



# Appendix 4D and Interim Financial Report

For the half-year ended 31 December 2016

Lodged with the ASX under Listing Rule 4.2A  
SEEK Limited ABN 46 080 075 314

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# SEEK Limited

## ABN 46 080 075 314

### Half-year ended 31 December 2016

(Previous corresponding period: Half-year ended 31 December 2015)

#### Results for Announcement to the Market

		Percentage Change		Amount \$m
Total sales revenue	Up	1%	To	487.9
Total revenue from ordinary activities	Up	1%	To	495.6
Profit for the period after tax	Down	69%	To	92.7
Net profit for the period attributable to the owners of SEEK Limited	Down	69%	To	84.1

Dividends/distributions	Amount per security	Franked amount per security
2016 interim dividend paid	21.0 cents	21.0 cents
2016 final dividend paid	19.0 cents	19.0 cents
<b>2017 interim dividend (declared after balance date)</b>	<b>23.0 cents</b>	<b>23.0 cents</b>

Record date for determining entitlements to the dividend

29 March 2017

Dividend payable

19 April 2017

#### Other information required by Listing Rule 4.2A

Other information requiring disclosure to comply with Listing Rule 4.2A is contained in the following pages.

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## Basis of preparation

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

This condensed interim report for the half-year period:

- is for the consolidated entity consisting of SEEK Limited and its controlled entities;
- is 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 Investment Commission Corporations Instrument 2016/191;
- has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*;
- does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by SEEK Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

# Directors' Report

Your directors present their report on the consolidated entity (referred to hereafter as the Group), consisting of SEEK Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2016.

## Directors

The following persons were directors of the Company during the half-year and up to the date of this report:

Neil G Chatfield	Chairman, Non-executive director
Andrew R Bassat	Managing Director and Chief Executive Officer
Colin B Carter	Non-executive director
Denise I Bradley	Non-executive director
Graham B Goldsmith	Non-executive director
Julie A Fahey	Non-executive director

## Review of operations

A summary of consolidated results is set out below:

	31 Dec 2016 \$m	31 Dec 2015 \$m
<b>Sales revenue</b>	<b>487.9</b>	482.0
<b>Segment EBITDA<sup>(1) (2)</sup></b>	<b>170.3</b>	193.3
Depreciation and amortisation	(25.9)	(25.1)
Net interest	(5.2)	(13.8)
Share-based payments and other LTI	(3.7)	(10.4)
Share of results of equity accounted investments	3.8	9.2
Other items	(7.8)	270.2
Income tax expense	(38.8)	(127.5)
Non-controlling interests	(8.6)	(20.8)
<b>Profit attributable to owners of SEEK Limited</b>	<b>84.1</b>	275.1
Add back significant items	18.6	(181.7)
<b>Profit attributable to owners of SEEK Limited (before significant items)</b>	<b>102.7</b>	93.4
Add back Early Stage Ventures	10.9	9.0
<b>Profit attributable to owners of SEEK Limited (before significant items &amp; Early Stage Ventures)</b>	<b>113.6</b>	102.4

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. Segment EBITDA includes (\$13.5m) of significant items.

In the half-year ended 31 December 2016 (H1 FY2017), SEEK achieved reported revenue growth of 1% whilst EBITDA declined 12% compared to the period ended 31 December 2015 (H1 FY2016).

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

- ANZ Employment: Revenue growth of 13% and EBITDA growth of 10% driven by growth in job ad volume, yield, prominence and other products
- Zhaopin: Revenue growth of 11% (23% local currency) and EBITDA growth of 8% (20% local currency) primarily driven by strong growth in unique hirers;
- Translation of offshore results to AUD were unfavourably impacted by the appreciating AUD exchange rate; and
- Cessation of SEEK Learning Vocational Education and Training (VET) operations from November 2016.

Profit attributable to the owners of SEEK Limited was \$84.1m (31 December 2015: \$275.1m). H1 FY2017 and H1 FY2016 were impacted by the following significant items:

- H1 FY2017: One-off costs associated with the cessation of SEEK Learning VET operations of A\$15.9m, net one-off tax items of \$1.1m comprising of a Zhaopin withholding tax provision (\$10.5m) offset by a tax benefit arising from the sale of the investment in JCBNext Berhad ("JCBNext") (\$9.4m) and other costs associated with the potential privatisation of Zhaopin of A\$1.6m.
- H1 FY2016: Gain on sale of SEEK's interest in IDP Education Pty Ltd (IDP) of \$181.7m post-tax and net of transaction costs.

As an indication of underlying operating results, excluding significant items and if early stage ventures were also excluded (H1 FY2017: loss of \$10.9m, H1 FY2016: loss of \$9.0m), the profit attributable to the owners of SEEK Limited would have increased from \$102.4m in H1 FY2016 to \$113.6m in H1 FY2017, reflecting an increase of \$11.2m or 11%.

## Review of operations continued

### Australia & New Zealand (ANZ) Employment

	31 Dec	31 Dec	Growth	
	2016	2015	\$m	%
	\$m	\$m		
<b>Sales revenue</b>	<b>171.3</b>	151.8	19.5	13%
<b>EBITDA</b>	<b>97.2</b>	88.6	8.6	10%
EBITDA margin (%)	<b>57%</b>	58%		

The ANZ Employment segment includes SEEK Australia, SEEK New Zealand and SEEK Business.

ANZ Employment's revenue growth of 13% was driven by ad volumes, price increases, ad mix shift, prominence products and Premium Talent Search. The strong revenue result validates the on-going reinvestment strategy. EBITDA grew by less than revenue due to continued reinvestment across product development, sales and marketing.

Key operating highlights:

- Continuing to be the market leader with 34% of placements which is a lead of approximately nine times over the nearest competitor;
- Continuing to grow the depth and breadth of SEEK's Profile database, which now includes approximately 9m total profiles (31 December 2015: 7m), representing growth of 28% compared to the prior half-year period; and
- SEEK's Premium Talent Solutions platform has approximately 660 clients (31 December 2015: 345 clients) representing growth of 91% compared to the prior half-year period.

### International

International comprises leading online employment marketplaces that are exposed to favourable structural and long term macro-economic trends.

	31 Dec	31 Dec	Growth	
	2016	2015	\$m	%
	\$m	\$m		
<b>Sales revenue</b>	<b>308.5</b>	298.0	10.5	4%
Zhaopin	<b>183.9</b>	166.3	17.6	11%
SEEK Asia	<b>67.8</b>	70.1	(2.3)	(3%)
Brasil Online	<b>42.6</b>	46.5	(3.9)	(8%)
OCC	<b>14.2</b>	15.1	(0.9)	(6%)
<b>EBITDA</b>	<b>97.5</b>	100.6	(3.1)	(3%)
Zhaopin	<b>41.8</b>	38.6	3.2	8%
SEEK Asia	<b>37.8</b>	38.4	(0.6)	(2%)
Brasil Online	<b>16.8</b>	18.4	(1.6)	(9%)
OCC	<b>3.2</b>	5.3	(2.1)	(40%)
Other costs	<b>(2.1)</b>	(0.1)	(2.0)	
<b>EBITDA margin (%)</b>	<b>32%</b>	34%		
Zhaopin	<b>23%</b>	23%		
SEEK Asia	<b>56%</b>	55%		
Brasil Online	<b>39%</b>	40%		
OCC	<b>23%</b>	35%		

The international division includes results from Zhaopin, SEEK Asia, Brasil Online, OCC and costs of managing the international division.

International's financial contribution is a large and growing part of the Group, comprising 63% of Group sales revenue and 57% of EBITDA in H1 FY2017.

