22 August 2012

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

Dear Sir/Madam

TRADE ME GROUP LIMITED (TME)
ANNUAL RESULT (FOR THE YEAR END 30 JUNE 2012)

Please find attached the financial information required by Listing Rule 4.3A together with a copy of the Company's year-end analyst presentation and the Trade Me Group financial statements for the year ended 30 June 2012.

Attached:

1. Appendix 4E (and NZX Appendix 1) detailing the preliminary announcement for the year ended 30 June 2012;
2. Media announcement;
3. Audited financial statements and notes for the year ended 30 June 2012;
4. Appendix 7 (as required by NZX Listing Rule 7.12.2) detailing the dividend of 7.8 cents (NZD) per ordinary share to be paid on 25 September 2012 to those shareholders on the company's share register as at 5pm on 14 September 2012;
5. Analyst presentation.

Yours faithfully

Linda Cox
Company Secretary for Trade Me Group Limited

Trade Me Group Limited

(ARBN 154 115 723)

Australian Stock Exchange listing rules disclosure

Full year report

For the year ended 30 June 2012

Contents

Appendix 4E

Trade Me Group Limited

(ARBN 154 115 723)

Incorporated in New Zealand

Full year report

Reporting period:	12 months to 30 June 2012
Previous reporting period:	12 months to 30 June 2011

Results for announcement to the market

	Amount (NZ $'000s)	Percentage change
Revenue from ordinary activities	142,458	Up 13.8%
Profit from ordinary activities after tax attributable to security holder	75,592	Up 8.4%
Net profit attributable to security holder	75,592	Up 8.4%

Dividends – ordinary shares	Amount per security (NZ cents)	Franked amount per security (NZ cents)
Final dividend (not franked)	7.80	-

Record date	14 September 2012
Payment date	25 September 2012

Commentary on results for the period

For commentary on the results please refer to the highlights and media announcement attached.

Financial information

The appendix 4E should be read in conjunction with the consolidated financial statements for the year ended 30

Appendix 1

Trade Me Group Limited

Results for announcement to the Market

Reporting period: 12 months to 30 June 2012

Previous reporting period: 12 months to 30 June 2011

	Amount (NZ $'000s)	Percentage change
Revenues from ordinary activities	142,458	Up 13.8%
Profit from ordinary activities after tax attributable to security holder	75,592	Up 8.4%
Net profit attributable to security holder	75,592	Up 8.4%

	Amount per security (cents)	Imputed amount per security (cents)
Final dividend	7.80	3.0333

Record date	14 September 2012
Payment date	25 September 2012

Commentary on results for the period

For commentary on the results please refer to the highlights and media announcement attached.

Financial information

The appendix 1 should be read in conjunction with the consolidated financial statements for the year ended 30 June 2012 as attached.

Announcement: Trade Me

22 August 2012

Full year result: Trade Me hits prospectus forecast

- Prospectus targets achieved for this financial year
- NPAT of $75.6 million (up 10% on forecast)*
- EBITDA of $110.4 million (up 11% on F11, up 5% on forecast)*
- Earnings per share of 19.1 cents (up from 17.6 cents in F11)
- Dividend of 7.8 cents per share to be paid in September (15% higher than forecast)
- Announcing the acquisition of Tradevine, to further strengthen new goods proposition
- On track for 31 December 2012 prospectus target

* Figures include $3.3 million gain on AutoBase transaction.

Online marketplace and classified advertising business Trade Me Group Ltd ("Trade Me") released its inaugural full year financial results for the 12 months to 30 June 2012 this morning.

Trade Me chairman David Kirk said the results were good to see, especially in "variable" economic conditions. "The business has made a smooth transition to life as a public company. We've delivered on the numbers set out in the IPO documents back in December and turned in another year of record profit. We're looking forward to issuing our first ever dividend as a listed company in September."

REVENUE

Trade Me CEO Jon Macdonald said there had been varied levels of strength across Trade Me's business portfolio but "no big surprises".

"Our core General Items marketplace performed in line with our expectations, with a definite shift in activity towards mobile. Throughout the year, we've also seen the proportion of fixed price transactions continue to grow as buyers move toward new goods and an instant ecommerce experience."

The Classifieds businesses –Trade Me Motors, Trade Me Property, and Trade Me Jobs – all delivered a strong performance during F12. "A number of factors are at play here, including a semblance of returning market confidence, good uptake of our premium promotional products, and the positive impact of our acquisition of vehicle listing aggregator AutoBase," Mr Macdonald said.

In the Other segment, revenue was below forecast, and Mr Macdonald attributed it to two main causes. "First, our Advertising business fell short of our revenue expectations. The online display advertising industry has been patchy over F12, and we've seen the growth of international publishers at the expense of existing local players.

"Second, Treat Me came in below a bullish forecast. We view group buying as a young and uncertain industry, but one that still has potential. Separately, we recorded good performances from our dating business FindSomeone and our travel businesses Travelbug, Holiday Houses, and BookIt."

EXPENSES

Mr Macdonald said Trade Me's expenses were tracking predictably and under control. "In particular, we were restrained in our advertising and web infrastructure spend."

PRIORITIES

Trade Me had been focused on expanding its mobile offering throughout the year. "Mobile now accounts for 8% of sales in our General Items business," he said. "We've built and released a suite of mobile apps and smartphone-optimised sites across Trade Me and a number of our individual businesses, including Travel, FindSomeone and Treat Me."

New goods also remained a high priority, Mr Macdonald said. "We've continued to work on improving the buyer and seller experience for those trading in new goods. We welcomed aboard well-known Kiwi retailers like Hallensteins, Glassons and The Warehouse this year. Back in April we also announced a deal with global ecommerce platform provider ChannelAdvisor to facilitate supply from offshore retailers, and we're on track to have some of these sellers trading before Christmas."

Mr Macdonald also announced the acquisition of Tradevine, a cloud-based inventory management tool with integration into Trade Me and other ecommerce channels. "Tradevine provides sellers with a dashboard to manage sales, inventory and listings and we think it will also be a valuable tool for retailers. We're delighted to welcome the Tradevine team on board."

The Trade Me team had grown in line with IPO forecast. Mr Macdonald said a small Christchurch office had recently been established, tapping into the labour pool of talented Canterbury developers. In Wellington, Trade Me has entered into an agreement for the lease of 1 Market Lane, a new building on Cable St due to be ready for occupation in mid-2014.

THE FUTURE

Looking ahead, Mr Macdonald said: "In the short term, we believe the New Zealand economy remains fragile, but we are starting to see some activity out of the Christchurch rebuild, as well as better support in the Auckland property market. We remain committed to delivering on the final part of our IPO forecast over the 6 months ending 31 December 2012.

"In the longer term, we're confident about the prospects of our business and its foundations. Growth in mobile, online retail, and the migration of advertising yield online all provide excellent opportunities for Trade Me over the coming years."

