

16 February 2016

Market Announcements Office
Australian Stock Exchange Centre
Level 6
20 Bridge Street
Sydney NSW 2000
AUSTRALIA

Dear Sir/Madam

**TRADE ME GROUP LIMITED (TME)
INTERIM RESULT (FOR THE SIX MONTHS TO 31 DECEMBER 2015)**

Tonight we have lodged to ASX Trade Me's half-year results for announcement to the market (Appendix 4D) and Online Appendix 3A.1 (dividend).

Attached are the following associated documents:

1. Media release;
2. The company's Interim report for the six month period ended 31 December 2015;
3. The presentation to be given to analysts at 11 a.m. (NZ time) on 17 February 2016.

Yours faithfully



Sarah Hard
Company Secretary

TME interim result: Solid progress and another revenue record

Highlights

- Revenue up 9% YoY to \$105.6m
- EBITDA¹ up 2.5% YoY to \$66.3m (up 4.1% pre associate loss)
- Net profit after tax up 0.3% YoY to \$38.5m
- Earnings per share for H1 F16 was 9.71 cents, up from 9.69 cents in H1 F15
- Fully imputed interim dividend of 7.8 cps to be paid on 22 March 2016
- Classifieds continue to underpin growth
- General Items returns to revenue growth off continued improvement in sales
- Expects to deliver moderately greater profit growth rate in second half of F16

Online marketplace and classified advertising business Trade Me Group Ltd (“Trade Me”) released its interim financial results for the six months to 31 December 2015 this morning.

Chairman David Kirk said the result demonstrated Trade Me’s continued growth and showed its recent focus on building a better business was taking effect. “We’ve continued to make core product improvements to deliver operational and financial benefits across many areas of the business. As we come to the end of an accelerated period of reinvestment in the business, it’s pleasing to see these efforts reflected in another set of record numbers in terms of revenue, earnings and net profit.”

The numbers

CEO Jon Macdonald said Trade Me’s revenue was “on track” in the first half of F16, up 9 per cent on a year ago to a record \$105.6m. Expenses were up 19 per cent year-on-year, but down significantly from 28 per cent year-on-year growth in the first half of F15.

Mr Macdonald said that expense growth had slowed, as the business gets on with delivering growth in the medium to long term. “Our investment in areas like product development, new ventures and bolstering our teams has always been focused on positioning Trade Me for greater growth opportunities in the future.”

Earnings per share increased to 9.71 cents and a fully imputed interim dividend of 7.8 cents per share will be paid in March.

Performance by segment

Mr Macdonald said the **Classifieds** continued to grow strongly, with revenue up 14% on a year ago. “This segment of the business has delivered another excellent result. Revenue in Trade Me Motors was up 10 per cent year-on-year as our increased sales capability saw premium revenue from dealer-focused products increase by an outstanding 56 per cent year-on-year.”

He said Trade Me Property also reported strong revenue growth, up 21 per cent year-on-year. “We’ve seen a 14 per cent increase in listings for sale from agents compared to a year ago, and a very strong increase in agent premium revenue too.

¹ EBITDA (a non-GAAP measure) represents earnings before income taxes (a GAAP measure), excluding interest income, interest expense, depreciation and amortisation, as reported in the financial statements

“We’ve also made some excellent strides on the product development front, and we’re particularly excited about the inclusion of free sales data for properties in Auckland, Wellington and Christchurch city in the iOS and Android apps as we know this data is compelling for anyone interested in the property market. We’ve built this in partnership with homes.co.nz – an exciting Kiwi start-up we’ve also invested in.”

Mr Macdonald said the **General Items** marketplace had also returned to revenue growth off the back of a positive sales trajectory. “We’ve seen gross merchandise sales grow consistently year-on-year, with GMS up 6 per cent in the first six months of F16, and up 13 per cent in January 2016 compared with January 2015.”

In the **Other** segment, revenue was up 12 per cent year-on-year with strong results from the LifeDirect (insurance comparison), payments and advertising businesses.

Investments

In late 2015, Trade Me acquired a 13 per cent stake in Wellington-based start-up PropertyNZ, which operates the new property data website homes.co.nz.

Trade Me Insurance was launched in August 2015. Underwritten by and tailor-made with local insurer TOWER, it delivers a simple, good value online experience for New Zealanders buying home, contents, and car insurance. Mr Macdonald said it was “still early days” for Trade Me Insurance.

People

Mr Macdonald said Trade Me’s relatively intense rate of hiring had slowed over the last six months, and with it the rate of growth in people-related costs.

He also announced that Trade Me’s chief financial officer, Jonathan Klouwens, would be leaving the company in three months to take up a role in investment banking. “We’re saddened to be losing Jonathan from Trade Me after his excellent contribution over the past four years. He’s greatly respected both within Trade Me and externally and we wish him all the very best.”

Outlook

Mr Macdonald said Trade Me had delivered a result consistent with guidance provided in August 2015 and at the annual shareholder meeting in October last year. “Looking ahead to H2 F16, we expect to deliver moderately greater year-on-year growth in EBITDA and NPAT compared with the growth rates we recorded in H1 F16.

“The business is demonstrating good momentum, and we have lots of opportunity in front of us – both in our core businesses and through extending into new things. We will continue to work hard to capture this opportunity.”

-ends-

More information:

Trade Me investor website: investors.trademe.co.nz

Contacts:

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Investors: Colin Rohloff, Trade Me, investors@trademe.co.nz



Trade Me Group Limited

Half Year Report

FOR THE SIX MONTHS ENDED
31 DECEMBER 2015



Table of contents

Highlights	3
Commentary	4
Financial statements	6
Notes to the financial statements	10
Independent Auditor's report	15
Directory	16

Highlights

Revenue was up 9% year-on-year to a record \$105.6m, underpinned by strength in the Classifieds where it was up 14% on the first half of F15. Revenue in our Other segment was up 12% year-on-year, and revenue growth returned in General Items off the back of ongoing sales growth.

EBITDA* for H1 was \$66.3m, up 2.5% year-on-year, and up 4.1% excluding the losses from Harmony. Earnings were steady with net profit after tax of \$38.5m, up slightly from \$38.4m in H1 F15.

Earnings per share for H1 of F16 was 9.71 cents, up from 9.69 cents in H1 F15. A fully imputed interim dividend of 7.8 cents per share will be paid on 22 March 2016.

We've continued to make core product improvements to deliver operational and financial benefits across many areas of the business, including in our General Items marketplace, as well as Trade Me Property, Trade Me Motors and our advertising business.

We've seen this progress reflected in our operating metrics, most notably in our core marketplace where gross merchandise sales were up 6% year-on-year in H1 F16, a trend borne out by GMS in the month of January 2016, which was up 13% year-on-year.

We're saddened to announce that CFO Jonathan Klouwens is leaving Trade Me in 3 months' time, to take up a role in investment banking. We wish him the very best for this new stage of his career.

Outlook for H2 is for moderately greater year-on-year EBITDA and NPAT growth compared with the growth rates we recorded in H1 F16.

We expect to see revenue growth return in General Items. Our cost growth will slow, albeit tempered by the flow-through of amortisation from capitalised development costs.

The business is demonstrating good momentum, and we have lots of opportunity in front of us, both in our core businesses and through extending into new things. We will continue to work hard to capture this opportunity.

*EBITDA (a non-GAAP measure) represents earnings before income taxes (a GAAP measure), excluding interest income, interest expense, depreciation and amortisation, as reported in the financial statements.

Commentary from the Chairman and CEO

Dear shareholders,

Thank you for your support as a Trade Me investor. We're pleased to report that the company is continuing to grow well and this is reflected in our H1 F16 results.

The numbers

For the six months to 31 December 2015, Trade Me delivered record revenue of \$105.6m, up from \$96.9m in H1 F15 (+9%). The company's net profit after tax was \$38.5m, up 0.3 per cent on a year ago.

Earnings per share increased to 9.71 cents, up from 9.69 cents a year ago. We intend to pay a fully imputed interim dividend of 7.8 cents per share on 22 March 2016. The record date for the dividend is 11 March 2016.

Operating performance

Consistent with guidance at our F15 results and the shareholder meeting in October 2015, we are coming to the end of a period of accelerated reinvestment in people, product development, marketing and sales as we build a better business and focus on delivering growth in the medium to long term. In the first half of F16, we've seen expense growth of 19 per cent year-on-year, down from 28 per cent a year ago.

The **Classifieds** delivered another excellent result, with revenue up 14 per cent year-on-year. This was underpinned by Trade Me Motors, the largest of our classified verticals, where revenue was up 10 per cent year-on-year. We've beefed up our sales capability and as a result premium revenue from our suite of products for dealers has increased by an outstanding 56 per cent year-on-year.