Revenue growth of 4% and EBITDA reduction of 3% compared to H1 FY2016 were driven by:

- Zhaopin: Strong organic growth primarily driven by growth in unique hirers;
- SEEK Asia: Impacted by weak macro-economic conditions in the mature markets of Hong Kong, Malaysia and Singapore (65% of revenue);
- Brasil Online: Performed in line with expectations given the backdrop of very depressed macro-economic conditions;
- OCC: Achieved solid revenue results alongside strong reinvestment in product & technology; and
- Reported results were adversely impacted by the appreciation of AUD against key currencies. On a constant currency basis, SEEK International would have achieved revenue growth of 11% and EBITDA growth of 2%.

Key operating highlights:

#### Zhaopin:

- In local currency, Zhaopin delivered strong revenue growth of 23% and EBITDA growth of 20%, whilst continuing to grow market leadership and reinvesting in sales, marketing and product & technology; and
- Capturing a large scale of data via candidate and hirer relationships which is underpinning the launch of new innovative products & services.

#### SEEK Asia:

- On a constant currency basis revenue increased 1% and EBITDA increased 3%. Results were impacted by weak macro-economic conditions;
- Clear market leadership across placements and key hirer/candidate metrics; and
- Accelerating the roll-out of new products to improve hirer efficiency and grow candidate engagement.

# Directors' Report

## International continued

### Brasil Online:

- In local currency, revenue declined 15% and EBITDA declined 16% due to depressed economic conditions evidenced by 10 consecutive quarters of negative GDP growth;
- Against this backdrop, the business is balancing short-term efficiencies with reinvestment in readiness for an eventual economic recovery; and
- Brasil Online is a key leader in global product collaboration initiatives particularly in Artificial Intelligence and search and matching efficiency.

### OCC:

- In local currency, revenue growth was solid at 14% despite uncertainties from US elections. EBITDA declined by 27% due to aggressive investment in product and technology capabilities; and
- Focused on scaling up new products recently launched and growing SME & regional penetration.

## Education

The Education segment includes SEEK Learning and the share of net results from OES (50%).

	31 Dec	31 Dec	Growth	
	2016	2015	\$m	%
	\$m	\$m		
<b>Sales revenue</b>	<b>2.6</b>	30.6	(28.0)	(92%)
EBITDA (before significant items)	(1.0)	8.2		
Significant items	(13.5)	-		
<b>EBITDA (after significant items)</b>	<b>(14.5)</b>	8.2	(22.7)	(277%)
EBITDA margin (%)	n/a	27%		
<b>Share of results of equity accounted investments<sup>(1)</sup></b>	<b>7.8</b>	13.3	(5.5)	(41%)

<sup>1</sup> Share of results of equity accounted investments for the half-year period 31 December 2015 included \$8.1m share of profits in IDP.

### SEEK Learning

- SEEK Learning ceased its VET operations during H1 FY2017 due to regulatory reforms;
- Financial results reflect 4 months of VET enrolments (up to early November 2016 when the business ceased operation) as well as one-off costs associated with the closure (EBITDA impact of \$13.5m) and NPAT impact of \$15.9m; and
- Focus is now on "starting up" a new education business (to be included in the Early Stage Ventures segment).

### Online Education Services (OES)

- OES had another strong financial result with revenue growth of 17%, EBITDA growth of 21% and SEEK share of NPAT of \$7.8m; and
- This result was underpinned by solid growth in student numbers and the business operating at scale.

## 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 core online employment marketplaces.
- 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 Malaysia and costs associated with driving SEEK's international education expansion. This segment now includes the new Education business in Australia from 1 November 2016.

	31 Dec 2016 \$m	31 Dec 2015 \$m	Growth	
			\$m	%
<b>Sales revenue</b>	<b>5.5</b>	1.6	3.9	244%
<b>EBITDA</b>	<b>(9.9)</b>	(4.1)	(5.8)	141%
<b>Share of results of equity accounted investments</b>	<b>(4.2)</b>	(4.3)	0.1	(2%)

\* Refer to note 1(b) of the financial statements for a reconciliation between EBITDA and the loss for the period (\$10.9m, H1 FY2016: \$9.0m).

- Each business is focused on achieving key strategic milestones ahead of future growth in its financial performance. As a result of this deliberate strategic focus, SEEK's share of NPAT losses across all Early Stage Ventures was \$10.9m in H1 FY2017 compared to \$9.0m in H1 FY2016.

Key operational highlights:

- SEEK's adjacent technology asset Jora is making a significant contribution to the SEEK platform (e.g. search improvements, validation);
- SEEK has invested in a number of startups to expand its opportunity in the wider Human Capital Management industry including Ximble and Sidekicker;
- One Africa Media and Babajob are focused on building leading positions across marketplaces in Africa and India;
- Catho Education (in Brazil) was launched in June 2015 and now has 25 Education partners, leading to enrolment growth of approximately four times compared to the prior half-year period. JobStreet Education (Malaysia) was launched in May 2016 and now has 9 Education partners; and
- SEEK is incubating a new education business in Australia that will address a large unmet need for independent education and career insights. The expectation is that this business will be rolled out internationally over the medium to long-term.

## Analysis of other key items below EBITDA

	31 Dec 2016 \$m	31 Dec 2015 \$m	Movement	
			\$m	%
Depreciation	(6.7)	(6.7)	-	0%
Amortisation	(19.2)	(18.4)	(0.8)	4%
Impairment loss	(7.6)	-	(7.6)	n/a
Gain on step acquisitions	1.7	-	1.7	n/a
Gain on disposal of equity accounted investment	-	279.7	(279.7)	n/a
Transaction costs	(1.9)	(13.5)	11.6	(86%)
Other financing activities	-	4.0	(4.0)	n/a
Share-based payments and other LTI	(3.7)	(10.4)	6.7	(64%)
Net interest expense	(5.2)	(13.8)	8.6	(62%)

Key highlights:

- Depreciation and amortisation have remained constant year on year with lower PPA amortisation (primarily from the JobStreet transaction) offset by current and prior period reinvestment in product and technology;
- Share-based payments expense was lower than the prior period due primarily to non-vesting of incentive instruments across SEEK International;
- Net interest expense has decreased due to proceeds from sale of IDP (during FY2016) and high cash generation; and
- A one-off impairment loss of \$7.6m was incurred during the period associated with the cessation of the SEEK Learning VET business.

# Directors' Report

## Financial position

	31 Dec 2016 \$m	30 Jun 2016 \$m
Cash and cash equivalents	526.1	504.9
Other current assets	215.4	232.1
Intangible assets	2,387.4	2,388.3
Equity-accounted investments	85.1	81.0
Other non-current assets	83.7	72.1
<b>Total assets</b>	<b>3,297.7</b>	<b>3,278.4</b>
Current borrowings	48.6	71.1
Non-current borrowings	841.6	751.6
Unearned income	229.4	226.5
Creditors and provisions	344.7	404.6
Shareholders equity	1,833.4	1,824.6
<b>Total liabilities and equity</b>	<b>3,297.7</b>	<b>3,278.4</b>

At 31 December 2016, SEEK had:

- total assets of \$3,297.7m of which 72% 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 \$1,464.3m of which 61% related to borrowings, with the remainder relating to unearned income, tax, and trade and other payables.

At 31 December 2016, the Group's current assets exceeded its current liabilities by \$265.9m.

## Key balance sheet movements

*Other current assets:* decreased by \$16.7m primarily due to reclassification of Zhaopin funds on deposit to non-current resulting from the roll over of loans to which these funds relate.

*Borrowings:* increased by \$67.5m to \$890.2m primarily due to drawdowns on the syndicated facility in SEEK Ltd.

*Creditors and provisions:* decreased by \$59.9m to \$344.7m largely due to payment of the tax liability on the gain resulting from the sale of IDP.

## Net debt

Net debt at 31 December 2016 was \$234.1m (\$230.5m net of capitalised borrowing costs) and is further discussed in note 9 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\$120m and HK\$438m.

At 31 December 2016, \$893.8m of the total available facilities were drawn down, with \$237.5m available in undrawn capacity.