— ENDS —

MORE INFO Trade Me investor website: **http://investors.trademe.co.nz/**

CONTACT Paul Ford, Trade Me, +64 4 803 2611, paul@trademe.co.nz

TRADE ME GROUP LIMITED

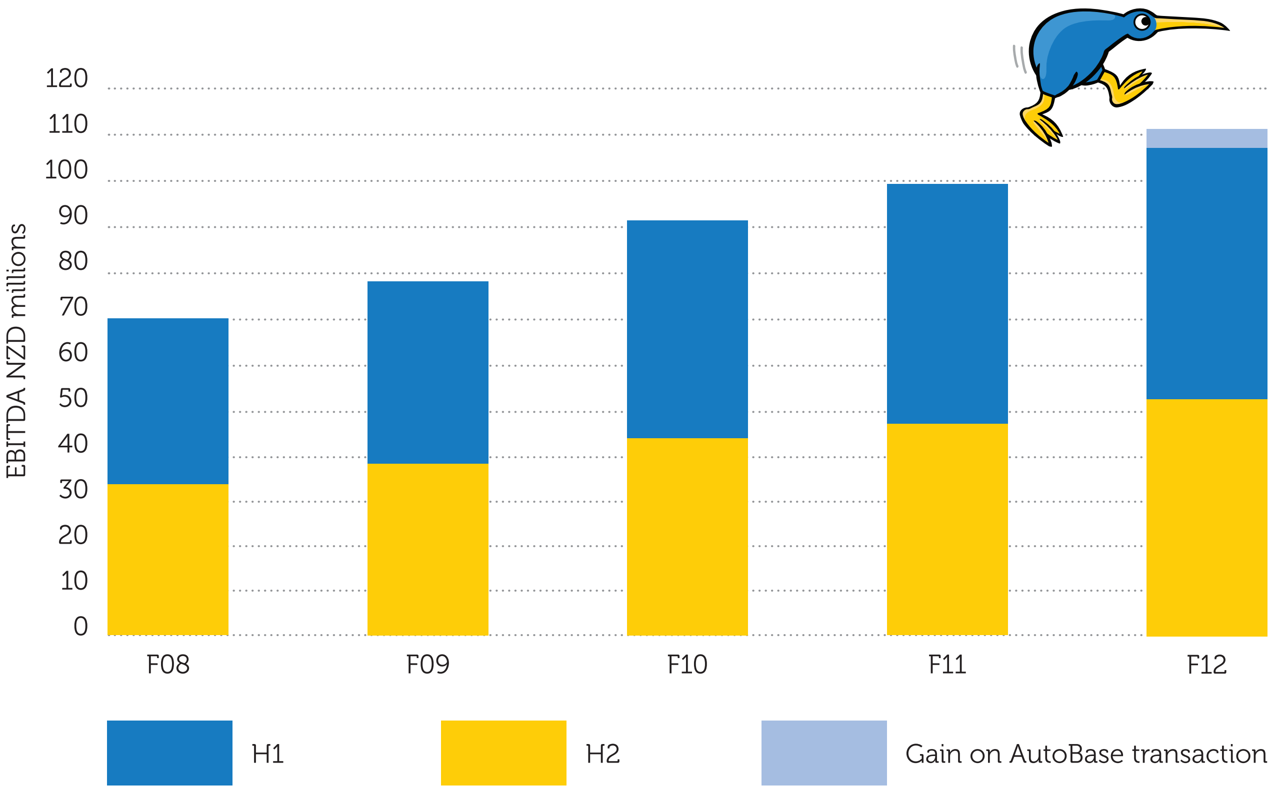
full year report

FOR THE YEAR ENDED 30 JUNE 2012

- Prospectus targets achieved for this financial year
- NPAT for F12 of $75.6 million, up 10.0% on forecast*
- EBITDA of $110.4 million, up 11.3% against F11, and up 4.7% on forecast*
- Earnings per share of 19.1 cents, up from 17.6 cents in F11
- Dividend of 7.8 cents per share to be paid in September 2012 (15% higher than forecast)
- Announcing the acquisition of Tradevine, to further strengthen our new goods proposition
- Mobile and new goods remain a high priority
- Entered an agreement for the lease of a new office building in Wellington from 2014
- On track for 31 December 2012 prospectus target
- For more information visit **investors.trademe.co.nz**

* Figures include $3.3 million gain on AutoBase transaction.

Trade Me EBITDA – 12 months to 30 June



We're pleased to deliver a good full year result for shareholders. Trade Me met its forecast financial result for F12, as set out in the prospectus at the time of the IPO last year.

The numbers

Our EBITDA grew to another record high of $110.4 million, up by 11.3% compared to F11, and 4.7% ahead of our forecast. We delivered NPAT of $75.6 million for F12, up 10.0% on our forecast. Resulting earnings per share has increased from 17.6 to 19.1 cents per share.

We intend to pay a dividend of 7.8 cents per share, consistent with our policy of paying dividends based on approximately 80% of profit. The dividend is payable for the period from 13 December 2011 through to 30 June 2012, and we expect it to be paid to shareholders on 25 September 2012.

There have been no changes to the number of issued shares since the IPO, however our largest shareholder, ASX-listed Fairfax Media, reduced its stake from 66% down to 51% in June 2012.

Operating performance

The performance of the business has been pleasing, especially given the continued soft economic conditions. We have seen varied levels of strength across our portfolio.

General Items has performed very much in line with our expectations. We've seen good performance across our categories, and a shift of activity towards mobile.

The **Classifieds** businesses – Motors, Property, and Jobs – put in a strong performance during F12. We believe there have been several contributors to this including the return of some cyclical stability in Motors and Property, some cyclical strength in Jobs relative to F11, good uptake in premium promotional products, increases in yield through optimising our pricing models, and the acquisition and integration of vehicle listing aggregator AutoBase.

In our **Other** segment, revenue was below forecast through two main causes. First, our Advertising business has fallen short of our revenue expectations. The online display advertising industry has been variable over F12, and we've seen the growth of international publishers at the expense of existing local players. Second, Treat Me came in below a bullish forecast. We view group buying as a young and uncertain industry, but one that still has potential. Separately, we recorded good performances from our dating (FindSomeone) and travel businesses (Travelbug, Holiday Houses, BookIt).

Our **expenses** came in slightly under forecast. We attribute this to focused cost control throughout the year. In particular, we were restrained in our advertising and web infrastructure expenses. Our costs include the transaction costs associated with AutoBase, as well as AutoBase's operating costs for May and June.

Other preparations for long-term growth

We've been focused on expanding our mobile offering. Mobile now accounts for 8% of sales in our General Items business. We also have mobile apps and smartphone-optimised sites across a number of our individual businesses.

We've continued to work on improving the buyer and seller experience for new goods. We've welcomed aboard well-known NZ retailers like Hallensteins, Glassons and The Warehouse. In April, we announced a deal with global ecommerce platform provider ChannelAdvisor to facilitate offshore retailers. We intend to have some Australian sellers up and running via ChannelAdvisor in the run-up to Christmas 2012.

Today we announce the acquisition of Tradevine – another step to improve the seller experience on Trade Me. Tradevine is a cloud-based inventory management tool with strong integration into the back-end systems of Trade Me and other ecommerce channels. It provides users with a dashboard to manage sales, inventory, and listings.

Elsewhere, we've continued to grow in line with our IPO forecast. We've expanded our technology team and we now have development teams in Auckland and Christchurch, complementing our main developer base at our Wellington headquarters. We have secured accommodation to cater for our continued growth, including the lease of 1 Market Lane in Wellington, a new building expected to be ready to occupy in mid-2014.

Community

Our efforts in and around engagement with the community and the wider New Zealand public have continued in F12. We have an excellent long-term relationship with Plunket, and we ran a successful Spring Clean campaign with Starship in September. In May 2012 we announced a new partnership with Kiwis For Kiwi (formerly the Save the Kiwi Trust). We recently renewed our sponsorship with Wellington Zoo and our other sponsorships include support for the tech-related conferences Webstock, WDCNZ and NetHui.

Outlook

In the short term, we believe the New Zealand economy remains fragile, but we are starting to see some activity out of the Christchurch rebuild, as well as better support in the Auckland property market. We remain committed to delivering on the final part of our IPO forecast over the 6 months ending 31 December 2012.

In the longer term, we are confident about the prospects of our business and its foundations. Growth in mobile, online retail, and the migration of advertising yield online all provide excellent opportunities for Trade Me over the coming years.

David Kirk
Chairman

Jon Macdonald
CEO

		Group		Company
	Note	2012 $'000	2011 $'000	2012 $'000
General items		62,408	59,487	-
Classifieds		53,904	44,717	-
Other		26,146	21,007	687
Total revenue		**142,458**	**125,211**	**687**
Employee benefit expense		(17,228)	(12,801)	-
Web infrastructure expense		(2,895)	(1,733)	-
Promotion expense		(2,602)	(3,027)	-
Other expenses	7	(13,097)	(8,929)	-
Total expenses		**(35,822)**	**(26,490)**	**-**
Share of profit from associate	14	502	514	-
Gain recognised on disposal of interest in former associate	14	3,269	-	-
Earnings before interest, tax, depreciation and amortisation		**110,407**	**99,235**	**687**
Depreciation and amortisation	10, 11	(5,165)	(3,519)	-
Earnings before interest and tax		**105,242**	**95,716**	**687**
Finance income	8	1,329	5,563	-
Finance costs		(4,042)	-	(4,024)
Profit/(loss) before income tax		**102,529**	**101,279**	**(3,337)**
Income tax expense	19.1	(26,937)	(31,531)	-
Profit/(loss) for the year		**75,592**	**69,748**	**(3,337)**
Total comprehensive income/(loss) for the year		**75,592**	**69,748**	**(3,337)**
Earnings per share from continuing and discontinued operations				
Basic/diluted (cents per share)	24	19.10	17.62	

These financial statements should be read in conjunction with the notes to the financial statements on pages 10 to 45.

		Group		Company
	Note	**2012 $'000**	**2011 $'000**	**2012 $'000**
ASSETS				
Cash and cash equivalents		39,135	6,012	-
Trade and other receivables	9	5,310	43,309	-
Total current assets		**44,445**	**49,321**	**-**
Property, plant and equipment	10	4,342	4,081	-
Other intangible assets	11	43,675	35,975	-
Goodwill	12	729,724	721,561	-
Investment in subsidiary	13	-	-	1,235,946
Investment in associate	14	-	546	-
Deferred tax asset	19.3	824	189	-
Total non-current assets		**778,565**	**762,352**	**1,235,946**
Total assets		**823,010**	**811,673**	**1,235,946**
LIABILITIES				
Trade and other payables	16	9,303	25,557	3,928
Interest bearing loans and borrowings	18	346	-	346
Income tax payable	19.2	8,944	16,308	-
Total current liabilities		**18,593**	**41,865**	**4,274**
Interest bearing loans and borrowings	18	165,758	-	165,758
Other non-current liabilities		80	250	-
Total non-current liabilities		**165,838**	**250**	**165,758**
Total liabilities		**184,431**	**42,115**	**170,032**
EQUITY				
Contributed equity	20	1,069,051	-	1,069,051
Share based payment reserve	23	200	-	200
Other reserves	2.3	(485,737)	749,885	-
Retained earnings		55,065	19,673	(3,337)
Total equity attributable to owners of the Company		**638,579**	**769,558**	**1,065,914**
Total equity and liabilities		**823,010**	**811,673**	**1,235,946**

For and on behalf of the Board of Directors who authorised these financial statements for issue on 21 August 2012:

David Kirk
Chairman

Joanna Perry
Chair of the Audit Committee

These financial statements should be read in conjunction with the notes to the financial statements on pages 10 to 45.