Trade Me Property reported strong revenue growth (+21%), off the back of a 14 per cent increase in listings for sale from agents, and a very strong increase in agent premium revenue, up 61 per cent year-on-year. We've made some exciting product gains in recent months too, with sold data for all properties in Auckland, Wellington and Christchurch city now displayed in the iOS and Android apps for free, and rateable value data appearing on both desktop and in the apps. We're working with Homes.co.nz (which we part-own) to expand our coverage across the country, as we know this data is compelling for anyone interested in the New Zealand property market.

Trade Me Jobs saw revenue increase by 15 per cent year-on-year, a solid result as listings remained flat in a slowing economy. The increase was largely driven by premium revenue.

We're particularly pleased to report that gross merchandise sales in our **General Items** marketplace have continued on a positive trajectory, up 6 per cent year-on-year and with positive year-on-year growth for the past 11 months. The sales of new goods have been particularly encouraging, up 8 per cent on a year ago. The sales of used goods are up 4 per cent on a year ago.

We've continued to make product improvements, including rolling out our new listing page across the site. On 1 February our new General Items pricing structure went live. This includes the introduction of free photos on all listings, a new flat fee success fee, and a 'no success fee' tier for items that sell for \$1 or less.

In the unexcitingly titled **Other** category, we saw revenue increase by 12 per cent year-on-year, driven by growth in our LifeDirect (online insurance comparison), payments and advertising businesses. We're optimistic about our prospects in our advertising business, as our data-related targeting becomes a key competitive advantage over the medium term.

Investments & closures

In late 2015, we acquired a 13 per cent stake in Wellington-based start-up PropertyNZ, which operates homes.co.nz, a new property data website.

Trade Me Insurance was launched in August 2015. Underwritten by and tailor-made with local insurer TOWER, it delivers a simple, good value online experience for New Zealanders buying home, contents, and car insurance. It is early days in this embryonic business.

As our priorities change, we have been unafraid to close things down where it makes sense. Old Friends was shuttered in January 2016 (with public domain information passed to the National Library), and our 'retro mobile' offering m.trademe.co.nz was switched off in August 2015.

Marketing

We ran a successful campaign in December to celebrate our 1 billionth listing.

More broadly, we have been ramping up our expertise and resources around email marketing. We've seen some excellent early results on this front and will increase our capability in this area in the second half of F16.

People

Our intense rate of hiring has slowed over the last six months, and with it the rate of growth in people-related costs. However, we're seeing the full-year cost effect of the new hires we've made across the business in the last 12 months.

We've boosted our senior team with new roles – we've appointed Dan Ferguson as marketing director with a focus on our General Items marketplace, and Andy Barron as sales director for Trade Me Motors.

We're saddened to announce the upcoming departure of our CFO, Jonathan Klouwens. Jonathan has accepted an investment banking position, and we wish him all the best for this next stage in his career.

He has been at Trade Me for four years, and has made an excellent contribution to the business over that time. Jonathan will remain with Trade Me for the next three months to ensure a seamless transition to his successor.


Outlook

Our H1 F16 results were in line with the outlook we provided at our last results announcement and our annual shareholder meeting in October 2015.

Outlook for H2 F16 is for moderately greater year-on-year EBITDA and NPAT growth compared with the year-on-year EBITDA and NPAT growth we recorded in H1 F16. We expect to see revenue growth in General Items return. Our cost growth will slow, albeit tempered by the flow-through of amortisation from capitalised development costs.

This is consistent with the intentions we've held for investing in the business, but also ensuring we show a return on that investment.

The business is demonstrating good momentum, and we have lots of opportunity in front of us – both in our core businesses and through extending into new things. We will continue to work hard to capture this opportunity.



David Kirk
CHAIRMAN



Jon Macdonald
CEO

Interim consolidated statement of comprehensive income for the six months ended 31 December 2015

	Notes	Unaudited 31 December 2015 \$000's	Unaudited 31 December 2014 \$000's
General Items		32,183	32,144
Classifieds		54,298	47,660
Other		19,090	17,095
Total revenue		105,571	96,899
Cost of sales		(6,561)	(5,336)
Employee benefit expense		(16,329)	(14,533)
Web infrastructure expense		(2,695)	(2,019)
Promotion expense		(5,622)	(4,085)
Other expenses		(7,066)	(6,295)
Total expenses		(38,273)	(32,268)
Earnings before interest, tax, depreciation, amortisation and associates		67,298	64,631
Share of earnings from associates		(1,045)	–
Earnings before interest, tax, depreciation and amortisation		66,253	64,631
Depreciation and amortisation		(9,219)	(7,435)
Earnings before interest and tax		57,034	57,196
Finance income		966	1,151
Finance costs		(3,950)	(4,867)
Profit before income tax		54,050	53,480
Income tax expense		(15,508)	(15,040)
Profit		38,542	38,440
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign operations		4	–
Effective portion of changes in fair value of cash flow hedges		(9)	–
Other comprehensive income		(5)	–
Total comprehensive income		38,537	38,440
Earnings per share			
Basic and diluted (cents per share)	4	9.71	9.69

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

Interim consolidated statement of financial position as at 31 December 2015

	Notes	Unaudited 31 December 2015 \$000's	Audited 30 June 2015 \$000's
ASSETS			
Cash and cash equivalents		47,238	48,277
Trade and other receivables		12,231	14,444
Total current assets		59,469	62,721
Property, plant and equipment		8,829	9,555
Intangible assets		811,516	808,713
Investment in associates		6,603	6,898
Deferred tax asset		1,951	1,325
Total non-current assets		828,899	826,491
Total assets		888,368	889,212
LIABILITIES			
Trade and other payables		17,818	19,101
Provisions		2,210	–
Derivative financial instruments		880	723
Income tax payable		2,790	7,070
Total current liabilities		23,698	26,894
Provisions		2,454	4,550
Interest bearing loans and borrowings	6	165,801	165,884
Derivative financial instruments		360	630
Other non-current liabilities		392	423
Total non-current liabilities		169,007	171,487
Total liabilities		192,705	198,381
EQUITY			
Contributed equity		1,069,814	1,069,814
Share based payment reserve		367	461
Other reserves		(485,877)	(485,872)
Retained earnings		111,359	106,428
Total equity attributable to owners of the Company		695,663	690,831
Total equity and liabilities		888,368	889,212

For and on behalf of the Board of Directors who authorised these financial statements for issue on 16 February 2016:



David Kirk
CHAIRMAN



Joanna Perry
CHAIR OF THE AUDIT AND
RISK MANAGEMENT COMMITTEE

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

Interim consolidated statement of changes in equity for the six months ended 31 December 2015

	Notes	Ordinary shares \$'000	Share based payment reserve \$'000	Retained earnings \$'000	Other reserves \$'000	Total equity \$'000
As at 1 July 2014		1,069,814	266	90,129	(485,737)	674,472
Profit		–	–	38,440	–	38,440
Currency translation differences		–	–	–	(8)	(8)
Total comprehensive income		–	–	38,440	(8)	38,432
Dividends paid	5	–	–	(33,314)	–	(33,314)
Supplementary dividends		–	–	(4,454)	–	(4,454)
Tax credit on supplementary dividends		–	–	4,454	–	4,454
Share based payments		–	17	–	–	17
As at 31 December 2014 (unaudited)		1,069,814	283	95,255	(485,745)	679,607
	Notes	Ordinary shares \$'000	Share based payment reserve \$'000	Retained earnings \$'000	Other reserves \$'000	Total equity \$'000
As at 1 July 2015		1,069,814	461	106,428	(485,872)	690,831
Profit		–	–	38,542	–	38,542
Currency translation differences		–	–	–	4	4
Movement in cash flow hedge reserve		–	–	–	(9)	(9)
Total comprehensive income		–	–	38,542	(5)	38,537
Dividends paid	5	–	–	(33,735)	–	(33,735)
Supplementary dividends		–	–	(4,587)	–	(4,587)
Tax credit on supplementary dividends		–	–	4,587	–	4,587
Share based payments		–	(94)	124	–	30
As at 31 December 2015 (unaudited)		1,069,814	367	111,359	(485,877)	695,663

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

Interim consolidated statement of cash flows for the six months ended 31 December 2015

	Notes	Unaudited 31 December 2015 \$'000	Unaudited 31 December 2014 \$'000
Operating activities			
Profit before tax from continuing operations		54,050	53,480
Adjustments to reconcile profit before tax to net operating cash flows:			
Depreciation of property, plant and equipment		1,856	1,625
Amortisation of intangible assets		7,363	5,810
Share-based payment expense		(5)	(34)
Doubtful debts expense		131	255
Gain on disposal of property, plant and equipment		(6)	(12)
Finance costs		3,950	4,867
Share of earnings from associates		1,045	–
Other		159	(48)
Working capital adjustments:			
Decrease in trade and other receivables and prepayments		992	1,042
Increase in trade and other payables		1,986	1,584
Income tax paid		(15,827)	(15,800)
Net cash flows from operating activities		55,694	52,769
Investing activities			
Purchase of property, plant and equipment		(4,179)	(1,827)
Purchase of intangibles		(10,304)	(5,694)
Proceeds from sale of business		900	–
Investment in associates		(750)	(2,000)
Business acquisition		–	(2,000)
Net cash flows (used in) investing activities		(14,333)	(11,521)
Financing activities			
Dividends paid		(38,322)	(37,770)
Interest paid on borrowings (including facility fees)		(4,078)	(3,924)
Net cash flows (used in) financing activities		(42,400)	(41,694)
Net decrease in cash and cash equivalents		(1,039)	(446)
Cash and cash equivalents at beginning of period		48,277	41,653
Cash and cash equivalents at end of period		47,238	41,207

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

Notes to the financial statements for the six months ended 31 December 2015

1 General information

Trade Me Group Limited (the "Company") is a company incorporated and domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange ("NZX") and the Australian Stock Exchange ("ASX"). The Company is a FMC Reporting Entity under the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013. The address of its registered office and primary place of business is Level 5, 2 Market Lane, Wellington, New Zealand.

