	375,963
<b>Total non-audit services</b>	827,814	445,685	385,284	496,668	1,213,098	942,353
<b>Total remuneration</b>	1,597,814	1,135,685	2,676,010	2,291,203	4,273,824	3,426,888

# Notes to the Financial Statements

## for the year ended 30 June 2016

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### 30. Other significant accounting policies

#### (a) Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Joint ventures are all entities over which the Group has joint control with one or more other investors. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint ventures are accounted for using the equity method of accounting, after initially being recognised at cost. Under the equity method, the investment is shown in one line on the balance sheet, with the Group's share of post-acquisition profits or losses recognised in profit or loss.

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are also accounted for using the equity method.

Accounting policies of subsidiaries, associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### (b) Foreign currency translation

##### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is SEEK Limited's functional and presentation currency.

##### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate on that day. Non-monetary assets and liabilities are maintained at the exchange rate on the date of the transaction. Monetary assets and liabilities are translated into the functional currency at the year end exchange rate.

Where there is a movement in the exchange rate between the date of the transaction and the date of settlement or the year end, a foreign exchange gain or loss may arise. This is recognised in the income statement (within "finance costs"), unless the asset or liability is a qualifying cash flow hedge or net investment hedge, in which case it is deferred in equity.

##### (iii) Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented (including goodwill and other fair value adjustments arising on acquisition) are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement and statement of comprehensive income are translated using monthly average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

#### (c) Goods and Services Tax (GST) and Valued Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of associated GST and VAT, unless the GST and VAT incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST and VAT receivable or payable. The net amount of GST and VAT recoverable from, or payable to, the taxation authority is included within "trade and other receivables" or "trade and other payables" in the consolidated balance sheet.

#### (d) Impairment of assets

Assets other than goodwill and intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the asset's fair value less costs of disposal and value in use).

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

# Notes to the Financial Statements

## for the year ended 30 June 2016

### 30. Other significant accounting policies continued

#### (e) New and amended Accounting Standards and Interpretations

##### (i) New and amended Accounting Standards and Interpretations issued and effective

The Group has not adopted any new or amended Accounting Standards and Interpretations this year that have had a material impact on the Group or the Company.

##### (ii) Accounting standards issued but not yet effective

Certain new Accounting Standards and Interpretations have been published that will apply to future periods. The Group's interpretation of the impact of these new Standards is set out below:

Summary	Application date of standard	Application date for Group
<p>AASB 9 – <i>Financial Instruments (2014)</i></p> <p>AASB 9's new impairment model introduces an expected credit loss model when assessing impairment of financial instruments. For the Group, this means a change in how the impairment of trade receivables is assessed.</p> <p>These changes are not expected to result in a material impact on the financial statements.</p>	1 January 2018	1 July 2018
<p>AASB 15 – <i>Revenue from contracts with customers</i></p> <p>AASB 15's new revenue model is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. It also clarifies how the consideration should be allocated between different deliverables in a contract.</p> <p>The change from a risk and reward assessment to the notion of control is not expected to change the timing of revenue recognition for the services provided by the Group. However, as different products (services) have different revenue recognition points, the change in allocation of consideration between products in a multiple product contract may result in a change in timing of when the total contract consideration is recognised.</p> <p>The Group has conducted an initial analysis of the potential impact on each line of business and product type. Detailed analysis, including quantification of the potential impact, is now being performed on the segments and products that are more likely to generate a difference.</p>	1 January 2018	1 July 2018
<p>AASB 16 – <i>Leases</i></p> <p>AASB 16 will affect the accounting by lessees and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts.</p> <p>The Group will be required to recognise an asset and a financial liability for the majority of its property leases. In addition, the operating lease rental associated with these leases will no longer be recognised in the income statement, instead being replaced by depreciation of the lease asset and interest expense on the lease liability.</p> <p>This is not expected to materially change the profit after tax, but will change the Segment EBITDA (which is the measure utilised by the CODM to measure the businesses' profitability).</p> <p>The Group expects to adopt this Standard early, to correspond with the application date of AASB 9 (2014) and AASB 15.</p>	1 January 2019	1 July 2018

There are other new accounting standards issued but not yet effective, however these are not expected to have a material impact on the financial statements of the Group or the Company.