Group	Note	Ordinary shares $'000	Share based payment reserves $'000	Retained earnings $'000	Other reserves $'000	Total equity $'000
As at 1 July 2010		**-**	**-**	**169,925**	**749,885**	**919,810**
Profit for the year and total comprehensive income		-	-	69,748	-	69,748
Dividends on Trade Me Limited ordinary shares	21	-	-	(220,000)	-	(220,000)
As at 30 June 2011		**-**	**-**	**19,673**	**749,885**	**769,558**
Profit for the year and total comprehensive income		-	-	75,592	-	75,592
Dividends on Trade Me Limited ordinary shares	21	-	-	(40,200)	-	(40,200)
Share based payments	23	-	200	-	-	200
Shares issued to Fairfax Digital Holdings NZ Limited	20	705,672	-	-	(705,672)	-
Initial public offering	20	363,379	-	-	-	363,379
Distribution to Fairfax New Zealand Holdings Limited	2.3	-	-	-	(529,950)	(529,950)
As at 30 June 2012		**1,069,051**	**200**	**55,065**	**(485,737)**	**638,579**

Company	Note	Ordinary shares $'000	Share based payment reserves $'000	Retained earnings $'000	Other reserves $'000	Total equity $'000
As at 1 July 2011		**-**	**-**	**-**		**-**
Profit for the year and total comprehensive income		-	-	(3,337)	-	(3,337)
Share based payments	23	-	200	-	-	200
Shares issued to Fairfax Digital Holdings NZ Limited	20	705,672	-	-	-	705,672
Initial public offering	20	363,379	-	-	-	363,379
As at 30 June 2012		**1,069,051**	**200**	**(3,337)**	**-**	**1,065,914**

Group	Note	2012 $'000	2011 $'000
Receipts from customers (inclusive of GST)		164,850	146,707
Payments to suppliers and employees (inclusive of GST)		(56,467)	(47,911)
Cash transferred to Trust	16	(11,771)	-
Income tax paid		(25,598)	(16,740)
Interest received		1,062	5,184
Dividends received		389	488
Net cash flows from operating activities	28	**72,465**	**87,728**
Proceeds from liquidation of AutoBase Limited	15	3,990	-
Payment for purchase of property, plant and equipment		(1,134)	(4,572)
Proceeds from property, plant and equipment		-	630
Payment for purchase of intangibles		(3,212)	(2,386)
Loans to related parties		(11,532)	(78,058)
Purchase of AutoBase business	15	(15,404)	-
Payment for purchase of business	17	-	(807)
Net cash flows (used in) investing activities		**(27,292)**	**(85,193)**
Payments to owners (dividends)		(8,229)	-
Interest paid on borrowings (including facility fees)		(3,821)	-
Net cash flows (used in) financing activities		**(12,050)**	**-**
Net increase in cash and cash equivalents		**33,123**	**2,535**
Cash and cash equivalents at beginning of period		6,012	3,477
Cash and cash equivalents at end of period		**39,135**	**6,012**

Company	Note
There are no cash flows for the Company	28

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 address of its registered office and primary place of business is Level 3, NZX Centre, 11 Cable Street, Wellington, New Zealand.

Financial statements for the Company (separate financial statements) and consolidated financial statements are presented. The consolidated financial statements of the Company as at and for the year ended 30 June 2012 comprise the Company and its subsidiaries (together referred to as the "Group").

The parent entity of the Company is Fairfax Digital Holdings NZ Limited and the ultimate parent of the Company is Fairfax Media Limited, a company domiciled in Australia and listed on the ASX.

The nature of the operations and principal activities of the Company are to operate and manage all Trade Me websites including online auctions, classifieds and group buying.

2 | Summary of significant accounting policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("GAAP") and the requirements of the Companies Act 1993 and the Financial Reporting Act 1993. They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit oriented entities.

The financial statements also comply with International Financial Reporting Standards ("IFRS").

The financial statements were authorised for issue by the Board of Directors on 21 August 2012.

2.2 Basis of preparation

The Group financial statements have been prepared on a historical cost basis.

The principal accounting policies adopted in the preparation of the financial statements are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transaction and other events is reported. These policies have been consistently applied to all the periods presented, unless otherwise stated.

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

2.3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the judgements, apart from those involving estimation, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in these financial statements:

GROUP REORGANISATION

On 13 December 2011 the Company acquired 100% of the Trade Me Limited share capital from Fairfax New Zealand Holding Limited (FNZHL), via two intermediary holding companies. The reorganisation has resulted in the new legal parent Trade Me Group Limited (formed on 13 October 2011) wholly owning Trade Me Limited, the continuing economic entity.

To reflect the substance of the reorganisation the consolidated financial statements have been prepared as a continuation of Trade Me Limited, as accounted for by its previous holding company FNZHL and adjusted for the impact of the initial public offer (IPO), using the book value method of accounting.

The book value method of accounting involves:

- from the earliest comparative period, the recognition of the book value of the business assets and liabilities, including goodwill and intangible assets as reported in the consolidated financial statements of Fairfax New Zealand Holdings Limited;
- the transfer of the opening balance of Trade Me Limited share capital to other reserves in the comparative period to reflect the legal share capital of the Company prior to the initial public offer;
- no new goodwill is recognised as a result of the combination; and
- no adjustments are made to reflect fair value.

The book values of goodwill and intangible assets reported in FNZHL's consolidated financial statements arose from FNZHL's original acquisition of Trade Me Limited in 2006. The use of these existing book values in the Group's statement of financial position, together with the new share capital and debt, resulted in a debit adjustment on consolidation of $485.7 million which is recorded in reserves.

The consideration of $1,235.7 million for the acquisition of Trade Me Limited was funded through:

- the gross proceeds from the initial public offer (IPO) of $363.4 million;
- cash of $166.0 million drawn down under the Company's debt facility;
- the issue of 261.4 million shares at a total value of $705.7 million to Fairfax Digital Holdings NZ Limited, a wholly owned subsidiary of FNZHL; and
- cash paid of $0.7 million for the executive share plan.

The cash proceeds from the initial public offer and debt facility were not received by the Company and instead were paid directly to entities within the wider Fairfax Group. Accordingly, these transactions are not included in the statement of cash flows.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

IMPAIRMENT TESTING OF GOODWILL

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the Group's cash-generating units and a suitable discount rate in order to calculate the present value. An increase in the discount rate applied of 1% would result in no impairment of goodwill.

2.4 Functional and presentation currency

Both the functional and presentation currency of the Company is New Zealand Dollars ($). Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rate at balance date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

2.5 Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) as at the reporting date. Control is achieved where the Company has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are recorded at cost less any impairment in the Company's financial statements.

2.6 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with NZ IAS 39 – *Financial Instruments: Recognition and Measurement*, or NZ IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

2.7 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 2.6 above) less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. The recoverable amount is the higher of the fair value less cost to sell or the value in use. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss is recognised immediately in profit or loss and is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate and impairment testing of the carrying amount is described at 2.8 below.

2.8 Investments in associates

Investments in associates are accounted for using the equity method of accounting. Associates are entities over which the Company has significant influence and that are neither subsidiaries nor joint ventures.

Under the equity method, investments in associates are carried at cost plus post acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition reserve movements is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are not recognised in profit or loss, but instead are recorded as a reduction in the carrying amount of the investment.

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates. The Group determines at each reporting date whether there is any objective evidence that the investment is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the "share of profit from associate" in profit or loss.

2.9 Revenue recognition and prepaid commissions

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the amount of the revenue can be reliably measured.

Member income

Income from members is recognised when either:

- members have their prepay accounts charged for using Trade Me services;
- members forfeit prepaid balances on the closing of accounts;
- manual processing fees are charged to members obtaining refunds of prepay accounts; or
- other fees are charged to members in accordance with Trade Me terms and conditions.

The Group operates member prepay accounts, where members deposit funds on account for future use of Trade Me services. From 1 November 2011 Trade Me Limited changed its terms and conditions to state that all member funds are now held on bare trust on behalf of members. The funds were separated from the Group's working capital and are now held in a separate bank account. Because the funds are now held on trust, the cash is no longer considered an asset or income received in advance, and so the cash and related prepaid member liability have been removed from the Group's statement of financial position (refer note 16).

Other service income

The Group recognises income relating to online services provided to commercial clients in motors, property, jobs, advertising, travel and group buying at the point at which the service is delivered.

Finance income

Interest revenue is recognised as interest accrues using the effective interest method.

2.10 Interest bearing liabilities

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.

2.11 Finance costs

Finance costs include interest on external debt (borrowing costs) and amortisation of associated transaction costs. All borrowing costs are expensed in the period they occur.

2.12 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position and statement of cash flows comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Short term deposits with an original maturity of greater than three months are also included within cash and cash equivalents if the term deposit can be terminated at an earlier date, without incurring penalties.

2.13 Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment. Collectability of trade receivables is reviewed on an on-going basis and a provision for doubtful debts is made when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, or amounts significantly overdue are considered objective evidence of impairment.

2.14 Goods and Service Tax ("GST")

The financial statements have been prepared so that all components are stated exclusive of GST, except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of an asset or as part of the expense item as applicable; and
- trade receivables and payables, which include GST invoiced.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. GST paid to the taxation authority is included within payments to suppliers and employees in the statement of cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the taxation authority.

2.15 Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributed to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at balance date.

Deferred tax assets and liabilities are recognised for temporary differences at the balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets and liabilities are not recognised if the temporary difference arises from goodwill.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

2.16 Property, plant and equipment

Property, plant and equipment is initially recorded at cost, including costs directly attributable to bring the asset to its working condition, less accumulated depreciation and any accumulated impairment losses. Any expenditure that increases the economic benefits derived from the asset is capitalised. Expenditure on repairs and maintenance that does not increase the economic benefits is expensed in the period it occurs.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets. Major depreciation categories are as follows:

Plant and equipment	8% – 21%
Computer equipment	40%
Motor vehicles	21%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate at each financial year end.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. When an item of property, plant and equipment is disposed of, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

2.17 Other intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Other intangible assets include brands, software, web-site development costs and customer relationships.