The interim consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group").

The interim consolidated financial statements are for the six months ended 31 December 2015 and have been prepared in accordance with NZ GAAP. Trade Me Group Limited is a profit-oriented entity.

The nature of the operations and principal activities of the Group are to provide online marketplaces that connect people to undertake a transaction or form a relationship. The Group's businesses include providing a new and used goods marketplace, classified advertising for motor vehicles, real estate and employment, online advertising services and other ancillary online businesses.

2 Basis of preparation and accounting policies

The accounting policies applied to the preparation of the consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2015.

These general purpose consolidated interim financial statements for the six months ended 31 December 2015 have been prepared in accordance with NZ IAS 34 Interim Financial Reporting and IAS 34 Interim Financial Reporting.

These consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report and should be read in conjunction with the audited financial statements of the Group for the year ended 30 June 2015.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000's).

3 Segment reporting

(a) Identification of reportable segments

The Group has determined its operating segments based on the reports reviewed by the Group's Chief Executive Officer to assess performance, allocate resources and make strategic decisions. The reportable segments are based on aggregating operating segments based on the similarity of the services provided.

The Group's reportable segments are as follows:

General Items

The General Items segment is our online marketplace business. Revenue is generated from listing fees, premium fees and success fees and performance is driven by both the number of completed transactions and the total sales value of completed transactions.

Classifieds

The Classifieds segment represents advertising revenue from each of our three classified advertising sites: Motors, Property and Jobs. Revenue is generated primarily from basic and premium listing fees.

Other

The Other segment reflects all other businesses, including advertising, travel, dating, payments gateway, life and health insurance comparison, and general insurance.

(b) Segment revenues, EBITDA* and reconciliation to profit before income tax

The following is an analysis of the Group's revenue and EBITDA from continuing operations by reportable segment.

Operating Segments	Revenue		EBITDA*	
	31 December 2015 \$'000	31 December 2014 \$'000	31 December 2015 \$'000	31 December 2014 \$'000
General Items	32,183	32,144	24,278	24,511
Classifieds	54,298	47,660	36,330	32,780
Other	19,090	17,095	6,690	7,340
Total for continuing operations	105,571	96,899	67,298	64,631
Reconciliation to overall result				
Share of associate earnings			(1,045)	–
EBITDA*			66,253	64,631
Depreciation and amortisation			(9,219)	(7,435)
Finance income			966	1,151
Finance costs			(3,950)	(4,867)
Profit before Income Tax			54,050	53,480

*EBITDA (a non-GAAP measure) reflects earnings before interest, tax, depreciation and amortisation.

The accounting policies of the reportable segments are the same as the Group's accounting policies as outlined in the annual financial statements for the year ended 30 June 2015.

Segment revenue reported above represents revenue generated from external customers. Immaterial inter-segment revenues have been excluded from the above segment results.

The assets and liabilities of the Group are reported to and reviewed by the Chief Executive Officer in total and are not allocated by operating segment. Therefore, operating segment assets and liabilities are not disclosed.

The Group operates largely within New Zealand. The Group owns an Australian subsidiary, Motorweb Australia Pty Limited, which generates revenues in Australia, and the Group has international sellers generating revenues overseas, largely in the marketplace business. Revenues from foreign countries amounted to \$3.0m for the six months ended 31 December 2015 (2014: \$2.5m).

No single customer contributed 10% or more to the Group's revenue for the six months ended 31 December 2015 (2014: nil).

4 Earnings per share

The earnings and weighted average number of ordinary and restricted shares used in the calculation of basic and diluted earnings per share are as follows:

	Unaudited 31 December 2015	Unaudited 31 December 2014
Earnings used for the calculation of basic and diluted earnings (\$000's)	38,542	38,440
Weighted average number of shares on issue (000's)	396,980	396,730
Basic and diluted earnings per share (cents)	9.71	9.69

Basic earnings per share amounts are calculated by dividing Group profit for the six month period by the weighted average number of ordinary and restricted shares outstanding during the period. Diluted earnings per share equals basic earnings per share, since there are no potentially dilutive ordinary shares.

5 Dividends

	Unaudited 31 December 2015 \$000's	Unaudited 31 December 2014 \$000's
Final dividend for 2015 at 8.5 cents per share (2014: 8.4 cents per share)	33,735	33,314
Dividends declared after reporting date, but not recorded as a liability in these financial statements: 7.8 cents per share (2014: 7.7 cents per share)	30,987	30,556

6 Interest bearing liabilities

The Group has a \$166 million revolving cash advance loan facility with Commonwealth Bank of Australia (70%) and Westpac Banking Corporation (30%). \$166 million was drawn down as at 31 December 2015. During the six month period ended 31 December 2015, the Group refinanced the existing lending through syndication as follows:

Description	Maturity Date	Unaudited 31 December 2015 \$000's	Audited 30 June 2015 \$000's
Full facility	11 September 2016	–	166,000
Tranche 1	11 December 2018	83,000	–
Tranche 2	11 December 2019	83,000	–
Loan establishment costs		(199)	(116)
Total interest bearing liabilities		165,801	165,884

The facility is guaranteed by the Company and its wholly owned subsidiary Trade Me Limited. The covenants entered into by the Group require specific calculations of the Group's net debt to EBITDA, and interest cover. There have been no covenant breaches.

The facility incurs interest based on market floating rates that are re-set every 90 days.

Interest-bearing loans and borrowings are initially measured at fair value, less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Loans and 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 date.

7 Financial instruments

Fair values

Financial instruments included in these financial statements include cash and cash equivalents, trade and other receivables, trade and other payables, interest bearing loans and borrowings and derivative financial instruments. The carrying amounts of these financial instruments are a reasonable approximation of their fair values.

Derivative financial instruments are classified as "fair value through profit or loss" and are categorised into one of three levels based on the quality of inputs used to determine fair value:

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

Derivative financial instruments are classified as level 2.

The fair value of derivative financial instruments has been determined using observable market interest rate data as at balance date.

Refer to below table, which shows movements in the fair value of derivative financial instruments:

	Unaudited 31 December 2015 \$'000	Unaudited 31 December 2014 \$'000
Changes in fair value of interest rate swaps recognised in finance costs	122	(856)
Effective portion of changes in fair value of cash flow hedges recognised in other comprehensive income	(9)	–
Gain/(Loss) in fair value of interest rate swaps	113	(856)

8 Subsequent events

As outlined in note 5, on 16 February 2016, the directors declared a dividend of \$30,987,000 which is not recorded as a liability in these interim financial statements.

Review Report to the Shareholders of Trade Me Group Limited (“the company”) and its subsidiaries (together “the group”)

We have reviewed the interim financial statements on pages 6 to 14, which comprise the statement of financial position of the group as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the group for the period ended on that date, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the company’s shareholders, as a body. Our review has been undertaken so that we might state to the company’s shareholders those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s shareholders as a body, for our review work, for this report, or for our findings.

Directors’ Responsibilities

The directors are responsible for the preparation and fair presentation of interim financial statements which comply with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Reviewer’s Responsibilities

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity*. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting*. As the auditor of the group, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

Basis of Statement

A review of interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

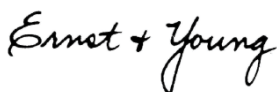
The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on those financial statements.

Other than in our capacity as auditor we have no relationship with, or interests in, the group.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying interim financial statements, set out on pages 6 to 14, do not present fairly, in all material respects, the financial position of the group as at 31 December 2015 and its financial performance and cash flows for the six month period ended on that date in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting*.