## Directors' Declaration

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In the directors' opinion:

- a. the financial statements and notes set out on pages 42 to 95 are in accordance with the *Corporations Act 2001*, including:
  - i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
- b. there are reasonable grounds to believe that SEEK Limited will be able to pay its debts as and when they become due and payable; and
- c. at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 22 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in note 22.

Page 47 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



Neil Chatfield  
Chairman

Melbourne  
22 August 2016



## Independent auditor's report to the members of SEEK Limited

### *Report on the financial report*

We have audited the accompanying financial report of SEEK Limited (the company), which comprises the consolidated balance sheet as at 30 June 2016, the consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the SEEK Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

### *Directors' responsibility for the financial report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. On page 47, Basis of preparation, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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**PricewaterhouseCoopers, ABN 52 780 433 757**

Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001  
T: 61 3 8603 1000, F: 61 3 8603 1999, [www.pwc.com.au](http://www.pwc.com.au)

# Independent Auditor's Report

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## *Auditor's opinion*

In our opinion:

- (a) the financial report of SEEK Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed on page 47.

## **Report on the Remuneration Report**

We have audited the remuneration report included in pages 23 to 40 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

## *Auditor's opinion*

In our opinion, the remuneration report of SEEK Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', is written over the printed name of the firm.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'John Yeoman', is written over the printed name of the partner.

John Yeoman  
Partner

Melbourne  
22 August 2016



# Shareholder Information

The shareholder information set out below was applicable as at 30 September 2016.

## A. Distribution of shareholders

Analysis of numbers of ordinary shareholders by size of holding:

Range	Total holders	Shares	% of Issued Capital
1 – 1,000	14,711	7,044,376	2.03
1,001 – 5,000	10,176	23,143,200	6.65
5,001 – 10,000	1,387	10,034,260	2.89
10,001 – 100,000	720	16,603,878	4.77
100,001 +	78	290,980,168	83.66
<b>Total</b>	<b>27,072</b>	<b>347,805,882</b>	<b>100.00</b>

There were 457 holders of less than a marketable parcel of ordinary shares.

## B. Twenty largest quoted equity security holders

The names of the twenty largest registered holders of quoted equity securities are listed below:

Name	Ordinary Shares	
	Number Held	% of Issued Capital
JP Morgan Nominees Australia Limited	85,346,555	24.54
HSBC Custody Nominees (Australia) Limited	76,866,038	22.10
National Nominees Limited	45,300,264	13.02
Citicorp Nominees Pty Limited	16,055,032	4.62
Kiteford Pty Ltd (Andrew Bassat Family A/C)	11,250,113	3.23
BNP Paribas Noms Pty Ltd (DRP)	8,958,583	2.58
RBC Investor Services Australia Nominees Pty Limited (BKCUST A/C)	6,040,387	1.74
Netherlane Pty Ltd (Paul Bassat Family A/C)	3,786,245	1.09
Australian Foundation Investment Company Limited	2,925,000	0.84
Mr Andrew Reuven Bassat	2,673,118	0.77
Daleford Way Pty Ltd	2,615,000	0.75
Citicorp Nominees Pty Limited (Colonial First State Inv a/c)	2,495,899	0.72
National Nominees Limited (DB A/C)	2,374,849	0.68
BNP Paribas Nominees Pty Ltd (Agency lending DRP A/C)	1,583,963	0.46
UBS Nominees Pty Ltd	1,412,493	0.41
Mutual Trust Pty Ltd	1,283,925	0.37
HSBC Custody Nominees (Australia) Limited (NT-Comnwlth Super Corp A/C)	1,195,926	0.34
Pacific Custodians Pty Limited (Employee share trust a/c)	1,192,740	0.34
Mr Roger William Allen	1,145,820	0.33
BNP Paribas Nominees Pty Ltd (Agency lending collateral)	1,133,000	0.33
Top 20 holders of Ordinary Fully Paid Shares (total)	275,634,950	79.25
Other shareholders	72,170,932	20.75
<b>Total</b>	<b>347,805,882</b>	<b>100.00</b>