Acquired software licenses and costs directly incurred in purchasing or developing computer software are capitalised as intangible assets when it is probable that they will generate future economic benefits for the Group. Website development costs include external costs, and wages and overheads that are directly attributable to the website development.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised on a straight line basis over the estimated useful life of the specific assets as follows:

Website development costs	40%
Software	40%
Customer relationships	20%

Intangible assets with indefinite useful lives are tested for impairment as outlined in 2.18 below.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

2.18 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.19 Trade and other payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

2.20 Employee entitlements

Liabilities for wages, salaries and annual leave are recognised in the provision for employee benefits and measured at the amounts expected to be paid when the liabilities are settled. The employee benefit liability expected to be settled within twelve months from balance date is recognised in current liabilities.

2.21 Share based payments

Equity settled employee share plans

The cost of equity settled employee share plans is measured based on the fair value of shares or options at the date on which they are granted. The cost is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense at each reporting date until vesting date reflects the extent to which the vesting period has expired and the best estimate of the number of shares/options expected to vest. If there are no vesting conditions, the total cost is recognised at grant date.

Cash settled employee share plans

The cost of cash settled transactions is measured at fair value and is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense.

2.22 Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at balance date using a discounted cash flow methodology. The increase in the liability as a result of the passage of time is recognised in finance costs.

2.23 Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date, whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys the right to use the asset, even if that right is not explicitly specified in an arrangement.

Operating leases – Group as lessee

Where the Group is the lessee, leases where the lessor retains substantially all the risks and benefits of ownership of assets are classified as operating leases. Net rental payments, excluding contingent payments, are recognised as an expense in profit or loss on a straight-line basis over the period of the lease. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

2.24 Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.25 Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.26 Earnings per share

The legal share capital of the Company and Group during the year ended 30 June 2011 was nil. Because the share issue in December 2011 did not result in a change in total equity for the Group, basic and diluted earnings per share has been calculated using the shares on issue as at 30 June 2012 rather than the weighted average for both the current and comparative period.

2.27 Operating segments

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker responsible for allocating resources and assessing performance of operating segments is the Chief Executive Officer.

2.28 Non-GAAP reporting measures

Additional reporting measures have been presented in the statement of comprehensive income or referenced to in the notes to the financial statements. The following non-GAAP measures are relevant to the understanding of the Group financial performance:

- EBIT (a non-GAAP measure) represents earnings before income taxes (a GAAP measure), excluding interest income and expense, as reported in the financial statements.
- 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.
- EBITDAG (a non-GAAP measure) represents earnings before income taxes (a GAAP measure), excluding interest income, interest expense, depreciation and amortisation, and gain on disposal on associate as reported in the financial statements.

3 | New standards, amendments and interpretation

Standards, amendments and interpretation effective in the current period

The following are the new or revised standards, amendments and interpretations applicable to the Group which are in issue that are not yet required to be adopted by the Group in preparing its financial statements for the year ended 30 June 2012:

Standard/interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
NZ IFRS 9 'Financial Instruments'	1 January 2015	30 June 2016
NZ IFRS 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
NZ IFRS 12 'Disclosure of Interests in Other Entities'	1 January 2013	30 June 2014
NZ IFRS 13 'Fair Value Measurement'	1 January 2013	30 June 2014
NZ IAS 27 'Separate Financial Statements'	1 January 2013	30 June 2014
Amendments to NZ IAS 19 'Employee Benefits'	1 January 2013	30 June 2014
Improvements to IFRS: 2009 – 2011 cycle	1 January 2013	30 June 2014

The financial statement impact of adoption of these standards, amendments and interpretations are not expected to have a material impact on the financial statements reported by the Group.

Adoption of new and revised standards, amendments and interpretations

The standards, amendments and interpretations listed below applicable to the Group became mandatory in the current year.

- Amendments to NZ IFRS 7 Financial Instruments: Disclosures
- Amendments to New Zealand Equivalents to International Financial Reporting Standards to Harmonise with International Financial Reporting Standards and Australian Accounting Standards
- FRS 44 NZ Additional Disclosures
- Amendments to FRS 44 NZ Additional Disclosures
- Amendments to NZ IFRS 7 Financial Instruments: Disclosures – Appendix E
- Amendments to NZ IAS 24 Related Party Disclosures
- Revised improvements to NZ IFRS (2010)

The adoption of these new and revised standards, amendments and interpretations did not have a material impact on the results or position reported by the Group.

4 | Comparison against prospectus forecast

4.1 Statement of comprehensive income vs. prospectus forecast

Group	Actual 30 June 2012 $'000	Reclassified forecast* 30 June 2012 $'000	Original forecast** 30 June 2012 $'000
General items	62,408	61,880	64,800
Classifieds	53,904	51,100	51,100
Other	26,146	28,397	28,900
Total revenue	**142,458**	**141,377**	**144,800**
Employee benefit expense	(17,228)	(17,500)	(17,500)
Promotion expense	(2,602)	(3,580)	(6,500)
Web infrastructure expense	(2,895)	(3,100)	(3,100)
Other expenses	(13,097)	(12,297)	(12,800)
Total expenses	**(35,822)**	**(36,477)**	**(39,900)**
Share of profit from associate	502	600	600
Earnings before interest, tax, depreciation, amortisation, and gain on associate	**107,138**	**105,500**	**105,500**
Gain recognised on disposal of interest in former associate	3,269	-	-
Earnings before interest, tax, depreciation and amortisation	**110,407**	**105,500**	**105,500**
Depreciation and amortisation	(5,165)	(5,300)	(5,300)
Earnings before interest and tax	**105,242**	**100,200**	**100,200**
Finance income	1,329	900	900
Finance costs	(4,042)	(5,500)	(5,500)
Profit before income tax	**102,529**	**95,600**	**95,600**
Income tax expense	(26,937)	(26,900)	(26,900)
Profit for the year	**75,592**	**68,700**	**68,700**
Total comprehensive income for the year	**75,592**	**68,700**	**68,700**

* For comparability purposes the 30 June 2012 prospectus forecast has been reclassified in accordance with the reclassification of the 30 June 2011 comparatives in the statement of comprehensive income (refer note 5).

** The forecast numbers for the year ended 30 June 2012 formed part of the investment statement and prospectus dated 9 November 2011.

Earnings before gain on associate, interest, tax, depreciation and amortisation for the period was $1.6 million (1.6%) ahead of the prospectus forecast.

Revenue was slightly above forecast by $1.1 million (0.8%), reflecting strength in the 'classifieds' businesses, partially offset by lower than forecast 'other' revenue.

Expenses were slightly below forecast by $0.7 million (1.8%), primarily due to slower than anticipated hiring of staff and realised cost savings in marketing spend.

4.2 Statement of financial position vs. prospectus forecast

Group	Actual as at 30 June 2012 $'000	Forecast* as at 30 June 2012 $'000
ASSETS		
Cash and cash equivalents	39,135	43,000
Trade and other receivables	5,310	4,500
Total current assets	**44,445**	**47,500**
Property, plant and equipment	4,342	5,100
Other intangible assets	43,675	36,500
Goodwill	729,724	721,600
Investment in associate	-	600
Deferred tax asset	824	200
Total non-current assets	**778,565**	**764,000**
Total assets	**823,010**	**811,500**
LIABILITIES		
Trade and other payables	9,303	5,400
Interest bearing loans and borrowings	346	-
Income tax payable	8,944	8,400
Total current liabilities	**18,593**	**13,800**
Interest bearing loans and borrowings	165,758	166,000
Other non-current liabilities	80	300
Total non-current liabilities	**165,838**	**166,300**
Total liabilities	**184,431**	**180,100**
EQUITY		
Contributed equity	1,069,051	1,069,200
Share based payment reserve	200	-
Other reserves	(485,737)	(485,300)
Retained earnings	55,065	47,500
Total equity attributable to owners of the Company	**638,579**	**631,400**
Total equity and liabilities	**823,010**	**811,500**

* The forecast numbers as at 30 June 2012 formed part of the investment statement and prospectus dated 9 November 2011.

Total non-current assets are above forecast by $14.6 million (1.4%) driven largely by the unanticipated purchase of the AutoBase business by way of asset purchase.

Total liabilities are above forecast by $4.3 million (2.4%) as a result of unanticipated and higher than expected trade payables at year end.

4.3 Statement in changes of equity vs. prospectus forecast

Group	Actual 30 June 2012 $'000	Forecast* 30 June 2012 $'000
Opening equity	**769,558**	**769,700**
Profit and total comprehensive income for the period	75,592	68,700
Pre-offer dividends on ordinary shares	(40,200)	(41,000)
Share based payments	200	-
Shares issued:		
Shares issued to prospective investors	363,379	363,500
Shares issued to Fairfax Media Subsidiary Shareholder	705,672	705,700
Cash payment to Fairfax Media related entities for transfer of Trade Me	(529,950)	(529,500)
Re-issue of shares for transfer of Trade Me	(705,672)	(705,700)
Total equity	**638,579**	**631,400**
Represented by:		
Contributed equity	1,069,051	1,069,200
Share based payment reserve	200	-
Other reserves	(485,737)	(485,300)
Retained earnings	55,065	47,500
Total equity	**638,579**	**631,400**

* The forecast statement of changes in equity for the year ended 30 June 2012 formed part of the investment statement and prospectus dated 9 November 2011.

There were no significant departures from forecast other than profit for the year.