## Cash flow

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

	31 Dec 2016 \$m	31 Dec 2015 \$m
Cash generated from operations	198.1	203.0
Transaction costs	(0.8)	(13.5)
Finance costs and taxes paid	(127.3)	(43.0)
<b>Net cash from operating activities</b>	<b>70.0</b>	<b>146.5</b>
Disposal of equity accounted investment	-	331.6
Acquisition of subsidiaries (net of acquired cash)	(15.7)	-
Dividends received	6.0	29.0
Capital expenditure (intangible assets and plant and equipment)	(35.1)	(28.0)
Acquisition of interests in associates	(5.6)	(12.5)
Proceeds from disposal of financial asset	10.2	-
<b>Net cash from/(to) investing activities</b>	<b>(40.2)</b>	<b>320.1</b>
Net change in borrowings	56.2	(301.1)
Dividends paid to shareholders of SEEK Limited	(66.1)	(58.6)
Dividends paid to non-controlling interests	-	(9.2)
Other financing activities	7.7	(47.3)
<b>Net cash from/(to) financing activities</b>	<b>(2.2)</b>	<b>(416.2)</b>
<b>Net increase in cash and cash equivalents</b>	<b>27.6</b>	<b>50.4</b>

Cash generated from operations decreased 2.4% to \$198.1m and represented an EBITDA conversion ratio of 116%.

## Key cash flow movements

*Net cash from operating activities:* inflow of \$70.0m which has decreased 52.5%, primarily due to tax paid in relation to the disposal of IDP.

*Net cash used in investing activities:* outflow of \$40.2m primarily due to intangibles additions of \$27.6m.

*Net cash from financing activities:* outflow of \$2.2m is mainly due to net proceeds from borrowings of \$56.2m, as well as dividends paid of \$66.1m.



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## Significant changes in the state of affairs

### SEEK Learning cessation of VET operations

Recent regulatory reforms have resulted in SEEK Learning ceasing operations in VET. As a result, SEEK announced its intention to create a new education business to address a significant need in the marketplace. SEEK had already committed to this new business ahead of the regulatory changes. The new business has a new value proposition and will offer two main services: online “adviser” for education courses and phone-based career advisory services.

## Events occurring after the balance sheet date

### Zhaopin Limited

SEEK has formed a consortium with leading private equity firms Hillhouse Capital Group and FountainVest Partners (“consortium”), for the purpose of a potential privatisation of Zhaopin Limited. The consortium is in advanced discussions with a Special Committee of the Board of Zhaopin Limited in relation to the potential transaction for a purchase price of US\$18 per American Depositary Share (ADS).

The consortium intends to fund part of the consideration for the potential transaction through available cash in Zhaopin, which may be in the form of a cash dividend from Zhaopin to holders of shares (with a corresponding reduction in the per ADS purchase price). If the proposed transaction is completed, it is expected that SEEK will retain a similar controlling equity interest in the privatised company. SEEK will update the market as appropriate.

Given Zhaopin’s continued strong business performance and net cash position, as well as progress in privatisation discussions as described above, a withholding tax expense of \$17.1m (\$10.5m after non-controlling interests) has been recognised during the period in relation to undistributed earnings within Zhaopin’s main operating subsidiary in China.

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## Auditor’s independence declaration

A copy of the Auditor’s Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 8.

This report is made in accordance with a resolution of the directors.



**Neil Chatfield**

Chairman

Melbourne

21 February 2017

# Auditor's Independence Declaration

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## Auditor's Independence Declaration

As lead auditor for the review of SEEK Limited for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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 'Chris Dodd', is written over a faint, circular watermark or background.

Chris Dodd  
Partner  
PricewaterhouseCoopers

Melbourne  
21 February 2017

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# Consolidated income statement

## for the half-year ended 31 December 2016

	Notes	31 Dec 2016 \$m	31 Dec 2015 \$m
<b>Revenue</b>	2	<b>495.6</b>	488.7
Other income	3	1.7	279.7
<b>Operating expenses</b>			
Direct cost of services		(24.3)	(18.9)
Sales and marketing		(166.5)	(161.2)
Business development		(49.3)	(41.4)
Operations and administration		(108.8)	(107.1)
Finance costs		(13.1)	(25.6)
<b>Total operating expenses</b>		<b>(362.0)</b>	(354.2)
Impairment loss	7(a)	(7.6)	-
Share of results of equity accounted investments	15(b)	3.8	9.2
<b>Profit before income tax expense</b>		<b>131.5</b>	423.4
Income tax expense	5	(38.8)	(127.5)
<b>Profit for the half-year</b>		<b>92.7</b>	295.9
<b>Profit is attributable to:</b>			
Owners of SEEK Limited		84.1	275.1
Non-controlling interests		8.6	20.8
		<b>92.7</b>	295.9
<b>Earnings per share attributable to the owners of SEEK Limited:</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	4	24.2	79.9
Diluted earnings per share	4	23.8	78.7

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

# Consolidated statement of comprehensive income

## for the half-year ended 31 December 2016

	Notes	31 Dec 2016 \$m	31 Dec 2015 \$m
<b>Profit for the half-year</b>		<b>92.7</b>	295.9
<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		(27.9)	(52.2)
Exchange differences on translation of foreign associates		3.5	(3.9)
Net investment hedge of foreign controlled entities	13(b)	(12.9)	(23.3)
Income tax recognised in other comprehensive income		(0.4)	(4.3)
Reserves recycled on disposal of equity accounted investment		-	1.0
<i>Cash flow hedges</i>			
Gains/(losses) on hedge contracts of controlled entities		6.9	(3.1)
Losses on hedge contracts of associates (net of tax)		-	(0.5)
Reserves recycled on disposal of equity accounted investment		-	(1.0)
Income tax recognised in other comprehensive income		(1.9)	2.6
<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	6	(5.8)	(1.5)
Tax associated with sale of financial asset		1.3	-
<b>Other comprehensive income for the half-year</b>		<b>(37.2)</b>	(86.2)
<b>Total comprehensive income for the half-year for SEEK Limited</b>		<b>55.5</b>	209.7
<b>Total comprehensive income for the half-year attributable to:</b>			
Owners of SEEK Limited		52.0	214.5
Non-controlling interests		3.5	(4.8)
		<b>55.5</b>	209.7

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

# Consolidated balance sheet

## as at 31 December 2016

		31 Dec 2016	30 Jun 2016
	Notes	\$m	\$m
<b>Current assets</b>			
Cash and cash equivalents	9	526.1	504.9
Trade and other receivables		99.9	98.5
Other current financial assets	6	115.5	133.6
<b>Total current assets</b>		<b>741.5</b>	<b>737.0</b>
<b>Non-current assets</b>			
Investments accounted for using the equity method	15(b)	85.1	81.0
Plant and equipment		28.0	28.1
Intangible assets	7	2,387.4	2,388.3
Other non-current financial assets	6	30.2	19.2
Deferred tax assets		25.5	24.8
<b>Total non-current assets</b>		<b>2,556.2</b>	<b>2,541.4</b>
<b>Total assets</b>		<b>3,297.7</b>	<b>3,278.4</b>
<b>Current liabilities</b>			
Trade and other payables		127.4	118.3
Current borrowings	9(b)	48.6	71.1
Unearned income		229.4	226.5
Other financial liabilities	10	23.2	15.8
Current tax liabilities		16.9	113.8
Current provisions		30.1	29.5
<b>Total current liabilities</b>		<b>475.6</b>	<b>575.0</b>
<b>Non-current liabilities</b>			
Non-current borrowings	9(b)	841.6	751.6
Deferred tax liabilities		118.6	100.5
Non-current provisions		28.5	26.7
<b>Total non-current liabilities</b>		<b>988.7</b>	<b>878.8</b>
<b>Total liabilities</b>		<b>1,464.3</b>	<b>1,453.8</b>
<b>Net assets</b>			
<b>Equity</b>			
Share capital	12	240.7	222.9
Foreign currency translation reserve		120.8	140.5
Hedging reserve	13(b)	(107.3)	(99.4)
Other reserves	13(a)	46.5	66.3
Retained profits		1,045.4	1,024.9
Non-controlling interests		487.3	469.4
<b>Total equity</b>		<b>1,833.4</b>	<b>1,824.6</b>