Our review was completed on 16 February 2016 and our findings are expressed as at that date.



Ernst & Young
Wellington

A member firm of Ernst & Young Global Limited

Directory: Trade Me Group Limited

Registered office

Trade Me Group Limited
Level 5
2 Market Lane
Wellington 6011

Board of directors

David Kirk	Chairman
Gail Hambly	Non-Executive Director
Paul McCarney	Non-Executive Director
Sam Morgan	Non-Executive Director
Joanna Perry	Non-Executive Director

Executive team

Jon Macdonald	Chief Executive Officer
Jonathan Klouwens	Chief Financial Officer
Sarah Hard	Company Secretary
Fiona Ireland	Head of Human Resources
Nigel Jeffries	Head of Trade Me Property
Trent Mankelow	Chief Product Officer
Jimmy McGee	Head of Commercial
Stuart McLean	Head of Marketplace
Dave Wasley	Head of Platform & Operations

Investor information

The Trade Me investor relations website is at:
<http://investors.trademe.co.nz/>

Share registrar

If you have a shareholder-related query, please contact our share registrar, Link Market Services Limited:

New Zealand

Phone (09) 375 5998
Email enquiries@linkmarketservices.com
Address PO Box 91976, Auckland

Australia

Phone 1300 554 474
Email registrars@linkmarketservices.com.au
Address Locked Bag A14, Sydney South, NSW

Auditor

Ernst & Young
100 Willis Street
Wellington
New Zealand

trade me 
Trade Me Group Limited



Highlights

Total revenue

▲ 8.9%



\$105.6m

Expenses

▲ 18.6%



\$38.3m

EBITDA*

▲ 4.1%



\$67.3m

NPAT

▲ 0.3%



\$38.5m

Dividend

▲ 1.3%



7.8cps

Revenue was up 9% year-on-year to another record - underpinned by strength in Classifieds (up 14% year-on-year) and our Other segment (up 12% year-on-year). General Items marketplace also returned to revenue growth.

Marketplace gross merchandise sales (GMS) extended its positive momentum.

Trade Me Property demonstrated on-going stability and strength, with good yield and listing growth resulting in revenue up 21% year-on-year.

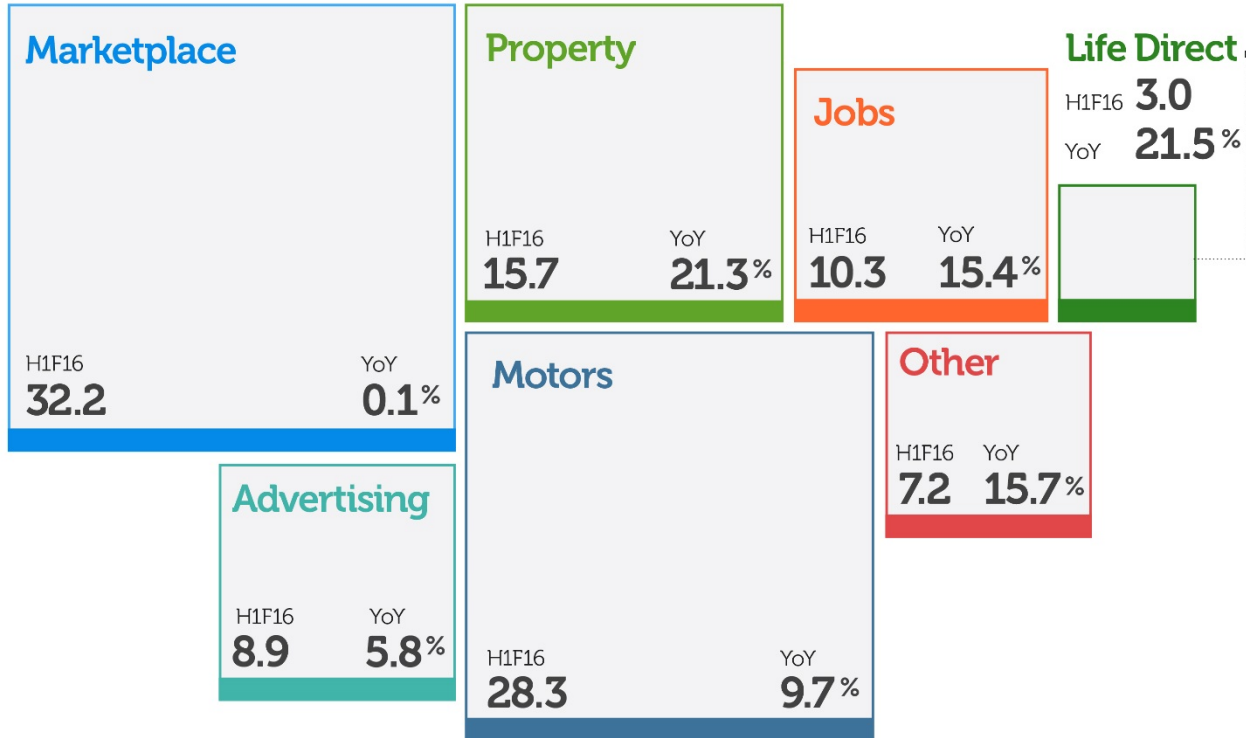
Core product improvements yielded operational and financial benefits in Marketplace, Property, Motors and Advertising.

Expense growth declining in line with expectations following reinvestment in the business and headcount growth.

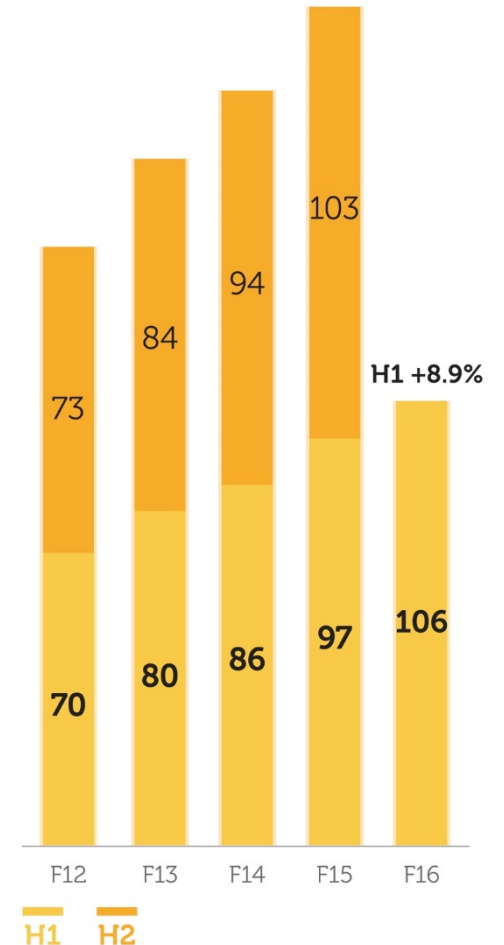
Outlook for H2 is for moderately greater year-on-year EBITDA and NPAT growth compared with the growth rates we have recorded in the first half. We expect revenue growth in General Items to return and the reduction in our cost growth to continue, tempered by the flow-through in amortisation to occur from capitalised development costs. The business is demonstrating good momentum.

Revenue: H1 growth of 8.9%

Half year revenue contribution (\$m)



Consistent H1 (and full year) revenue growth (\$m)

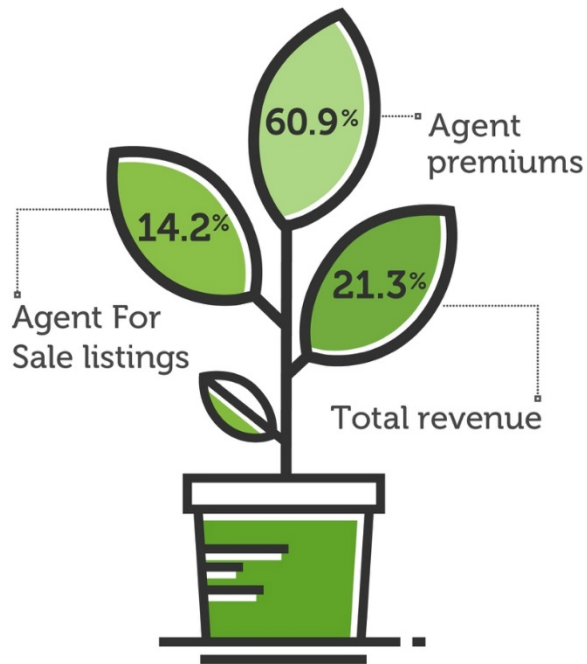


Box size denotes relative revenue size
 General Items segment is Marketplace
 Classified segment is Motors, Property and Jobs
 Other segment is Advertising, Life Direct and Other

Operational highlights: current and ongoing growth

Property:

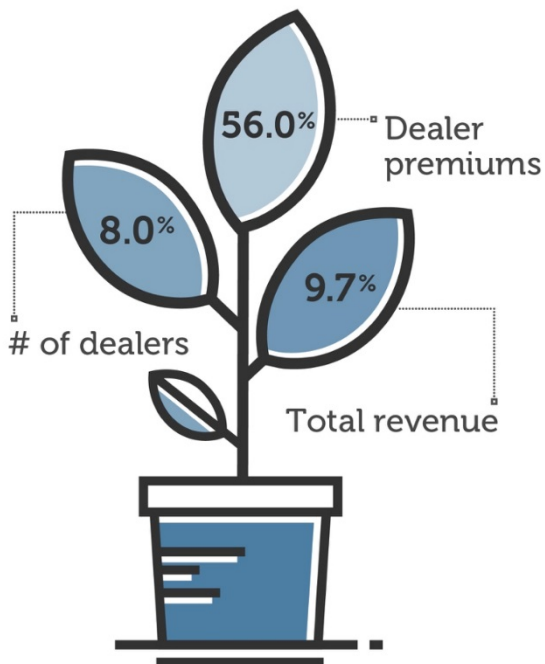
Stabilised and delivering strong revenue growth and premium uptake



Property growth

Motors:

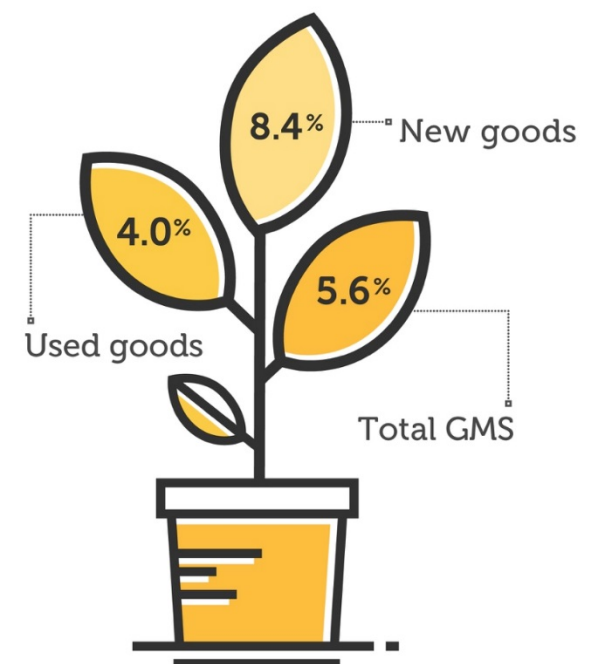
Revenue and earnings growth from improved sales channel



Motors growth

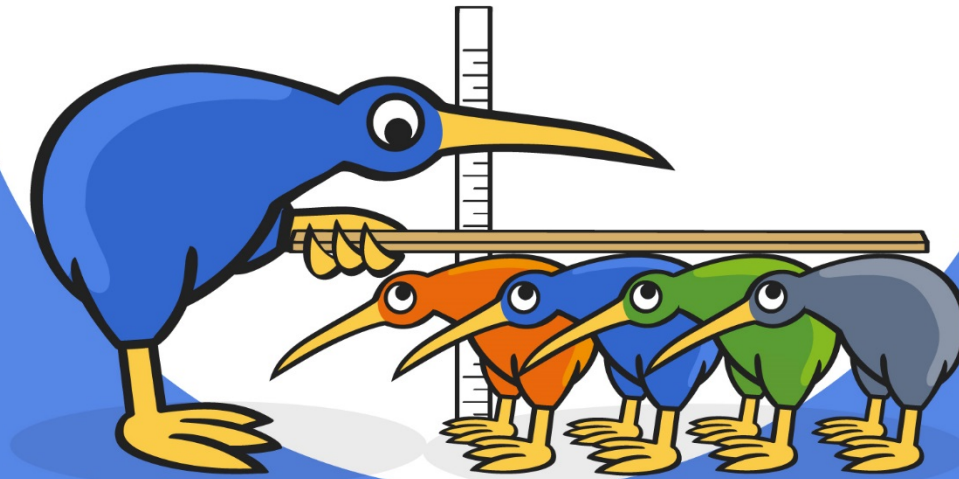
Marketplace:

Gross merchandise sales (GMS) at growth levels not seen for five years



GMS growth

Divisional Performance



Marketplace: GMS and revenue growth

KEY METRICS

New goods GMS YoY +8.4%; Used +4.0%

Total GMS YoY +5.6%

Sold items +3.3% to 6.6m items (New items +8.1%)

Total take rate decreased to 8.1% - however expected to increase slightly with the 1 Feb price change

Price change; simplified pricing with flat success fee of 7.9%, free photos, and better seller experience (small yield increase)

MARKETING

Successful trials of marketing automation across Marketplace (and Classifieds). Creates personalised communication and offers. Very powerful tool to be scaled up in H2

Unique buyers increased 2.3% YoY (circa 50,000 buyers)

PRODUCT

Shipping – beta release of a new shipping offering (refer image)

Deals and merchandising for sellers ("was/now" promo pricing) launched in November generating \$1.1m GMS in December from 18k buyers

SUPPLY

Better range and products. Listings +23.2% YoY, driven by new goods +27.7%

GMS from international suppliers \$3m in Dec 2015 (+88% YoY)

Average sale price +2.3% to \$61 (higher quality and large items)

Trade Me Shipping

It's cheap, easy and saves you time



1. Package up your item in a box or bag.



2. Enter the package details and select your courier service.



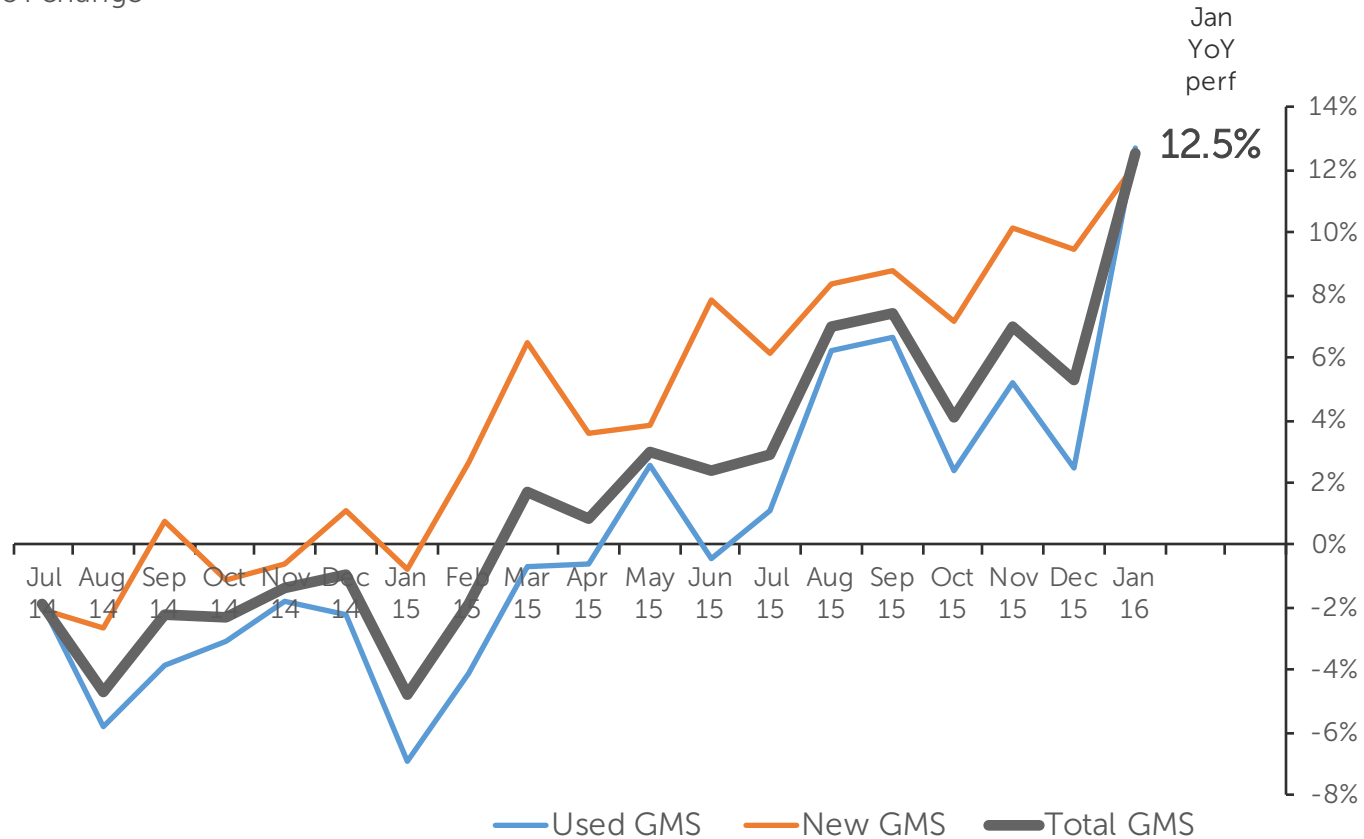
3. The courier will pick up the package from your chosen address then deliver it to your buyer.