4.4 Statement of cash flows vs. prospectus forecast

Group	**Actual 30 June 2012 $'000**	**Forecast* 30 June 2012 $'000**
Receipts from customers (inclusive of GST)	164,850	165,000
Payments to suppliers and employees (inclusive of GST)	(56,467)	(60,800)
Cash transferred to Trust	(11,771)	(12,000)
Income tax (paid)	(25,598)	(25,400)
Interest received	1,062	900
Dividends received	389	600
Net cash flows from operating activities	**72,465**	**68,300**
Proceeds from liquidation of AutoBase Limited	3,990	-
Payment for purchase of property, plant and equipment	(1,134)	(4,100)
Payment for purchase of intangibles	(3,212)	(2,800)
Payment for purchase of AutoBase business	(15,404)	-
Proceeds from settlement of related party loans**	(11,532)	22,100
Net cash flows (used in) investing activities	**(27,292)**	**15,200**
Payments to owners**	-	(529,500)
Interest paid on borrowings (including facility fees)	(3,821)	(5,500)
Proceeds from issue of capital**	-	363,500
Proceeds from borrowings**	-	166,000
Dividends paid**	(8,229)	(41,000)
Net cash flows (used in) financing activities	**(12,050)**	**(46,500)**
Net increase in cash and cash equivalents	**33,123**	**37,000**
Cash and cash equivalents at beginning of period	6,012	6,000
Cash and cash equivalents at end of period	**39,135**	**43,000**

* The forecast statement of cash flows for the year ended 30 June 2012 formed part of the investment statement and prospectus dated 9 November 2011.

** The forecast statement of cash flows showed anticipated cash flows as a result of the group reorganisation and initial public offering process (refer note 2.3). However through a change in the settlement arrangement with FNZHL, these inflows and outflows of cash and cash equivalents did not pass through the Group, and are therefore appropriately excluded from the statement of cash flows.

Net cash flows from operating activities is $4.2 million (6.1%) above forecast. The main contributing factors arise from a decrease in payments to suppliers and employees which is driven by the larger than expected trade payables as at 30 June 2012.

The $15.4 million purchase of the AutoBase business (refer note 14 and 15) was not anticipated at the time of the prospectus.

5 | Comparatives

During the prior year volume rebates and other direct costs were included within "other expenses" and "promotion expense" in the Trade Me Limited statement of comprehensive income. In the current financial year, volume rebates and other direct costs have been reclassified to offset against associated revenue in order to more accurately reflect the fair value of revenue received. As a result in the comparative year "other expenses" and "promotion expenses" have reduced in total by $3.6 million as has "revenue".

In the Trade Me Limited 30 June 2011 statement of comprehensive income, depreciation and amortisation were included within "other expenses". In the current financial year depreciation and amortisation have been separately disclosed in the statement of comprehensive income to align the presentation with the Trade Me Group Limited prospectus. As a result the comparative year disclosure for 30 June 2011 has reclassified $3.5 million from "other expenses" to "depreciation and amortisation" in the statement of comprehensive income.

In accordance with NZ IAS 1 – *Presentation of Financial Statements*, a third balance sheet has not been disclosed as comparative opening balances need no adjustment.

Group	Prospectus disclosure* 30 June 2011 $'000	Original disclosure 30 June 2011 $'000	Revised disclosure 30 June 2011 $'000
General items			59,487
Classifieds			44,717
Other			21,007
Total revenue	**128,804**	**128,804**	**125,211**
Employee benefit expense		(12,801)	(12,801)
Web infrastructure expense		(1,733)	(1,733)
Promotion expense		(5,085)	(3,027)
Other expenses		(14,565)	(8,929)
Total expenses	**(30,665)**	**(34,184)**	**(26,490)**
Share of profit from associate	514	514	514
Depreciation and amortisation	(3,519)	-	(3,519)
Gain on disposal of plant and equipment	582	582	-
Earnings before interest and tax	**95,716**	**95,716**	**95,716**

* The statement of comprehensive income for the year ended 30 June 2011 disclosure included in the investment statement and prospectus dated 9 November 2011.

6 | Segment reporting

6.1 Services from which reportable segments derive their revenues

Directors have determined the operating segments based on the reports reviewed by the Group's Chief Executive Officer to assess performance, allocate resources and make strategic decisions.

The Group's reportable segments are therefore as follows:

General items

Success fees make up the largest proportion of revenue for the General Items reportable segment, and are driven by both the number of completed transactions (listings sold) and the total sales value of completed transactions.

Classifieds

Classifieds revenue is primarily from basic and premium listing fees from the three classified businesses:

- Motors;
- Property; and
- Jobs.

Other

Other revenue includes:

- Advertising;
- Travel;
- FindSomeone;
- Pay Now; and
- Treat Me.

6.2 Segment revenues and reconciliation to overall result

The following is an analysis of the Group's revenue from continuing operations by reportable segment. A reconciliation has been performed to the statement of comprehensive income, however the Group does not currently allocate or report expenses to the Chief Executive Officer by operating segment. Therefore a measure of operating segment profit or loss is not disclosed below.

Group	**2012 $'000**	**2011 $'000**
General items	62,408	59,487
Classifieds	53,904	44,717
Other	26,146	21,007
Total revenue from continuing operations	**142,458**	**125,211**
Operating expenses	(35,822)	(26,490)
Depreciation and amortisation	(5,165)	(3,519)
Share of profit from associate	502	514
Gain recognised on disposal of interest in former associate	3,269	-
Finance income	1,329	5,563
Finance costs	(4,042)	-
Profit before income tax	**102,529**	**101,279**

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2.

Segment revenue reported above represents revenue generated from external customers. There was no inter-segment revenue in the current period (2011: nil).

6.3 Segment assets and liabilities

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.

6.4 Other information

Geographical

The Group operates within New Zealand, and derived no material revenue from foreign countries for the year ended 30 June 2012 (2011: nil).

Information about major customers

No single customer contributed 10% or more to the Group's revenue for the year ended 30 June 2012 (2011: nil).

7 | Other expenses include

Group	**2012 $'000**	**2011 $'000**
Loss/(gain) on disposal of plant and equipment	2	(582)
Donations	76	83
Net foreign exchange gains	10	1
Operating lease expenditure including rent	972	835
Remuneration to the auditors included:		
Audit of annual financial statements	98	75
Review of interim (half year) financial statements	41	-
Preparation of greenhouse gas emissions reporting ('CarboNZero')	7	-
Tax advisory	2	-
Total remuneration paid or payable to Ernst & Young	**148**	**75**

8 | Finance income

Group	Note	2012 $'000	2011 $'000
Short term bank deposits		819	41
Loans to related parties	25	476	4,801
IRD use of money interest		34	721
Total finance income		**1,329**	**5,563**

9 | Trade and other receivables

Group	Note	2012 $'000	2011 $'000
Trade receivables		3,963	3,328
Provision for doubtful debts		(122)	(94)
Prepayments		174	351
Accrued revenue		396	290
Amounts due from related parties	25	899	39,434
Total trade and other receivables		**5,310**	**43,309**
Movement in the provision for doubtful debts were as follows:			
Opening balance		94	256
Charge for the year		285	74
Amounts written off		(257)	(236)
Closing balance		**122**	**94**
Ageing of past due impaired and not impaired trade receivables			
0-30 days		3,678	3,111
31-60 days		131	95
31-60 days (considered impaired)		1	23
61-90 days (past due but not impaired)		32	18
61-90 days (considered impaired)		1	4
> 90 days (past due but not impaired)		-	9
> 90 days (considered impaired)		120	68
Total trade receivables		**3,963**	**3,328**

10 | Property, plant and equipment

Group	Note	Motor vehicles $'000	Computer equipment $'000	Plant and equipment $'000	Total $'000
Gross carrying amount					
Balance at 1 July 2010		**66**	**8,704**	**892**	**9,662**
Additions		78	1,790	143	2,011
Disposals		(12)	(280)	(1)	(293)
Balance at 30 June 2011		**132**	**10,214**	**1,034**	**11,380**
Additions		13	2,240	409	2,662
Acquisition as part of business combination	15	-	39	18	57
Disposals		-	-	(9)	(9)
Balance at 30 June 2012		**145**	**12,493**	**1,452**	**14,090**
Accumulated depreciation					
Balance at 1 July 2010		**(38)**	**(5,054)**	**(410)**	**(5,502)**
Disposals		8	236	-	244
Depreciation		(11)	(1,912)	(118)	(2,041)
Balance at 30 June 2011		**(41)**	**(6,730)**	**(528)**	**(7,299)**
Disposals		-	-	4	4
Depreciation		(27)	(2,297)	(129)	(2,453)
Balance at 30 June 2012		**(68)**	**(9,027)**	**(653)**	**(9,748)**
Net book value					
Balance at 30 June 2011		**91**	**3,484**	**506**	**4,081**
Balance at 30 June 2012		**77**	**3,466**	**799**	**4,342**

11 | Other intangible assets

Group	Note	Brand $'000	Software $'000	Development costs $'000	Other $'000	Total $'000
Gross carrying amount						
Balance at 1 July 2010		**32,691**	**1,831**	**2,980**	**376**	**37,878**
Additions		-	406	1,980	-	2,386
Disposals		-	-	-	-	-
Balance at 30 June 2011		**32,691**	**2,237**	**4,960**	**376**	**40,264**
Additions		-	446	2,766	-	3,212
Acquisition as part of business combination	15	-	7,200	-	-	7,200
Disposals		-	-	(1,766)	-	(1,766)
Balance at 30 June 2012		**32,691**	**9,883**	**5,960**	**376**	**48,910**
Accumulated amortisation						
Balance at 1 July 2010		**-**	**(986)**	**(1,810)**	**(15)**	**(2,811)**
Disposals		-	-	-	-	-
Amortisation		-	(437)	(966)	(75)	(1,478)
Balance at 30 June 2011		**-**	**(1,423)**	**(2,776)**	**(90)**	**(4,289)**
Disposals		-	-	1,766	-	1,766
Amortisation		-	(847)	(1,773)	(92)	(2,712)
Balance at 30 June 2012		**-**	**(2,270)**	**(2,783)**	**(182)**	**(5,235)**
Net book value						
Balance at 30 June 2011		**32,691**	**814**	**2,184**	**286**	**35,975**
Balance at 30 June 2012		**32,691**	**7,613**	**3,177**	**194**	**43,675**