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

# Consolidated statement of changes in equity

## for the half-year ended 31 December 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 2015</b>		222.9	210.3	(75.5)	(19.9)	796.5	1,134.3	666.6	1,800.9
<b>Profit for the half-year</b>		-	-	-	-	275.1	275.1	20.8	295.9
Exchange differences on translation of foreign operations		-	(30.5)	-	-	-	(30.5)	(25.6)	(56.1)
Losses on hedge contracts		-	-	(26.9)	-	-	(26.9)	-	(26.9)
Change in fair value of financial assets		-	-	-	(1.5)	-	(1.5)	-	(1.5)
Income tax recognised in other comprehensive income		-	(4.3)	2.6	-	-	(1.7)	-	(1.7)
Reserves recycled on disposal of equity accounted investment		-	1.0	(1.0)	-	-	-	-	-
<b>Total comprehensive income for the half-year</b>		-	(33.8)	(25.3)	(1.5)	275.1	214.5	(4.8)	209.7
<i>Transactions with owners:</i>									
Dividends provided for or paid	14	-	-	-	-	(58.6)	(58.6)	(9.2)	(67.8)
Employee share options scheme		-	-	-	7.5	-	7.5	0.8	8.3
Tax associated with employee share schemes		-	-	-	1.7	(0.2)	1.5	-	1.5
Exercise of share options in subsidiary		-	(2.3)	-	(0.5)	0.1	(2.7)	7.8	5.1
Share of reserve movement of associates	15(b)	-	-	-	0.3	-	0.3	-	0.3
<b>Balance at 31 December 2015</b>		222.9	174.2	(100.8)	(12.4)	1,012.9	1,296.8	661.2	1,958.0
<b>Balance at 1 July 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>
<b>Profit for the half-year</b>		-	-	-	-	84.1	<b>84.1</b>	<b>8.6</b>	<b>92.7</b>
Exchange differences on translation of foreign operations		-	(19.3)	-	-	-	<b>(19.3)</b>	<b>(5.1)</b>	<b>(24.4)</b>
Losses on hedge contracts		-	-	(6.0)	-	-	<b>(6.0)</b>	-	<b>(6.0)</b>
Change in fair value of financial assets	6(iv)	-	-	-	(5.8)	-	<b>(5.8)</b>	-	<b>(5.8)</b>
Tax associated with sale of financial asset		-	-	-	-	1.3	<b>1.3</b>	-	<b>1.3</b>
Income tax recognised in other comprehensive income		-	(0.4)	(1.9)	-	-	<b>(2.3)</b>	-	<b>(2.3)</b>
<b>Total comprehensive income for the half-year</b>		-	(19.7)	(7.9)	(5.8)	85.4	<b>52.0</b>	<b>3.5</b>	<b>55.5</b>
<i>Transactions with owners:</i>									
Contributions of equity, net of transaction costs and tax	12	17.8	-	-	-	-	<b>17.8</b>	-	<b>17.8</b>
Dividends provided for or paid	14	-	-	-	-	(66.1)	<b>(66.1)</b>	-	<b>(66.1)</b>
Employee share options scheme		-	-	-	6.4	-	<b>6.4</b>	<b>0.4</b>	<b>6.8</b>
Tax associated with employee share schemes		-	-	-	(4.7)	4.5	<b>(0.2)</b>	-	<b>(0.2)</b>
Exercise of share options in subsidiary		-	-	-	(1.0)	-	<b>(1.0)</b>	<b>2.5</b>	<b>1.5</b>
Share of reserve movement of associates	15(b)	-	-	-	0.3	-	<b>0.3</b>	-	<b>0.3</b>
Put option to acquire additional interest in subsidiary	13(a)	-	-	-	(18.3)	-	<b>(18.3)</b>	-	<b>(18.3)</b>
Non-controlling interest at fair value arising on acquisition		-	-	-	-	-	-	<b>11.5</b>	<b>11.5</b>
Transfer between reserves		-	-	-	3.3	(3.3)	-	-	-
<b>Balance at 31 December 2016</b>		240.7	120.8	(107.3)	46.5	1,045.4	<b>1,346.1</b>	<b>487.3</b>	<b>1,833.4</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 half-year ended 31 December 2016

	Notes	31 Dec 2016 \$m	31 Dec 2015 \$m
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of goods and services tax)		533.5	535.0
Payments to suppliers and employees (inclusive of goods and services tax)		(335.4)	(332.0)
		198.1	203.0
Interest received		7.6	6.0
Interest paid		(13.7)	(16.8)
Transaction costs		(0.8)	(13.5)
Income taxes paid		(121.2)	(32.2)
<b>Net cash inflow from operating activities</b>		<b>70.0</b>	<b>146.5</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of equity accounted investment		-	331.6
Proceeds from disposal of financial asset	6(iv)	10.2	-
Payments for acquisition of subsidiary, net of cash acquired		(15.7)	-
Dividends and distributions received from equity accounted investments	15(b)	6.0	28.9
Dividends received from financial assets		-	0.1
Payment for additional interest in equity accounted investments	15(b)	(5.6)	(7.7)
Payment for investment in equity accounted investments		-	(4.8)
Payments for intangible assets		(27.6)	(19.2)
Payments for plant and equipment		(7.5)	(8.8)
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(40.2)</b>	<b>320.1</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		130.0	30.0
Repayment of borrowings		(73.8)	(331.1)
Transaction costs on establishment of debt facilities		(1.1)	(1.6)
Cash released from deposits to support entrusted loan facilities		-	19.2
Cash placed on deposit in short term investment		(68.9)	(80.7)
Cash released from short term investments		67.4	-
Proceeds from share options	12	17.8	-
Proceeds from share options in subsidiaries		1.7	7.0
Dividends paid to members of the parent	14	(66.1)	(58.6)
Dividends paid to non-controlling interests		-	(9.2)
(Payments)/proceeds for other financing arrangements		(9.2)	8.8
<b>Net cash (outflow) from financing activities</b>		<b>(2.2)</b>	<b>(416.2)</b>
<b>Net increase in cash and cash equivalents</b>		<b>27.6</b>	<b>50.4</b>
Cash and cash equivalents at the beginning of the half-year		504.9	449.6
Effect of exchange rate changes on cash and cash equivalents		(6.4)	(0.4)
<b>Cash and cash equivalents at the end of the half-year</b>		<b>526.1</b>	<b>499.6</b>

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

# Notes to the Financial Statements

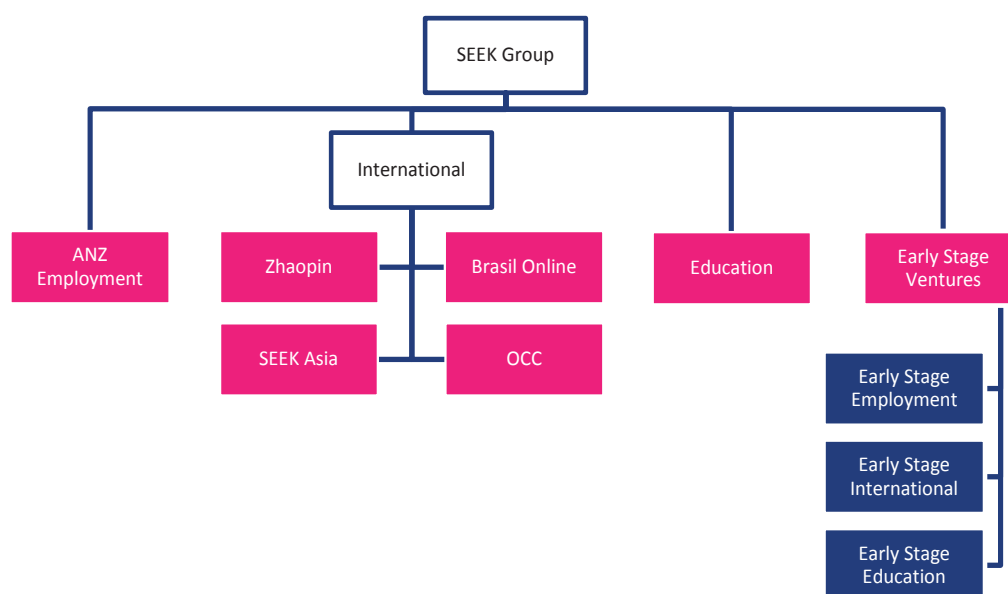
## for the half-year ended 31 December 2016

### 1. Segment information

#### (a) Description of segments

A change was made to SEEK's operating segments for FY2016 as described in the FY2016 Annual Report. This was to align with Executive responsibilities and analysis of results as provided to the Chief Operating Decision Maker (CODM).