[Start booking](#)

GMS growth is significant: 5.6% total & 8.4% new goods

GMS growth continues – revenue growth will follow as take rate changes have been made

YoY change



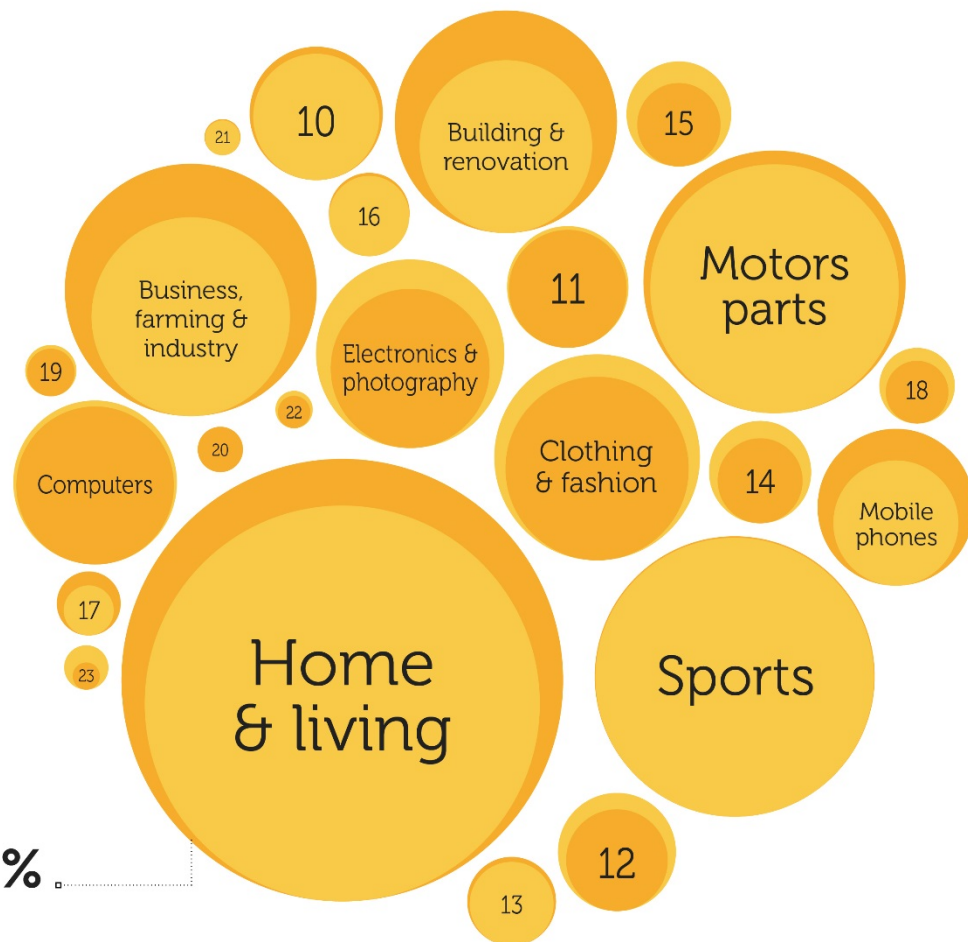
Further volume growth opportunity ahead with simpler pricing, targeted communication and personalisation

GMS by category: how it's changing



Categories

- | | |
|--------------------------------|--------------------------------|
| 1 Home & living | 12 Music & instruments |
| 2 Sports | 13 Health & beauty |
| 3 Motors parts | 14 Baby gear |
| 4 Business, farming & industry | 15 Gaming |
| 5 Building & renovation | 16 Jewellery & watches |
| 6 Clothing & Fashion | 17 Pets & animals |
| 7 Electronics & photography | 18 Books |
| 8 Computers | 19 Crafts |
| 9 Mobile phones | 20 Travel, events & activities |
| 10 Antiques & collectables | 21 Art |
| 11 Toys & models | 22 Pottery & glass |
| | 23 Movies & TV |



Property: listings growth and product improvement

H1 F16 FINANCIALS

Total revenue +21.3% YoY to \$15.7m, directs +6.1% to \$4.9m, agents +29.7% to \$10.8m

Agent For Sale listings +14.2% YoY, agent Rent listings +8.2%

Agent For Sale yield +16.5% YoY (premium +46.0%)

PRODUCT

Taken a 13% stake in homes.co.nz – property information and data specialists

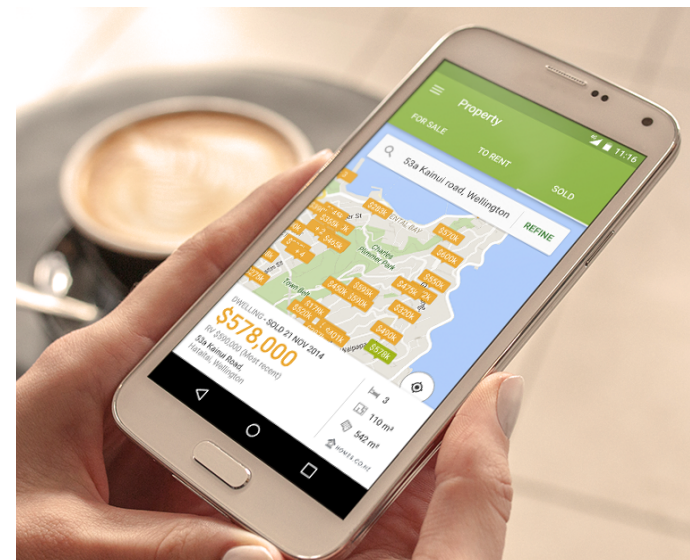
Free rating valuation and historical sales information released in mobile first (data provided by homes.co.nz). Delivered very high usage and engagement levels

AUDIENCE

Holding clear audience share lead on desktop, but experiencing huge mobile growth. New TME Property app is now ranked number 1 on total mobile downloads (combined iOS & Android)

Onsite engagement increasing through richer content – video, floorplans, 3D walkthrough now make up circa 10% of listings

Weekly sessions on the iOS Property app



Motors: Strong premium growth

H1 F16 FINANCIALS

Revenue +9.7% YoY to \$28.3m, dealers +28.9%, directs -3.2%, Motorweb +8.9%

Some small dealers migrating from 'direct' transactions to dealer channel (circa 7% listings)

Total listings growth of +5.0% YoY; Dealer numbers (subs) +8.0%

Dealer premiums +56.0% YoY

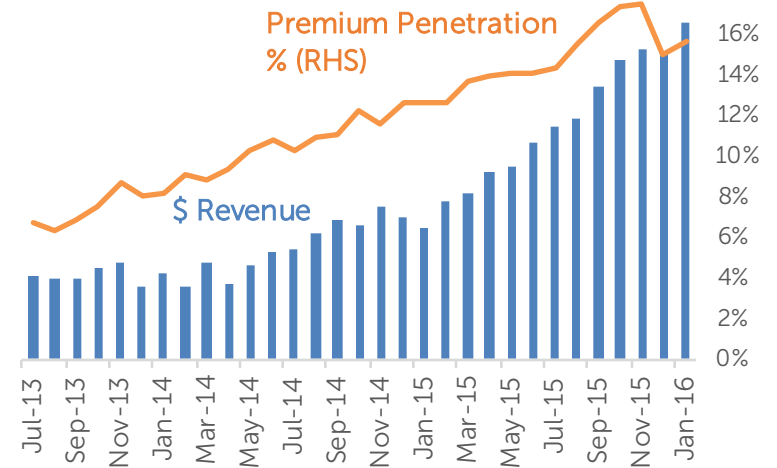
PRODUCT & MARKETING

Initiatives include consumer vehicle information reports, improved search and listing attributes for bikes, relaunched social media, and video products

	TM Motors	Nearest competitor	Outperforming the competition
Listing numbers	72,942	29,930	2.4x
Unique daily browsers*	167,450	5,950	28.1x

* Nielsen: average daily UBs (excludes mobile)

Motors premium revenue growth strong



MotorWeb
Vehicle Information Authority

Brought to you by
trademe

Here's your Vehicle Information Report.