## Unquoted equity securities

Securities issued to take up ordinary shares under the Performance Rights and Options Plan:

	Number held	Number of holders
LTI Options	4,003,739	9
LTI Rights	576,207	8
<b>Total</b>	<b>4,579,946<sup>(1)</sup></b>	

1. The following person holds 20% or more of these securities: Andrew Bassat 53.6% (LTI Options 56.8%, LTI Rights 31.7%).

# Shareholder Information

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## C. Substantial Holders

Substantial holders in the company are set out below:

	Number held <sup>(1)</sup>	% issued capital
FIL Limited	34,670,966	9.97
Hyperion Asset Management	31,415,107	9.03
The Capital Group Companies	21,519,180	6.19
Baillie Gifford & Co and its Affiliated Companies	21,071,862	6.06

1. Number of shares held by substantial shareholders is based on the most recent notifications lodged by substantial shareholders with the ASX.

## D. Voting Rights

The voting rights attaching to each class of equity securities are set out below:

### Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

### Options

No voting rights.

# Five Year Financial Summary

Operating Results	2016 \$m	2015 \$m	2014 \$m	2013 \$m	2012 \$m
<b>Sales revenue</b>					
ANZ Employment	313.1	273.2	240.3	234.9	247.8
Zhaopin	329.1	252.8	183.8	49.9	-
SEEK Asia	141.8	104.7	59.4	51.3	52.9
Brasil Online	91.7	119.3	118.9	109.8	8.8
OCC	29.7	24.5	22.3	13.7	0.4
Education	42.1	81.2	87.7	61.3	49.5
Early Stage ventures	2.9	2.7	0.9	-	-
Eliminations - intercompany transactions	-	-	(2.1)	(3.9)	(4.0)
Discontinued operation - THINK - classroom-based training <sup>(4)</sup>	-	-	45.2	103.2	86.9
<b>Total sales revenue<sup>(1)</sup></b>	<b>950.4</b>	<b>858.4</b>	<b>756.4</b>	<b>620.2</b>	<b>442.3</b>
<b>Segment EBITDA<sup>(2)</sup></b>	<b>366.7</b>	<b>348.9</b>	<b>308.5</b>	<b>239.6</b>	<b>193.6</b>
Segment EBITDA to sales (%)	38.6%	40.6%	40.8%	38.6%	43.8%
Share of results of equity accounted investments <sup>(3)</sup>	12.2	21.7	18.7	27.1	30.9
<b>Net profit after tax (NPAT)</b>	<b>399.4</b>	<b>315.2</b>	<b>223.4</b>	<b>313.7</b>	<b>137.5</b>
Non-controlling interests	(42.3)	(34.0)	(27.8)	(13.6)	(5.8)
<b>Profit for the year attributable to owners of SEEK Limited</b>	<b>357.1</b>	<b>281.2</b>	<b>195.6</b>	<b>300.1</b>	<b>131.7</b>

## SEEK's share of results of equity accounted investments<sup>(3)</sup>

IDP	8.1	15.7	14.0	10.6	8.2
Zhaopin	-	-	-	11.3	16.5
Brasil Online	-	-	-	-	4.6
JCB	-	(0.9)	(0.4)	4.0	2.8
OCC	-	-	-	-	0.8
OES	12.6	10.0	6.4	1.2	(2.0)
OAM	(3.1)	(2.8)	(1.2)	-	-
Babajob	(4.4)	(0.3)	-	-	-
Other individually immaterial investments	(1.0)	-	(0.1)	-	-
<b>Total SEEK's share of results of equity accounted investments<sup>(3)</sup></b>	<b>12.2</b>	<b>21.7</b>	<b>18.7</b>	<b>27.1</b>	<b>30.9</b>