The operating segments are as described below. Comparative information for HY2016 has been restated.



Operating segment	Nature of operations	Primary source of revenue	Geographical location
<b>ANZ Employment</b>	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 (until 1 November 2016) and share of profits from OES	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

As a result of recent regulatory changes to the VET sector, SEEK Learning has ceased the majority of its existing operations and has adopted a new business model that shifts from being a broker of limited education partners to a marketplace of comprehensive education options. This model includes: an education directory, career advisory services and the continuation of enrolment in higher education and short courses. This new education business which commenced operating on 1 November 2016 and comprises online and phone-based career advisory services now forms part of Early Stage Ventures.



1. Segment information continued  
(b) Segment information provided to the CODM

	Notes	ANZ Employment					International					Total	
		ANZ Employment	Zhaopin	SEEK Asia	Brasil Online	OCC	Int'l Other	Total	Education	Early Stage Ventures	Total		
Half-year ended 31 Dec 2016		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m		
<b>Sales revenue</b>	2	171.3	183.9	67.8	42.6	14.2	-	308.5	2.6	5.5	487.9		
<b>Segment EBITDA<sup>(1)</sup></b>		97.2	41.8	37.8	16.8	3.2	(2.1)	97.5	(14.5)	(9.9)	170.3		
Depreciation		(1.4)	(2.5)	(1.2)	(0.7)	(0.5)	-	(4.9)	-	(0.4)	(6.7)		
Amortisation	7	(9.3)	(1.9)	(3.8)	(1.2)	(0.7)	(0.1)	(7.7)	(0.5)	(1.7)	(19.2)		
Impairment loss	7(a)	-	-	-	-	-	-	-	(7.6)	-	(7.6)		
Net interest (expense)/income		(9.1)	3.9	(2.7)	2.1	0.3	0.4	4.0	-	(0.1)	(5.2)		
Share-based payments and other LTI		(4.5)	(0.6)	(0.6)	3.1	(0.2)	(0.9)	0.8	(0.1)	0.1	(3.7)		
Share of results of equity accounted investments	15(b)	-	-	-	-	-	0.2	0.2	7.8	(4.2)	3.8		
Gain on step acquisition	3	-	-	-	-	-	-	-	-	1.7	1.7		
Transaction costs from investing activities		-	(1.9)	-	-	-	-	(1.9)	-	-	(1.9)		
<b>Profit before income tax expense</b>		72.9	38.8	29.5	20.1	2.1	(2.5)	88.0	(14.9)	(14.5)	131.5		
Income tax expense	5	(20.3)	(23.9)	(8.5)	(4.8)	(0.6)	10.1	(27.7)	6.0	3.2	(38.8)		
<b>Profit for the half-year</b>		52.6	14.9	21.0	15.3	1.5	7.6	60.3	(8.9)	(11.3)	92.7		
Non-controlling interest		-	(6.1)	(2.9)	-	-	-	(9.0)	-	0.4	(8.6)		
<b>Profit attributable to owners of SEEK Limited</b>		52.6	8.8	18.1	15.3	1.5	7.6	51.3	(8.9)	(10.9)	84.1		

. 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.

# Notes to the Financial Statements

## for the half-year ended 31 December 2016

### (b) Segment information provided to the CODM continued

	Notes	International										Total								
		ANZ Employment		Zhaopin		SEEK Asia		Brasil Online		OCC			Int'l Other		Total		Education		Early Stage Ventures	
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Half-year ended 31 Dec 2015 (restated)</b>		2	151.8	166.3	70.1	46.5	15.1	-	-	298.0	30.6	1.6	482.0							
<b>Sales revenue</b>																				
<b>Segment EBITDA<sup>(1)</sup></b>																				
Depreciation			88.6	38.6	38.4	18.4	5.3	(0.1)		100.6	8.2	(4.1)	193.3							
Amortisation	7		(1.4)	(2.7)	(1.3)	(0.6)	(0.3)	-		(4.9)	(0.4)	-	(6.7)							
Net interest (expense)/income			(8.0)	(1.9)	(4.8)	(0.7)	(1.0)	-		(8.4)	(0.5)	(1.5)	(18.4)							
Share-based payments and other LTI			(14.5)	2.9	(3.4)	1.6	0.2	(0.6)		0.7	-	-	(13.8)							
Share of results of equity accounted investments	15(b)		(4.3)	(1.6)	(0.9)	(0.4)	(1.2)	(1.2)		(5.3)	-	(0.8)	(10.4)							
Gain on disposal of equity accounted investment	3		-	-	-	-	-	0.2		0.2	13.3	(4.3)	9.2							
Transaction costs from investing activities			-	-	-	-	-	-		-	279.7	-	279.7							
Other financing activities/borrowing costs written off			8.8	-	(4.9)	-	-	-		(4.9)	(13.5)	-	(13.5)							
Dividend income	2		-	-	-	-	-	0.1		0.1	-	-	0.1							
<b>Profit before income tax expense</b>			69.2	35.3	23.1	18.3	3.0	(1.6)		78.1	286.8	(10.7)	423.4							
Income tax expense	5		(19.8)	(6.7)	(6.3)	(3.5)	(1.3)	0.4		(17.4)	(92.0)	1.7	(127.5)							
<b>Profit for the half-year</b>			49.4	28.6	16.8	14.8	1.7	(1.2)		60.7	194.8	(9.0)	295.9							
Non-controlling interest			-	(10.6)	(3.1)	(7.3)	0.2	-		(20.8)	-	-	(20.8)							
<b>Profit attributable to owners of SEEK Limited</b>			49.4	18.0	13.7	7.5	1.9	(1.2)		39.9	194.8	(9.0)	275.1							

## 2. Revenue

	31 Dec 2016 \$m	31 Dec 2015 \$m
Sales revenue	487.9	482.0
Dividend income	-	0.1
Interest income	7.7	6.6
<b>Total revenue</b>	<b>495.6</b>	<b>488.7</b>

## 3. Other income

	31 Dec 2016 \$m	31 Dec 2015 \$m
Fair value gain on step acquisition	1.7	-
Gain on disposal of equity accounted investment <sup>(1)</sup>	-	279.7
<b>Total other income</b>	<b>1.7</b>	<b>279.7</b>

1. 31 December 2015 gain on disposal of equity accounted investment relates to the disposal of SEEK's interest in IDP.