Jobs: growth in the face of economic headwinds

H1 F16 FINANCIALS

Pleasing revenue growth +15.4% YoY in the face of a slowing economy

Listings flat; growth in direct listings with slight contraction via bulk buyers (economy related)

Yield growth +15.5% driven by direct +7.1% and bulk buyers +17.5%

MARKETING

Successful TGIM (Thank God It's Monday) campaign – drove direct listings growth +8.4% during period

'Application sent/job' were +14% due to the campaign (product improvements also drove some of this)

Market share index has remained at circa 90% of the listings number of our main competitor

PRODUCT

Feature penetration increased from 13% to 16% due to better product improvement including branding options

Video options introduced for all listings

Job application conversion ratio improved from 4.4% to 5.3% YoY post launch of new listing details page



Advertising: data's pivotal role in future growth

PERFORMANCE

Display revenue +8.3% YoY

Desktop impressions continue to decline with the shift to mobile, but the yield increases are more than offsetting this. Mobile native ads in place for Android and just released for iOS

Business Partnership revenue transitioning out of ads (circa \$0.4m YoY) as we bring more partnership products in-house (e.g. Insurance)

DATA and PROGRAMMATIC

Data and programmatic underpinning significant increases in eCPMs – a key competitive advantage. Provides the platform for market leadership

A new inventory source; started trading data (independently to banner inventory). Demand is strong but nascent – a market ramp ahead

Ensured privacy protection for our members via opt out

Using data – highly targeted advertising via Personas

We are replacing historical 3rd party data used to enhance audiences with our own audience personas derived directly from our 1st party data. These have created new opportunities for members to receive relevant ads across the site.

70+ Personas (for example 'Boy Racers' and 'Making an Impression') are built from demographic and intent filters in real-time from member information and browser activity.

CAR BUYERS

This audience is a wide mix of petrol heads, first time buyers, upgraders, luxury car buyers and everything in between.

All these members use Trade Me Motors as a point of reference and research in the process of buying their vehicle. This group is represented all over NZ with varying incomes but has a skew towards males.

UNIQUE USERS
1.6M

BOY
RACERS

204K



LUXURY
CARS

16K



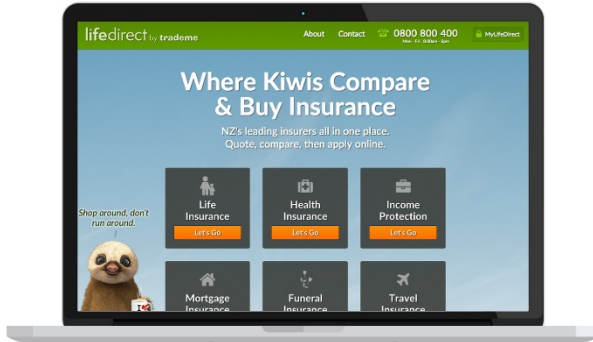
MAKING AN
IMPRESSION

16K



Financial Services: future growth options

lifedirect
by trademe



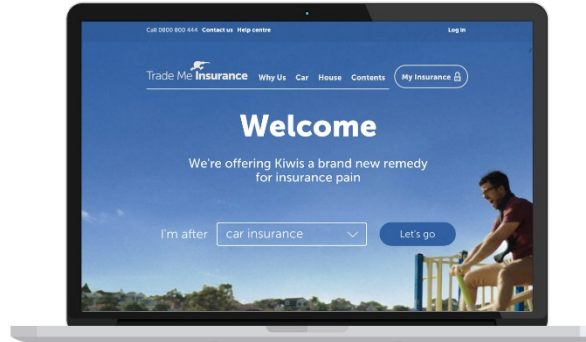
LIFEDIRECT

Revenue growth +22%; EBITDA growth +119%

Strong consumer proposition

Beginning targeted personalised marketing

Trade Me **Insurance**



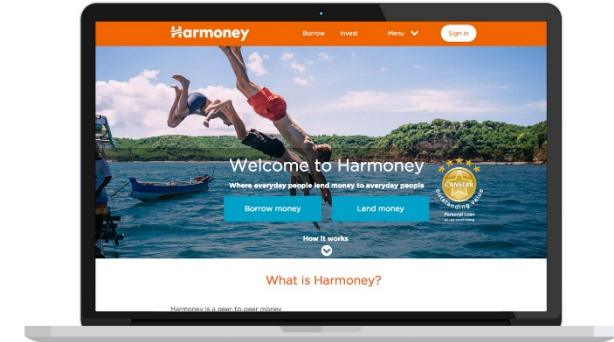
TRADE ME INSURANCE

Embryonic business

Established brand and processes. Brand awareness (>30%) and consideration scores (circa 10%) encouraging after only 3 months of launching

Yet to begin leveraging our competitive advantage; trials underway

Harmony



HARMONEY

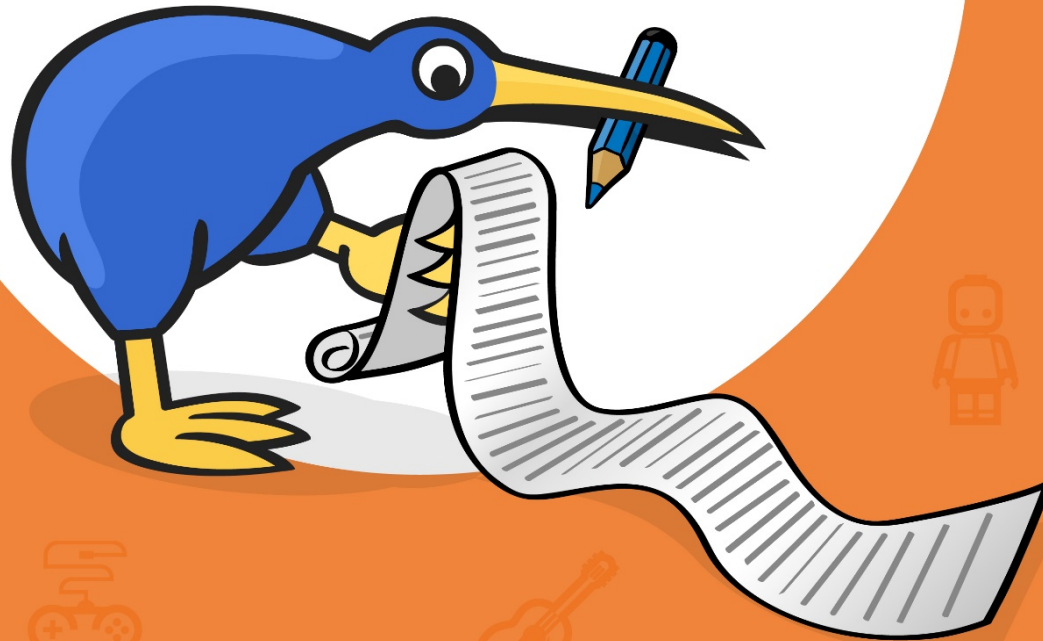
Harmony wrote loans of \$190m in its first 18 months (greater than expectation)

Sound consumer proposition

January capital raise of \$8.5m at \$100m valuation (TME entry was at \$42m)

Contributes \$1.0m loss to TME (2.6%pts off NPAT growth)

Financials



Summary financial performance: on track results

NZD \$000s	H1 F16	H1 F15	VARIANCE	
General Items	32,183	32,144	39	0.1%
Classifieds	54,298	47,660	6,638	13.9%
Other	19,090	17,095	1,995	11.7%
Total revenue	105,571	96,899	8,672	8.9%
Cost of sales	6,561	5,336	1,225	23.0%
Employee benefit expense	16,329	14,533	1,796	12.4%
Web infrastructure expense	2,695	2,019	676	33.5%
Promotion expense	5,622	4,085	1,537	37.6%
Other expenses	7,066	6,295	771	12.2%
Total expenses	38,273	32,268	6,005	18.6%
EBITDA before associates	67,298	64,631	2,667	4.1%
Associate losses	1,045	-	1,045	-
EBITDA	66,253	64,631	1,622	2.5%
Depreciation and amortisation	9,219	7,435	1,784	24.0%
EBIT	57,034	57,196	(162)	(0.3%)
Net finance costs	2,984	3,716	(732)	(19.7%)
Profit before tax	54,050	53,480	570	1.1%
Income tax expense	15,508	15,040	468	3.1%
Net profit	38,542	38,440	102	0.3%
Earnings per share	9.71	9.69	0.02	0.2%
Dividend (cents per share)	7.8	7.7	0.1	1.3%

Revenue growth driven by Classifieds

Rate of expense growth decreasing (18.6% vs 27.9% in H1 F15)

Equity accounted losses of associates reduce net profit growth by 2.7%pts

Depreciation and amortisation continues to increase following growth in capitalised development