## Balance Sheet

Current assets	737.0	642.2	446.1	320.9	167.5
Non-current assets	2,541.4	2,658.9	1,786.1	1,883.7	1,232.2
<b>Total assets</b>	<b>3,278.4</b>	<b>3,301.1</b>	<b>2,232.2</b>	<b>2,204.6</b>	<b>1,399.7</b>
Current liabilities	575.0	599.4	284.8	358.2	223.4
Non-current liabilities	878.8	900.8	478.8	549.8	405.2
<b>Total liabilities</b>	<b>1,453.8</b>	<b>1,500.2</b>	<b>763.6</b>	<b>908.0</b>	<b>628.6</b>
<b>Net assets</b>	<b>1,824.6</b>	<b>1,800.9</b>	<b>1,468.6</b>	<b>1,296.6</b>	<b>771.1</b>
<b>Equity</b>	<b>1,824.6</b>	<b>1,800.9</b>	<b>1,468.6</b>	<b>1,296.6</b>	<b>771.1</b>
<b>Gearing (debt/debt+equity)</b>	<b>31.1%</b>	<b>35.3%</b>	<b>21.5%</b>	<b>27.4%</b>	<b>29.2%</b>

## Per ordinary share (\$) (from continuing operations)

Dividends - interim	21.0	19.0	14.0	10.0	8.3
Dividends - final	19.0	17.0	16.0	12.0	9.0
Dividends - total	40.0	36.0	30.0	22.0	17.3
Basic earnings per share	103.7	82.1	57.7	89.0	39.1
Diluted earnings per share	101.7	79.9	56.8	88.3	38.9

1. Sales revenue is revenue excluding interest, dividend, other revenue and other income from fair value gains on acquisitions.

2. Segment EBITDA is earnings before interest, tax, depreciation and amortisation and excludes share of results of equity accounted investments, amortisation of share-based payments and long-term incentives, gains/losses on investing activities, and other non-operating gains/losses.

3. Includes dilution of investments in associates.

4. THINK business was sold in November 2013 and treated as a discontinued operation from this time.

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"It was not the feeling of completeness I so needed, but the feeling of not being empty." – Jonathan Safran Foer

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“Emptiness which is conceptually liable to be mistaken for sheer nothingness is in fact the reservoir of infinite possibilities.” –  
D.T. Suzuki

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“Get comfortable in emptiness, it where you connect with your inner existence.” – Matthew Donnelly

## **Directors**

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Neil G Chatfield  
*Chairman*

Andrew R Bassat  
*Managing Director and  
Chief Executive Officer*

Colin B Carter

Denise I Bradley

Graham B Goldsmith

Julie A Fahey

Lynne Jensen  
*Secretary*

## **Principal registered office in Australia**

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Level 6  
541 St Kilda Road  
MELBOURNE VIC 3004  
AUSTRALIA  
Ph: +61 3 8517 4100

## **Share register**

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Computershare Investor  
Services Pty Ltd  
452 Johnston Street  
ABBOTSFORD VIC 3067  
Ph: +61 3 9415 4000

## **Auditor**

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PricewaterhouseCoopers  
Freshwater Place  
2 Southbank Boulevard  
SOUTHBANK VIC 3006

## **Stock exchange listing**

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SEEK Limited shares are  
listed on the Australian  
Stock Exchange  
(Listing code: SEK)

Zhaopin Limited American  
Depository Shares are listed  
on the New York Stock Exchange  
(Listing code: ZPIN)

## **Website**

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[www.seek.com.au](http://www.seek.com.au)



ABN 46 080 075 314



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[manager.com.br](https://manager.com.br)  
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