12 | Goodwill

Group	Note	Goodwill $'000
Gross carrying amount		
Balance at 1 July 2010		**721,561**
Additions		-
Disposals		-
Balance at 30 June 2011		**721,561**
Additions		
Acquisition as part of business combination	15	8,163
Disposals		-
Balance at 30 June 2012		**729,724**
Accumulated impairment		
Balance at 1 July 2010		**-**
Disposals		-
Impairment		-
Balance at 30 June 2011		**-**
Disposals		-
Impairment		-
Balance at 30 June 2012		**-**
Net book value		
Balance at 30 June 2011		**721,561**
Balance at 30 June 2012		**729,724**

12.1 Allocation of goodwill and brand to cash generating units

Management reviews the business performance for three reporting segments (refer note 6), being separately identifiable cash generating units. Due to the substantial change arising as a result of the group reorganisation (refer note 2.3), the goodwill has been reallocated to these three segments. Prior to the Group reorganisation goodwill and brand was allocated to Trade Me as one cash generating unit. The balance of goodwill is also monitored by management at the operating segment level. The following is a summary of goodwill and brand allocation for each cash generating unit:

	Goodwill		Brand	
Cash generating unit	**2012 $'000**	**2011 $'000**	**2012 $'000**	**2011 $'000**
Trade Me Group	-	721,561	32,691	32,691
General Items	295,663	-	-	-
Classifieds	355,806	-	-	-
Other	78,255	-	-	-
Total	**729,724**	**721,561**	**32,691**	**32,691**

General items, Classifieds and Other

The recoverable amount for the 'General items', 'Classifieds' and 'Other' cash-generating units is determined based on value in use calculations. These calculations use cash flow projections based on the 2013 financial budgets approved by the directors extrapolated over a five-year period, and a discount rate of 10.02% per annum.

Cash flow projections during the budget period are based on the same (or lower) expected revenue growth rates as approved by the directors in the budget process. The discounted cash flow valuations were calculated using projected five year future cash flows, based on Board approved business plans. Cash flows beyond five years have been extrapolated using a post-tax discount rate of 10.03%, and a conservative terminal growth rate of 2.5%.

The calculations which are applied consistently against the 'General items', 'Classifieds' and 'Other' cash-generating units, confirmed that there was no impairment of goodwill or brand during the year (2011: nil). The Directors believe that any reasonable possible change in the key assumptions including an increase in the discount rate applied, would not cause the carrying amount to exceed its recoverable amount.

12.2 Brand

The continued increase in member numbers and transactions through the various Trade Me websites supports the assumption that the brand has an indefinite useful life.

13 | Subsidiaries

Details of the Group subsidiaries at balance date are as follows:

Name of subsidiary	**Principal activity**	**Place of incorporation**	**Ownership interests and voting rights**	
			2012	**2011**
Trade Me Limited	Operate and manage all Trade Me websites including the online marketplace, classifieds and group buying.	New Zealand	100%	100%
Old Friends Limited	Non-trading.	New Zealand	100%	n/a
Trade Me Travel Trustees Limited	Non-trading.	New Zealand	n/a	100%

Refer to note 2.3 for details of the acquisition of Trade Me Limited in December 2011.

14 | Investment in associate

The Group had a 25.4% interest in AutoBase Limited, an unlisted company incorporated in New Zealand. AutoBase Limited had a 31 March balance date and did not change its balance date to match the Group because the other Shareholders of AutoBase Limited were New Zealand shareholders with 31 March balance dates.

On 30 April 2012 the Group purchased the assets and liabilities constituting the business of AutoBase (refer note 15).

14.1 Movement in the carrying amount of investment in AutoBase Limited

Group	2012 $'000	2011 $'000
Opening balance	**546**	**519**
Dividends received	(389)	(487)
Share of profit	502	514
Effective disposal of associate	(659)	-
Total investment in associate	**-**	**546**

As set out in note 15, the AutoBase business was acquired on 30 April 2012. On acquisition of the business, the existing associate carrying amount was remeasured at its acquisition date fair value with the resulting gain recognised in profit or loss. This results in an effective disposal of the existing investment in associate as part of the recognition of the new business. The associate was subsequently put into voluntary liquidation, with the net proceeds distributed to shareholders.

	$'000
Carrying value of associate prior to business combination	659
Gain recognised on measurement at fair value	3,269
Fair value of equity interest in AutoBase Limited (note 15)	**3,928**

14.2 Summarised financial information of associate

	For the year ended 31 March 2011 $'000
Current assets	736
Non-current assets	110
Current liabilities	(683)
Net assets	**163**
Revenue	7,815
Profit	**1,894**

15 | Business combinations

On 30 April 2012 the Group purchased the assets and liabilities constituting the business of AutoBase from AutoBase Limited, a company in which the Group held a 25.4% shareholding, and accounted for as an associate (refer note 14). AutoBase is an online 'Dealer-only' doorway to Trade Me Motors providing online services and solutions to dealers and classified dealer listings.

As a result of the acquisition above, the Group is expected to be a more significant provider of dealer online services, as well as reducing costs through economies of scale.

On 1 May 2012 following the sale of its assets and liabilities, AutoBase Limited was put into voluntary liquidation and the proceeds from the sale of the assets and liabilities of AutoBase Limited were distributed to the shareholders in accordance with their proportionate equity interest.

Assets and liabilities acquired at the date of acquisition

Group	2012 $'000
Software	7,200
Property, plant and equipment	57
Goodwill (i)	8,163
Other liabilities	(16)
Total	**15,404**
Satisfied by:	
Cash paid	15,466
Cash realised on liquidation of AutoBase (ii)	(3,990)
Fair value of equity interest in AutoBase held before the business combination (ii)	3,928
Fair value of consideration paid	**15,404**

i. Goodwill of $8.2 million arose in the business combination because the cost of the combination effectively includes amounts in relation to the benefits of economies of scale and revenue growth. These benefits are not recognised separately from goodwill as they do not meet the recognition criteria for intangible assets. None of the goodwill is expected to be deductible for tax purposes.

ii. The fair value of the Group's equity interest in AutoBase held before the business combination amounted to $3.9 million which was realised upon liquidation of AutoBase. The Group recognised a gain of $3.3 million as a result of measuring at fair value its 25.4% equity in AutoBase held before the business combination. The gain is included in profit or loss for the year ended 30 June 2012.

The revenue included in the Group statement of comprehensive income since 30 April 2012 contributed from the AutoBase business was $1.6 million. Contributed profits from the purchase of the AutoBase assets are not measured or reported to this level of detail.

Acquisition-related costs included in other expenses in the Group statement of comprehensive income for the year amounted to $0.1 million.

Had the assets and liabilities in the AutoBase business been purchased from 1 July 2011, the Group statement of comprehensive income would have included revenue of $9.3 million. Profits from the AutoBase business are not measured or reported to this level of detail.

16 | Trade and other payables

		Group		Company
	Note	2012 $'000	2011 $'000	2012 $'000
Trade payables		2,680	1,084	-
Related party payables	25	203	9,309	3,789
Accrued expenses		4,059	3,106	15
Revenue in advance		1,366	1,250	-
Prepaid member accounts		-	10,236	-
Employee entitlements		995	572	124
Total trade and other payables		**9,303**	**25,557**	**3,928**

From 1 November 2011 Trade Me Limited changed its terms and conditions to state that all member funds are now held on bare trust on behalf of members. On 1 November 2011 $11.8m of funds were separated from the Group's working capital and are now held in a separate bank account. Because the funds are now held on trust, the cash is no longer considered an asset to the Group and so the cash and related prepaid member liability have been removed from the statement of financial position.

17 | Provisions

Group	2012 $'000	2011 $'000
Opening balance	**-**	**807**
Provision utilised	-	(811)
New provision recognised	-	-
Interest accrued	-	4
Retention for BookIt acquisition	**-**	**-**

In the prior year the Group retained $800,000 of the purchase consideration of the BookIt assets to cover any liabilities that may have arisen in the 12 months post acquisition. Interest was earned at 2% per annum and a total of $811,303 was paid to the previous owners on 20 January 2011.

18 | Interest bearing loans and borrowings

	Group		Company
	2012 $'000	**2011 $'000**	**2012 $'000**
Committed cash advance facility	166,000	-	166,000
Deferred funding costs	(242)	-	(242)
Accrued interest	346	-	346
Total interest bearing liabilities	**166,104**	**-**	**166,104**
Current portion	346	-	346
Non-current portion	165,758	-	165,758
Total interest bearing liabilities	**166,104**	**-**	**166,104**

The Commonwealth Bank of Australia has provided a $200.0 million committed cash advance loan facility to the Company. The facility was partially drawn down on 13 December 2011 and is for a term of three years ending 13 December 2014.

The interest rate is reset every 90 days (refer note 26).

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 earnings before interest, tax, depreciation and amortisation, and interest cover.

There have been no covenant breaches.