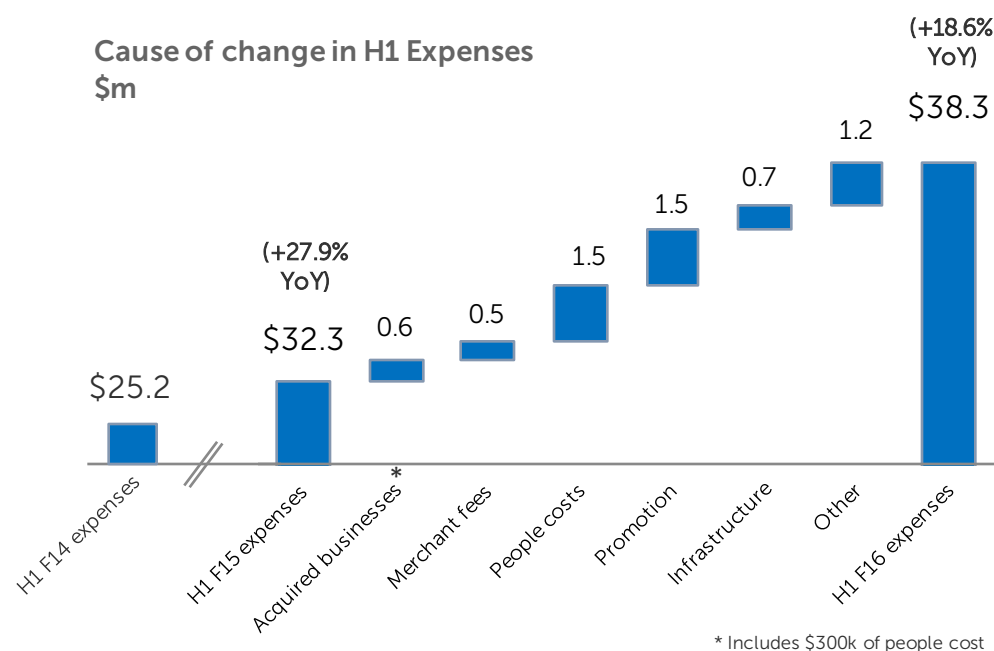
Fair value adjustment from hedges increases net profit growth by 1.8%pts

Effective tax rate increases due to associate losses being non-deductible

Fully imputed dividend 7.8cps, supplementary dividend 1.3765cps, record date 11 March 2016, payment date 22 March 2016

Expense growth decreasing in line with guidance

NZD \$000s	H1 F16	H1 F15	VARIANCE	
Cost of Sales	6,561	5,336	1,225	23.0%
Employee benefit exp	16,329	14,533	1,796	12.4%
Web infrastructure exp	2,695	2,019	676	33.5%
Promotion expense	5,622	4,085	1,537	37.6%
Other expenses	7,066	6,295	771	12.2%
Total	38,273	32,268	6,005	18.6%



Rate of expense growth is decreasing year-on-year (+18.6% vs +27.9%)

Promotion expense growth driven by Property, LifeDirect and Trade Me Insurance launch advertising

Cost of sales growth (+\$1.2m) driven by merchant fees from increased sales using PayNow (\$0.3m), growth in MotorWeb data costs as revenue grows (\$0.3m) and a full six months of Paystation costs (\$0.2m)

Web infrastructure increase is partially driven by some F15 flow through costs, but largely due to new licenses we have purchased

People costs driven by headcount growth; +53 FTEs in H1 F15 vs +37 FTEs in H1 F16 – growth rates now significantly lower and slowing

Financials: Balance sheet highlights

Strong cash position, with \$47m at 31 December 2015. Net debt of \$119m

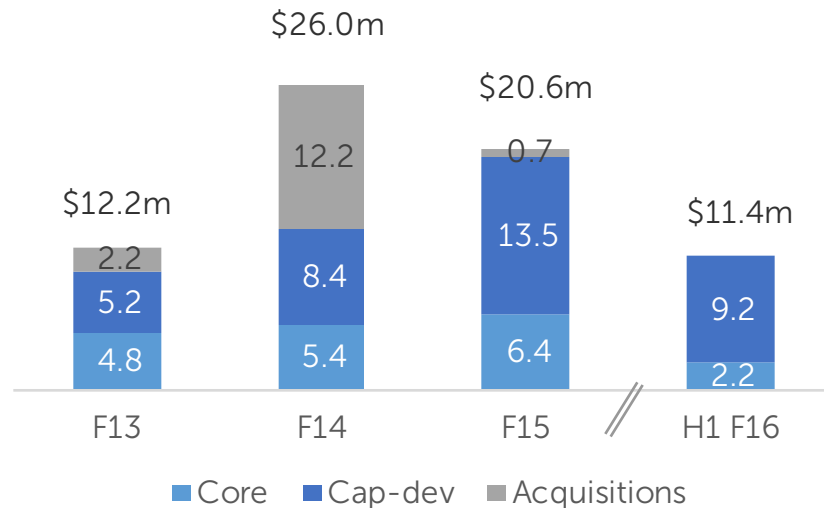
Lots of covenant headroom

Completed the refinancing of our debt facility. Key terms remain the same, except the facility has been split into two equal tranches maturing in December 2018 and December 2019

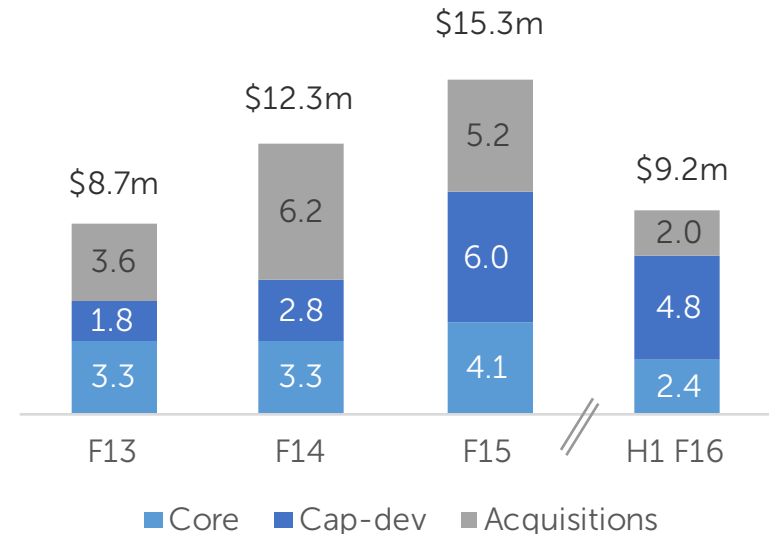
Total H1 F16 capex was \$11.4m, most of which is capitalised development. Increasing capitalised development is flowing through to increased amortisation

Full year F16 capex is still on track to be approximately \$25m; D&A will be approximately \$19m

Capex NZD \$m F13-H1 F16



Depreciation & Amortisation NZD \$m F13-H1 F16



Outlook



Outlook

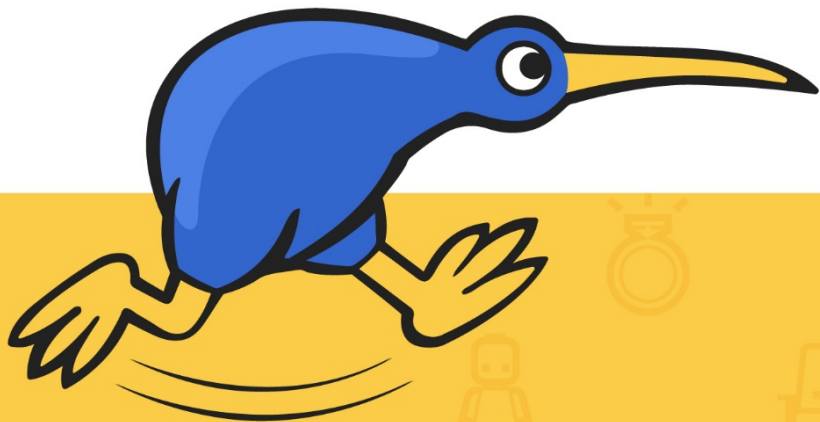
Our H1 results were in line with the outlook we provided at our last results announcement and our AGM.

We expect to deliver moderately greater year-on-year EBITDA and NPAT growth compared with the year-on-year EBITDA and NPAT growth we recorded in the first half. This is consistent with the intentions we've held for investment in the business, but also ensuring we show a return on that investment.

We expect to see revenue growth in General Items return from the sustained increase in gross sales, coupled with our recent pricing changes. This is despite the flow through impact of lower year-on-year yield that we have sacrificed for improved user experience.

Expense growth will continue to slow in percentage terms. Our rate of hiring has decreased, however the year-on-year impact of those hires is still flowing through. We also expect to spend less on promotions in H2 F16. The amortisation of capitalised development costs from those hires will continue to increase in H2 F16 and F17.

The business is demonstrating good momentum. We are well positioned to defend and grow our existing core business, and to convert on new opportunities.



Questions?



Email investors@trademe.co.nz
Web investors.trademe.co.nz