## 4. Earnings per share

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

	31 Dec 2016 \$m	31 Dec 2015 \$m
Profit attributable to owners of SEEK Limited (for basic EPS)	84.1	275.1
Potential dilutive adjustment for subsidiary option plans	(0.9)	(1.9)
Adjusted profit attributable to owners of SEEK Limited (for diluted EPS)	83.2	273.2

### (b) Weighted average number of shares used as the denominator

	31 Dec 2016 number	31 Dec 2015 number
Weighted average number of shares used as denominator in calculating basic EPS	347,104,252	344,405,914
Weighted average of potential dilutive ordinary shares:		
- LTI options	1,436,196	1,947,445
- LTI rights	757,685	229,908
- performance rights	445,855	440,246
Weighted average number of shares used as the denominator in calculating diluted EPS	349,743,988	347,023,513

The weighted average of potential dilutive ordinary shares excludes 790,095 LTI options (31 Dec 2015: 1,130,430) 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 half-year ended 31 December 2016

### 5. Income tax

#### Numerical reconciliation of income tax expense to prima facie tax payable

	31 Dec 2016 \$m	31 Dec 2015 \$m
<b>Profit before income tax expense</b>	<b>131.5</b>	423.4
<b>Income tax calculated @ 30% (2015: 30%)</b>	<b>39.5</b>	127.0
<b>Tax effect of amounts that are not deductible/(taxable) in calculating income tax:</b>		
Net taxable gain on disposal of equity accounted investment (a)	-	4.6
Taxable unfranked dividend (b)	-	5.4
Financing, transaction and legal costs (c)	<b>8.9</b>	3.0
Post tax associate earnings (d)	<b>(1.1)</b>	(2.8)
Research and development claim (e)	<b>(3.5)</b>	(3.2)
Overseas tax rate differential (f)	<b>(6.1)</b>	(6.6)
Over provision in prior year	<b>(0.8)</b>	-
Other	<b>1.9</b>	0.1
<b>Income tax expense in the consolidated income statement</b>	<b>38.8</b>	127.5

#### Explanation of key items

- The difference between the accounting and tax gain on SEEK's disposal of its interest in IDP.
- The unfranked portion of dividends received from IDP during the period is taxable to SEEK.
- This includes the Zhaopin withholding tax provision of \$17.1m offset by a tax benefit of \$9.4m arising from the sale of the investment in JCBNext.
- SEEK's share of associates' profit is taken up net of associates' 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 statutory tax rates

Country (Business)	H1 FY2017	H1 FY2016
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%

## 6. Other financial assets

	Notes	Current		Non-current	
		31 Dec 2016 \$m	30 Jun 2016 \$m	31 Dec 2016 \$m	30 Jun 2016 \$m
Hedge assets (i)	11	8.8	1.1	-	-
Short-term investments (ii)		89.9	88.9	-	-
Funds on deposit for entrusted loan facilities (iii)		16.8	43.6	26.9	-
Non-current prepayments		-	-	1.0	0.9
Investments in equity instruments (iv)		-	-	2.3	18.3
<b>Total other financial assets</b>		<b>115.5</b>	<b>133.6</b>	<b>30.2</b>	<b>19.2</b>

### (i) Hedge assets

The Group has taken out forward contracts, options and swaps to protect against exchange rate and interest rate risk.

### (ii) Short-term investments

Short term investments comprise cash in fixed interest term deposits and money market funds in China with maturities ranging from 11 days to 8 months.

### (iii) Funds on deposit for entrusted loan facilities

Zhaopin entrusted loan facilities are supported by funds on deposit of RMB 218m (A\$43.7m).

### (iv) Investment in equity instruments

At 30 June 2016 this balance comprised an investment in JCBNext Berhad ("JCBNext" formerly Jobstreet Corporation Berhad) and other small investments. SEEK disposed of the investment in JCBNext during the half-year.

SEEK elected at initial recognition to record gains and losses on the investment in JCBNext in other comprehensive income. The loss on disposal of the investment of \$3.9m was transferred directly from the financial asset revaluation reserve to retained earnings, in accordance with this accounting policy.

	31 Dec 2016 \$m	30 Jun 2016 \$m
Shares in JCB		
Fair value as at 1 July	16.0	19.0
Change in fair value	(5.8)	(3.0)
Disposal	(10.2)	-
<b>Fair value as at 31 December</b>	<b>-</b>	<b>16.0</b>

# Notes to the Financial Statements

## for the half-year ended 31 December 2016

### 7. Intangible assets

Notes	Goodwill \$m	Brands and licences \$m	Customer relationships \$m	Computer software and website development \$m	Work in progress \$m	Total \$m
<b>2015</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	-	-	-	1.6	19.8	21.4
Exchange differences	(39.9)	(9.6)	0.6	(0.2)	(0.2)	(49.3)
Transfers	-	0.1	-	15.8	(15.9)	-
Closing balance at 31 December 2015	1,905.3	363.2	67.1	139.1	8.7	2,483.4
<b>Amortisation</b>						
Opening balance at 1 July 2015	-	-	(49.8)	(53.8)	-	(103.6)
Amortisation charge <sup>(1)</sup>	-	(0.2)	(5.3)	(12.9)	-	(18.4)
Exchange differences	-	-	(0.9)	(0.2)	-	(1.1)
Closing balance at 31 December 2015	-	(0.2)	(56.0)	(66.9)	-	(123.1)
<b>Carrying value at 31 December 2015</b>	<b>1,905.3</b>	<b>363.0</b>	<b>11.1</b>	<b>72.2</b>	<b>8.7</b>	<b>2,360.3</b>
<b>2016</b>						
<b>Cost</b>						
Opening balance at 1 July 2016	1,931.2	366.4	65.9	163.9	3.6	2,531.0
Additions	-	0.9	-	2.5	24.4	27.8
Exchange differences	(25.2)	(4.7)	(1.8)	(0.4)	0.3	(31.8)
Impairment loss	a(i) (3.7)	-	-	(6.4)	(0.9)	(11.0)
Acquisition of subsidiaries	16.5	5.0	0.7	5.9	-	28.1
Transfers	-	-	-	17.2	(17.2)	-
Closing balance at 31 December 2016	1,918.8	367.6	64.8	182.7	10.2	2,544.1
<b>Amortisation</b>						
Opening balance at 1 July 2016	-	(1.0)	(59.8)	(81.9)	-	(142.7)
Amortisation charge <sup>(1)</sup>	-	-	(3.8)	(15.4)	-	(19.2)
Impairment loss	a(i) -	-	-	3.7	-	3.7
Exchange differences	-	-	0.7	0.8	-	1.5
Closing balance at 31 December 2016	-	(1.0)	(62.9)	(92.8)	-	(156.7)
<b>Carrying value at 31 December 2016</b>	<b>1,918.8</b>	<b>366.6</b>	<b>1.9</b>	<b>89.9</b>	<b>10.2</b>	<b>2,387.4</b>

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

#### (a) Impairment

In accordance with the Group's accounting policies and procedures, the Group assesses whether there is an indicator that goodwill and other intangible assets have suffered any impairment at each reporting date.

##### (i) SEEK Learning

In October 2016, the Australian Federal Government proposed a series of legislative changes to the VET FEE HELP program, the most significant of which was the ban on approved providers from using brokers to place students into VET FEE HELP funded courses after 31 December 2016. These legislative changes which were passed by the Senate in December 2016, significantly impacting the future earnings and cash flows of the Group's existing SEEK Learning business. As a result, during the half-year, the Group determined that the carrying amount of the SEEK Learning CGU could no longer be supported by its recoverable amount, resulting in an impairment loss of \$7.6m:

Asset class	31 Dec 2016 \$m
Goodwill	3.7
Software	2.7
Other intangibles	0.9
<b>Impairment loss - intangibles</b>	<b>7.3</b>
Impairment loss - other assets	0.3
<b>Total impairment loss</b>	<b>7.6</b>

## 7. Intangible assets continued

### (a) Impairment continued

#### (ii) Brasil Online

As part of management's impairment review for the period ended 31 December 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 \$10m at 31 December 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 return to positive GDP growth in calendar year 2017. Management has adopted a more cautious assumption with the economy with Brasil Online's revenue returning to positive growth in financial year 2018;
2. Discount rate: A pre-tax discount rate of 24.3%.