19 | Tax

19.1 Income tax recognised in profit or loss

	Group		Company
	2012 $'000	**2011 $'000**	**2012 $'000**
Tax expense comprises:			
Current tax charge	27,572	30,896	(1,185)
Deferred tax income relating to the origination and reversal of temporary differences	(635)	635	1,185
Total tax charge	**26,937**	**31,531**	**-**

The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:

Profit/(loss) before income tax	102,529	101,279	(3,337)
Income tax expense calculated at 28% (2011: 30%)	28,708	30,384	(934)
Non-deductible expenses	98	38	33
Non-assessable income	(1,074)	(154)	(192)
Other	(795)	1,263	1,093
Total tax charge	**26,937**	**31,531**	**-**

19.2 Current tax assets and liabilities

Group	**2012 $'000**	**2011 $'000**
Current tax liability:		
Tax payable	8,944	16,308
Total tax payable	**8,944**	**16,308**

19.3 Deferred tax balances

Group	**2012 $'000**	**2011 $'000**
Deferred tax comprises:		
Deferred tax asset	824	689
Deferred tax liability	-	(500)
Net deferred tax	**824**	**189**

Company
There is an unrecognised deferred tax asset for the parent of $1.2 million consisting of tax losses which will be surrendered to the tax group for nil consideration (2011: nil).

Group 2012	Opening balance $'000	Charged to profit or loss $'000	Closing balance $'000
Deferred tax assets:			
Doubtful debts	26	46	72
Deferred income	272	(95)	177
Other	391	184	575
Total deferred tax assets	**689**	**135**	**824**
Deferred tax liabilities:			
Other	(500)	500	-
Total deferred tax liabilities	**(500)**	**500**	**-**
Net deferred tax	**189**	**635**	**824**

Group 2011	Opening balance $'000	Charged to profit or loss $'000	Closing balance $'000
Deferred tax assets:			
Doubtful debts	74	(48)	26
Property, plant and equipment	22	(22)	-
Deferred income	250	22	272
Other	478	(87)	391
Total deferred tax assets	**824**	**(135)**	**689**
Deferred tax liabilities:			
Other	-	(500)	(500)
Total deferred tax liabilities	**-**	**(500)**	**(500)**
Net deferred tax	**824**	**(635)**	**189**

19.4 Imputation credit account balances

	Group		Company
	2012 $'000	2011 $'000	2012 $'000
Closing balance	**17,953**	**214**	**-**

20 | Contributed equity

	Group		Company
	2012 $'000	**2011 $'000**	**2012 $'000**
Balance at beginning of period	**-**	**-**	**-**
Ordinary shares issued during the period	1,069,051	-	1,069,051
Balance at end of the period	**1,069,051**	**-**	**1,069,051**

On 13 December 2011, 396.0 million Trade Me Group Limited shares were issued as a result of the IPO. This included 261.4 million shares issued to Fairfax Digital Holdings NZ Limited with an issue date fair value of $705.7 million as part consideration for the purchase of Trade Me Limited. This also included 134.6 million shares which were issued to investors and employees raising $363.4 million. Further details of the initial public offering are outlined in note 2.3.

20.1 Movement in ordinary shares on issue

	Group		Company
	2012 '000	**2011 '000**	**2012 '000**
Balance at beginning of period	**-**	**-**	**-**
Issue of ordinary shares (13 December 2011)	396,000	-	396,000
Balance as at 30 June 2012 (number of shares)	**396,000**	**-**	**396,000**

All ordinary shares carry equal rights in respect of voting and the receipt of dividends. Ordinary shares do not have a par value. The contributed equity for the comparative period is nil which reflects the legal share capital of the Company prior to the IPO. Of the shares on issue, 254,490 are set aside for the 'Post-IPO long term incentive scheme' (refer note 23.1).

21 | Dividend paid or authorised

	Group		Company
	2012 $'000	**2011 $'000**	**2012 $'000**
Fully imputed dividend on Trade Me Limited ordinary shares: $206.44 per share	40,200	220,000	-
Dividends declared and proposed after the reporting date, but not recorded as a liability in these financial statements: 7.8 cents per share	30,868	-	30,868

22 | Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

Group	**Year Ended 2012 $'000**	**Year Ended 2011 $'000**
Short-term benefits	1,965	1,550
Share-based payments	131	83

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

23 | Share based payment plans

23.1 Post-IPO long term incentive scheme

The Company issued 254,490 restricted shares to management on 13 December 2011. The restricted shares have all the rights attached to ordinary shares (including the right to dividends), but may be redeemed by the Company if the qualification criteria are not met.

Reclassification of the restricted shares into ordinary shares will only occur if the following qualification criteria are met:

- the Company achieves an EBITDA of $110.9 million during the period commencing 1 January 2012 and ended 31 December 2012; and
- the participant remains in continuous full-time employment with Trade Me until 31 December 2013.

The Company has determined that the fair value of the restricted shares issued during the period is equivalent to the IPO issue price of $2.70 per share.

The Group expense recognised in the current period was $0.3 million, with a corresponding liability for PAYE of $0.1 million and an increase in equity of $0.2 million.

There have been no cancellations or modifications to the plan during 2012 and 2011.

23.2 Pre-IPO executive incentive scheme

New Zealand senior executives were incentivised by way of a cash bonus based on the equity-based incentive scheme. Under this plan, the cash value of a percentage of an eligible employee's annual total fixed remuneration was in the form of nominally allocated Fairfax Media Limited shares. The nominally allocated shares will vest if the eligible employee remains in employment three calendar years from the date the rights are allocated and certain performance hurdles are satisfied. If the allocation does not vest at the end of year three, a re-test of the performance hurdles occurs in the fourth year. Cash payments equivalent to dividends on the allocated shares during the vesting period are paid directly to the eligible employee and the Company does not have any recourse to dividends paid.

There have been no cancellations or modifications to the plan during 2012 and 2011.

24 | Earnings and net tangible assets per share

24.1 Earnings per share

Group	2012	2011
Basic and diluted earnings per share (cents)	19.10	17.62
Basic and diluted weighted average number of ordinary shares ('000's)	395,746	395,746

The earnings used in the calculation of basic and diluted earnings per share is the profit after tax of $75.6 million for the year ended 30 June 2012 (2011: $69.7 million).

The legal share capital of the Group during the year ended 30 June 2011 was nil. Because the share issue in December 2011 did not result in a change in total equity for the Group, basic and diluted earnings per share for the year has been calculated using the shares on issue as at 30 June 2012, as though they were on issue throughout both the 2011 and 2012 financial years (there were no shares issued during the year other than during the IPO) rather than a weighted average for both the current and comparative periods. The 254,490 restricted shares have been excluded from shares on issue for the purposes of the earnings per share calculation.

24.2 Net tangible assets per share

Group	2012	2011
Net tangible assets per share (cents)	(34.07)	3.04
Basic and diluted weighted average number of ordinary shares ('000's)	395,746	395,746

The calculation of net tangible assets per share for 30 June 2012 and the comparative period is Group total net assets less goodwill and intangible assets, divided by the number of shares on issue as at 30 June 2012.

25 | Related party transactions

The Company is a majority owned subsidiary of Fairfax Digital Holdings NZ Limited. The ultimate parent of the Company is Fairfax Media Limited, which is a company domiciled in Australia and listed on the Australian Stock Exchange.

At 30 June 2011, Trade Me Limited was one of a number of Fairfax companies that were party to an agreement to guarantee the borrowings of the Fairfax Media Limited group. The total debt subject to such guarantee was A$1,532.0 million. As a result of the Fairfax sell down of Trade Me Limited shares during the year, the guarantee was lifted against Trade Me Limited and does not exist as at 30 June 2012.

The following significant transactions occurred between the Group and subsidiaries of Fairfax Media Limited during the year ended 30 June 2012:

Pre-restructure transactions

- Trade Me Limited declared and paid a dividend of $40.2 million to Fairfax New Zealand Holdings Limited prior to the IPO of shares in Trade Me Group Limited (2011: $220 million).
- Trade Me Limited provided net treasury funding of $10.8 million to Fairfax Media Group Finance Pty Limited during the period (2011: $78.1 million).
- Trade Me Limited repaid $9.3 million owing to Fairfax New Zealand Limited for the utilisation of tax losses for the 2010 tax year. Trade Me Limited paid Fairfax New Zealand Limited and Fairfax New Zealand Holdings Limited a combined total of $9.4 million for utilisation of tax losses for the 2011 tax year.

Restructure transactions

- The Company acquired Trade Me Limited from Fairfax New Zealand Holdings Limited via two intermediary holding companies for total consideration of $1,235.7 million. Consideration of $420.4 million was paid to Fairfax Digital Assets NZ Limited, and consideration of $815.3 million was provided to Fairfax Digital Holdings NZ Limited comprising $109.6 million cash and 261.4 million shares at $2.70 per share.

All IPO costs were borne by Fairfax Media Limited.

All operating and administrative costs for the Company are borne by Trade Me Limited. The Company interest costs of $4 million (2011: nil) were paid by Trade Me Limited.

Significant balances owing from/(due to) related parties at period end are as follows:

	Group		Company
	2012 $'000	**2011 $'000**	**2012 $'000**
Fairfax Media Limited	892	-	-
Fairfax Media Group Finance Pty Limited	-	39,156	-
Fairfax New Zealand Limited	-	(9,309)	-
Fairfax New Zealand Holdings Limited	(203)	-	-
AutoBase Limited	-	256	-
Stayz Limited	7	22	-
Trade Me Limited	-	-	(3,789)

During the year, group entities entered into the following trading transactions with related parties that are not members of the Group:

	Provision of services		Purchases of services	
Group	**2012 $'000**	**2011 $'000**	**2012 $'000**	**2011 $'000**
Fairfax Media Group Finance Pty Limited	476	4,801	-	-
Fairfax New Zealand Limited	660	499	(184)	(127)
AutoBase Limited	2,702	2,814	-	-
Stayz Limited	81	103	-	-

The provision of services to related parties were made at the Group's usual list prices. Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.