Management consider a reasonably 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%.

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 BOL 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 BOL 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.

## 8. Net tangible assets per share

	31 Dec 2016 cents per share	30 Jun 2016 cents per share
Net tangible assets per share	(159.82)	(163.83)
Net assets per share	528.83	530.18

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.

# Notes to the Financial Statements

## for the half-year ended 31 December 2016

### 9. Net debt

	31 Dec 2016				30 Jun 2016			
	Facility limit	Borrowings \$m	Cash \$m	Net cash/ (debt) \$m	Facility limit	Borrowings \$m	Cash \$m	Net debt/ (cash) \$m
SEEK Limited	A\$518m	(298.0)			A\$518m	(218.0)		
SEEK Limited	US\$273m	(378.5)			US\$273m	(366.4)		
<b>SEEK Australia</b>		<b>(676.5)</b>	<b>23.3</b>	<b>(653.2)</b>		<b>(584.4)</b>	<b>40.2</b>	<b>(544.2)</b>
SEEK Asia	HK\$438m	(72.7)			HK\$480.7m	(80.6)		
SEEK Asia	SG\$120m	(108.6)			SG\$130.8m	(127.1)		
<b>SEEK Asia</b>		<b>(181.3)</b>	<b>76.3</b>	<b>(105.0)</b>		<b>(207.7)</b>	<b>81.0</b>	<b>(126.7)</b>
Zhaopin <sup>(1)</sup>	US\$30m	(36.0)	511.9	475.9	US\$30m	(34.8)	462.7	427.9
Brasil Online	-	-	41.0	41.0	-	-	31.3	31.3
OCC	-	-	6.0	6.0	-	-	21.2	21.2
Int'l Other	-	-	1.2	1.2	-	-	1.0	1.0
<b>SEEK International</b>		<b>(217.3)</b>	<b>636.4</b>	<b>419.1</b>		<b>(242.5)</b>	<b>597.2</b>	<b>354.7</b>
<b>Total</b>	<b>A\$1,131.3m</b>	<b>(893.8)</b>	<b>659.7</b>	<b>(234.1)</b>	<b>A\$1,138.0m</b>	<b>(826.9)</b>	<b>637.4</b>	<b>(189.5)</b>
Add/(less):								
Unamortised borrowing costs		3.6				4.2		
Funds on deposit <sup>(1)</sup>			(43.7)				(43.6)	
Short-term investments <sup>(1)</sup>			(89.9)				(88.9)	
<b>Per balance sheet</b>		<b>(890.2)</b>	<b>526.1</b>			<b>(822.7)</b>	<b>504.9</b>	
<b>Net interest cover<sup>(3)</sup>: EBITDA<sup>(2)</sup> / net interest</b>				<b>27.1</b>				<b>17.2</b>
<b>Net leverage ratio<sup>(3)</sup>: net debt / EBITDA<sup>(2)</sup></b>				<b>0.7</b>				<b>0.5</b>

- Cash in Zhaopin of \$511.9m (30 Jun 2016: \$462.7m) includes cash on deposit of \$43.7m (30 Jun 2016: \$43.6m) held as security by Zhaopin lenders and \$89.9m (30 Jun 2016: \$88.9m) cash invested in short term deposits which are recognised in other financial assets in note 6.
- EBITDA is defined and reconciled to consolidated profit before income tax expense in note 1.
- These ratios are calculated on the basis of 12 month trailing EBITDA and net interest.

#### (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 31 December 2016 includes RMB 37.7m (A\$7.5m) held by some subsidiaries in the People's Republic of China, which is not freely convertible into other currencies for transfer around the Group (30 Jun 2016: A\$8.0m).

At 31 December 2016, cash and cash equivalents include \$39.5m (30 Jun 2016: \$30.6m) 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	
	31 Dec 2016 \$m	30 Jun 2016 \$m	31 Dec 2016 \$m	30 Jun 2016 \$m
Bank borrowings - principal (i)	-	-	676.5	584.4
Entrusted loan facilities (ii)	11.1	34.8	24.9	-
Loan facility - SEEK Asia (iii)	37.5	36.3	143.8	171.4
Less: transaction costs capitalised	-	-	(3.6)	(4.2)
<b>Total borrowings</b>	<b>48.6</b>	<b>71.1</b>	<b>841.6</b>	<b>751.6</b>

The Group had access to \$237.5m undrawn facilities at 31 December 2016 (30 Jun 2016: \$311.1m).



## 9. Net debt continued

### (b) Borrowings continued

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

The key features of this revolving, unsecured, syndicated senior debt facility are as follows:

Facility	Expiry date	Total facility	Drawn down 31 Dec 2016
Tranche A	July 2017	A\$183m	-
Tranche B	July 2018	A\$335m	A\$298m
		A\$518m	
Tranche C	July 2019	US\$273m	US\$273m

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

Zhaopin utilises entrusted loan facilities. At 31 December 2016, US\$26.0m (A\$36.0m) was drawn down on these facilities. The facilities are supported by funds on deposit of RMB218.8m (A\$43.7m) within the Zhaopin Group and are non-recourse to the SEEK Limited wholly-owned group.

#### (iii) Loan facility – SEEK Asia

As at 31 December 2016, A\$181.3m principal was drawn down against the debt facility, comprising SG\$114m and HK\$407m.

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

- Syndicated facility (unsecured) - SEEK Limited: A\$653.7m, comprising A\$298.0m and US\$273.0m
- Entrusted loan facilities - Zhaopin Limited: A\$33.9m, comprising US\$26.0m
- Loan facility – SEEK Asia: A\$162.7m, comprising SG\$111.5m and HK\$358.5m

## 10. Other financial liabilities

	31 Dec 2016 \$m	30 Jun 2016 \$m
Hedge liabilities (i)	4.8	15.8
Put option (ii)	18.4	-
<b>Total other financial liabilities</b>	<b>23.2</b>	<b>15.8</b>

#### (i) Hedge liabilities

The Group has taken out forward contracts, options and swaps to protect against exchange rate and interest rate risk.

#### (ii) Put option

On 1 September 2016, the Group acquired a controlling 60% interest in JobAdder, an application tracking and client relationship tool. As part of this transaction, a put option has been recognised in relation to the remaining shares held by a non-controlling interest in JobAdder. Movements in the estimated exercise value of this put option are recognised in the income statement.

# Notes to the Financial Statements

## for the half-year ended 31 December 2016

### 11. Fair value measurement of financial instruments

SEEK Limited discloses fair value measurements by level of 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).

At 31 December 2016 the Group held at fair value the following financial instruments:

	Level	31 Dec 2016 \$m	30 Jun 2016 \$m
<b>Assets</b>			
Investment in equity instruments	1	-	16.0
Derivative financial assets	2	8.8	1.1
		<b>8.8</b>	<b>17.1</b>
<b>Liabilities</b>			
Derivative financial liabilities	2	4.8	15.8
Put option	3	18.4	-
		<b>23.2</b>	<b>15.8</b>

#### Level 1

This balance represented shares held in JCBNext which is listed on the Main Board of Bursa Malaysia exchange. These were disposed of on 25 November 2016 (note 6).

#### Level 2

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates in accordance with the Group's treasury policies.

#### Level 3

This relates to a put option over shares held by a non-controlling interest in JobAdder (note 10).

### 12. Share capital

Details	Number of Shares	\$m
<b>Opening balance at 1 July 2016</b>	<b>345,455,882</b>	<b>222.9</b>
Issue of shares to satisfy future option exercises	2,350,000	-
Exercise of options - proceeds received	-	17.8
<b>Closing balance at 31 December 2016 (including treasury shares)</b>	<b>347,805,882</b>	<b>240.7</b>
Less: Treasury shares		
- allocated	(479,960)	-
- unallocated	(626,662)	-
<b>Closing balance at 31 December 2016 (excluding treasury shares)</b>	<b>346,699,260</b>	<b>240.7</b>

In the half-year period to 31 December 2016, the Group issued an additional 2,350,000 shares to be held in the Employee Share Trust for the purpose of satisfying awards to participants under the Performance Rights and Options Plan. During that period, 2,574,129 treasury shares were released or allocated to employees.

As at 31 December 2016, 626,662 shares remain as unallocated treasury shares and 479,960 are allocated treasury shares resulting in total treasury shares of 1,106,622.

## 13. Equity

### (a) Other reserves

Other reserves comprises the following reserves:

	31 Dec 2016 \$m	30 Jun 2016 \$m
Share-based payments reserve	65.3	63.4
Put option reserve (i)	(18.3)	-
Financial asset revaluation reserve	-	1.9
Transactions with non-controlling interests	0.6	2.1
Transfers under common control	(1.1)	(1.1)
<b>Total other reserves</b>	<b>46.5</b>	<b>66.3</b>

#### (i) Put option reserve

This relates to a put option over shares held by a non-controlling interest in JobAdder. The group has recognised a financial liability for the estimated exercise value of that option (note 10).

### (b) Hedging reserve

	31 Dec 2016 \$m	30 Jun 2016 \$m
Cash flow hedge reserve	3.2	(1.8)
Net investment hedge reserve (i)	(110.5)	(97.6)
<b>Total hedging reserve</b>	<b>(107.3)</b>	<b>(99.4)</b>

#### (i) Net investment hedge reserve

The movement of \$12.9m in the net investment hedge reserve for the half-year was due to the appreciation of the US dollar against the Australian dollar and its impact on USD borrowings designated as a net investment hedge held by the Group.

## 14. Dividends

	Payment date	Amount per share	Franked amount per share	Total dividend
<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
<b>Financial Year 2017</b>				
2016 final dividend	14 October 2016	19.0 cents	19.0 cents	\$66.1m

Dividends paid or declared by the Company after the half-year (to be paid out of retained profits at 31 December 2016):

<b>2017 interim dividend</b>	<b>19 April 2017</b>	<b>23.0 cents</b>	<b>23.0 cents</b>	<b>\$80.0m</b>
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# Notes to the Financial Statements

## for the half-year ended 31 December 2016

### 15. Interests in equity accounted investments

#### (a) Material interests in associates and joint ventures

Set out below are the associates and joint arrangements of the Group as at 31 December 2016 which, in the opinion of the directors, are material to the Group.

Joint Ventures	Country of Incorporation	Ownership interest %		Principal activities
		31 Dec 2016	30 Jun 2016	
Online Education Services Ltd (OES)	Australia	50.0	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)	South Africa	34.6	34.6	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	46.0 <sup>(1)</sup>	46.2	Provider of online and mobile employment marketplaces across India.

1. Babajob issued new shares during the half-year period which resulted in a dilution of SEEK's ownership interest.

#### (b) Summarised financial information

	Associates		Joint ventures			Total \$m
	IDP \$m	Other immaterial associates <sup>(1)</sup> \$m	OES \$m	OAM \$m	Babajob \$m	
<b>Carrying amount as at 30 June 2015</b>	68.3	15.1	12.9	23.1	13.0	132.4
Dividends received	(24.0)	-	(4.9)	-	-	(28.9)
Share of net profits/(losses)	8.1	(0.7)	5.2	(1.3)	(2.1)	9.2
Share of other comprehensive income	(0.5)	0.6	(0.1)	(4.6)	0.2	(4.4)
Share of movement in other reserves	-	-	-	0.1	0.2	0.3
Acquisition of additional interest	-	5.7	-	6.8	-	12.5
Disposal of interest	(51.9)	-	-	-	-	(51.9)
<b>Carrying amount as at 31 December 2015</b>	-	20.7	13.1	24.1	11.3	69.2
<b>Carrying amount as at 30 June 2016</b>	-	25.7	20.6	26.1	8.6	81.0
Dividends received	-	-	(6.0)	-	-	(6.0)
Share of net profits/(losses)	-	(1.3)	7.8	(1.8)	(0.9)	3.8
Share of other comprehensive income	-	0.7	-	2.6	0.2	3.5
Share of movement in other reserves	-	-	-	0.1	0.2	0.3
Acquisition of additional interest	-	5.6	-	-	-	5.6
Acquisition of controlling interest <sup>(1)</sup>	-	(3.1)	-	-	-	(3.1)
<b>Carrying amount as at 31 December 2016</b>	-	27.6	22.4	27.0	8.1	85.1

1. JobAdder was equity accounted until 31 August 2016, when SEEK acquired a controlling interest. Its results have been consolidated from 1 September 2016.

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## 16. Events occurring after the balance sheet date

### Zhaopin Limited

SEEK has formed a consortium with leading private equity firms Hillhouse Capital Group and FountainVest Partners ("consortium"), for the purpose of a potential privatisation of Zhaopin Limited. The consortium is in advanced discussions with a Special Committee of the Board of Zhaopin Limited in relation to the potential transaction for a purchase price of US\$18 per American Depositary Share (ADS).

The consortium intends to fund part of the consideration for the potential transaction through available cash in Zhaopin, which may be in the form of a cash dividend from Zhaopin to holders of shares (with a corresponding reduction in the per ADS purchase price). If the proposed transaction is completed it is expected that SEEK will retain a similar controlling equity interest in the privatised company. SEEK will update the market as appropriate.

Given Zhaopin's continued strong business performance and net cash position, as well as progress in privatisation discussions as described above, a withholding tax expense of \$17.1m (\$10.5m after non-controlling interests) has been recognised during the period in relation to undistributed earnings within Zhaopin's main operating subsidiary in China.

## Directors' Declaration

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In the directors' opinion:

- a. the financial statements and notes set out on pages 9 to 27 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 31 December 2016 and of its performance for the half-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.

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.

A handwritten signature in black ink, appearing to read 'Neil Chatfield', with a horizontal line underneath.

Neil Chatfield  
Chairman  
Melbourne  
21 February 2017



## **Independent auditor's review report to the shareholders of SEEK Limited**

### ***Report on the Half-Year Financial Report***

We have reviewed the accompanying half-year financial report of SEEK Limited (the Company), which comprises: the consolidated income statement for the half-year then ended, the consolidated statement of comprehensive income for the half-year then ended, the consolidated balance sheet as at 31 December 2016; the consolidated statement of changes in equity for the half-year then ended, the consolidated statement of cash flows for the half-year then ended, the notes to the financial statements, and the directors' declaration for SEEK Limited (the consolidated entity).

The consolidated entity comprises the Company and the entities it controlled during that half-year.

### ***Directors' responsibility for the half-year financial report***

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of SEEK Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### ***Independence***

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

### ***Conclusion***

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

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**PricewaterhouseCoopers, ABN 52 780 433 757**  
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T: 61 3 8603 1000, F: 61 3 8603 1999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

# Independent Auditor's Report

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1. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive script.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Chris Dodd' in a cursive script.

Chris Dodd  
Partner

Melbourne  
21 February 2017



# Corporate Directory

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## Directors

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

## Secretary

Lynne Jensen

## Principal registered office in Australia

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MELBOURNE VIC 3004  
AUSTRALIA  
Ph: +61 3 8517 4100

## Share register

Computershare Investor Services Pty Ltd  
452 Johnston Street  
ABBOTSFORD VIC 3067  
Ph: +61 3 9415 4000

## Auditor

PricewaterhouseCoopers  
2 Riverside Quay  
SOUTHBANK VIC 3006

## Stock exchange listing

SEEK Limited shares are listed on the Australian Stock Exchange (Listing code: SEK)

Zhaopin Limited American Depositary Shares are listed on the New York Stock Exchange (Listing code: ZPIN)

## Website

[www.seek.com.au](http://www.seek.com.au)

## ABN

46 080 075 314