The amounts outstanding are unsecured, on normal trade terms and will be settled in cash. No guarantees have been given or received. No expense or provision has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Fairfax New Zealand Limited provided advertising services to the Group and the Group provided advertising services to Fairfax New Zealand Limited.

The Group received commissions, fees and dividends from AutoBase Limited.

The Group provided licenses to Stayz Limited a subsidiary within the Fairfax group, for the use of the booking engine software "BookIt".

The transactions with AutoBase Limited exclude the purchase of assets and liabilities, and the proceeds from liquidation (refer notes 14 and 15).

Key management personnel costs have been separately disclosed at note 22. Other than normal fees charged to management and staff for the use of online Trade Me services, there were no other transactions or balances outstanding for the year ended 30 June 2012.

Pursuant to the Trade Me Group Limited prospectus 77,330 shares (in total), were gifted to eligible employees during the IPO from Fairfax Digital Holdings NZ Limited.

26 | Financial instruments

26.1 Capital management

The Group manages its capital to ensure that entities in the Group are able to continue as going concerns while maximising the return to shareholders, and to optimise the debt and equity balances to reduce the cost of capital.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity (comprising issued capital, reserves and retained earnings) of the Group.

Other than debt covenants (refer note 18) the Group is not subject to any other externally imposed capital requirements.

26.2 Financial risk management

The Group engages business in New Zealand and in the normal course of business is exposed to a variety of financial risk which includes:

- Market risk;
- Credit risk; and
- Liquidity risk

The Group's risk management and treasury policy recognises the unpredictability of financial markets and seeks to minimise the potential adverse effects of market movements. The management of these risks is performed in accordance with the risk management and treasury policy approved by the Board of Directors. This policy covers specific areas such as interest rate risk, foreign exchange risk, credit risk and liquidity risk.

Market risk

INTEREST RATE RISK

The Group's primary interest rate risk arises from bank borrowings which are reset every 90 days to BKBM plus a margin. The Group's risk management and treasury policy allows the potential use of derivative financial instruments to manage interest rate risk. However, for the year ended 30 June 2012 the Group did not enter into any derivative financial instruments.

At balance date the Group had the following financial assets and liabilities exposed to New Zealand variable interest rate risk:

Group	**2012 $'000**	**2011 $'000**
Cash	39,135	6,012
Committed cash advance facility*	(166,000)	-
Receivable from Fairfax Media Group Finance Pty Limited	-	39,156

* The interest rate is re-set every 90 days.

If interest rates had moved by +/- 1%, with all other variables held constant, the Group profit before income tax for the year ended 30 June 2012 would decrease/increase by $0.8 million (2011: $0.5 million).

FOREIGN CURRENCY RISK

The Group has exposure to foreign currency risk from IT hardware purchases, technology support contracts that are billed in US dollars and an intercompany account in Australian dollars. The foreign currency risk arising from these transactions and the intercompany account are not material.

Credit risk

Exposure to credit risk arises from the potential default of the counterparty, with the maximum exposure equal to the carrying amount of the financial assets. The Group's credit risk arises from the Group's financial assets, which include cash and cash equivalents and trade and other receivables.

Group	AA- and above $'000	Not rated $'000	Related party $'000
30 June 2012			
Cash and cash equivalents*	39,135	-	-
Trade receivables	-	3,841	899
30 June 2011			
Cash and cash equivalents	6,012	-	-
Trade receivables	-	3,158	76
Other receivables	-	-	39,434

* Cash and cash equivalents include term deposits of $25 million (2011: nil).

The Group does not hold any credit derivatives to offset its credit risk exposure.

For banks and financial institutions, only independently rated parties with a minimum long term Standard & Poor's rating of AA- are accepted. The Group's risk management and treasury policy also sets the maximum counterparty credit exposure to any individual bank or financial institution.

Trade and other receivables recognised in the statement of financial position consist of a large number of customers. In 2011 the Group had a concentration of credit risk arising from the receivable from Fairfax Media Group Financial Pty Limited (New Zealand branch) of $39.2 million.

The Group has a concentration of credit risk with its cash and cash equivalents, which are held with two banks.

Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet its obligation to repay its financial liabilities as and when they fall due.

The Group maintains sufficient cash and the availability of funding through undrawn facilities as part of its management of liquidity risk.

The following table details the Company and Group's remaining contractual maturity of its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company and Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are at floating rates, the undiscounted cash flow are derived from the interest rate at 30 June.

Group	Less than 6 months $'000	6-12 months $'000	1-3 years $'000	Total $'000
2012				
Trade and other payables	9,303	-	80	9,383
Borrowings	3,294	3,294	175,881	182,469
Total	**12,597**	**3,294**	**175,961**	**191,852**
2011				
Trade and other payables	25,557	-	250	25,807
Borrowings	-	-	-	-
Total	**25,557**	**-**	**250**	**25,807**

Company	Less than 6 months $'000	6-12 months $'000	1-3 years $'000	Total $'000
2012				
Trade and other payables	3,928	-	-	3,928
Borrowings	3,294	3,294	175,881	182,469
Total	**7,222**	**3,294**	**175,881**	**186,397**

FAIR VALUES

The carrying value of cash and cash equivalents, trade and other receivables, trade and other payables, and borrowings is equivalent to the fair value of these assets and liabilities.

27 | Commitments

27.1 Lease commitments

Group	2012 $'000	2011 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	862	786
Later than one year but not later than five years	775	2,193
Later than five years	778	-
Total lease commitments	**2,415**	**2,979**

27.2 Capital commitments

The Company and the Group has no capital commitments as at 30 June 2012 (2011: $nil).

28 | Reconciliation of profit to cash flow from operations

Group	2012 $'000	2011 $'000
Profit for the year	**75,592**	**69,748**
Adjusted for non-cash:		
Depreciation	2,453	2,041
Amortisation	2,712	1,478
Long term incentive expense	33	83
Amortisation of loan establishment fees	58	-
Executive share plan	200	-
Doubtful debt expense	285	74
Loss/(profit) on sale of property, plant and equipment	2	(582)
Other	114	-
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(1,511)	(863)
(Increase)/decrease in prepayments	177	(245)
(Increase)/decrease in accrued revenue	(106)	(214)
(Increase)/decrease in investment in associate	546	(26)
(Increase)/decrease in amounts due from related parties	18,029	15,454
(Increase)/decrease in deferred tax asset	(635)	636
(Increase)/decrease in accrued interest	-	346
(Decrease)/increase in trade payables	67	442
(Decrease)/increase in employee entitlements	298	25
(Decrease)/increase in GST	(79)	283
(Decrease)/increase in accrued liabilities	1,023	624
(Decrease)/increase in revenue in advance	116	418
(Decrease)/increase in prepaid commissions	(10,236)	46
(Decrease)/increase in related party payables	(9,309)	-
(Decrease)/increase in income tax payable	(7,364)	(2,040)
Expected cash flow from operating activities	**72,465**	**87,728**

Company
The Company does not operate a bank account, and all operating transactions are undertaken by Trade Me Limited. The cash proceeds from the initial public offer and debt facility were not received by the Company and instead were paid directly to entities within the wider Fairfax Group (refer note 2.3). Accordingly, there are no transactions included in the statement of cash flows.

29 | Contingent liabilities

The Company and the Group has no contingent liabilities as at 30 June 2012 (2011: $nil).

30 | Events after the reporting period

In July 2012, the Group signed a new lease agreement that commits the Group to minimum lease payments of $1.3 million per annum for a period of nine years. A dividend was declared after 30 June 2012 (refer note 21). There were no events after the reporting period for the 12 months ended 30 June 2011.

Chartered Accountants

To the Shareholders of Trade Me Group Limited

Report on the Financial Statements

We have audited the financial statements of Trade Me Group Limited and its subsidiaries on pages 6 to 45, which comprise the statement of financial position of Trade Me Group Limited and the group as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended of the company and group, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the company's shareholders, as a body, in accordance with section 205(1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of the financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These auditing standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected, depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered the internal control relevant to the entity's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Ernst & Young has provided taxation advice and other assurance related services to the group. We have no other relationship with, or interest in Trade Me Group Limited or any of its subsidiaries.

Partners and employees of our firm may deal with the group on normal terms within the ordinary course of trading activities of the business of the group.

OPINION

In our opinion, the financial statements on pages 6 to 45:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of Trade Me Group Limited and the group as at 30 June 2012 and the financial performance and cash flows of the company and group for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the Financial Reporting Act 1993, we report that:

- We have obtained all the information and explanations that we have required.
- In our opinion proper accounting records have been kept by Trade Me Group Limited as far as appears from our examination of those records.

Ernst & Young

21 August 2012

Wellington

APPENDIX 7 – NZSX Listing Rules

EMAIL: announce@nzx.com

Number of pages including this one (Please provide any other relevant details on additional pages): 1

Notice of event affecting securities

NZSX Listing Rule 7.12.2. For rights, NZSX Listing Rules 7.10.9 and 7.10.10.
For change to allotment, NZSX Listing Rule 7.12.1, a separate advice is required.

Full name of Issuer	Trade Me Group Limited
Name of officer authorised to make this notice	Jonathan Klouwens
Authority for event, e.g. Directors' resolution	Directors' resolution
Contact phone number	+64 (0) 272 10 6505
Contact fax number	+64 4 803 2699
Date	22 / 8 / 2012

Nature of event
Tick as appropriate

Bonus Issue	☐
If ticked, state whether: Taxable ☐ / Non Taxable ☐	
Conversion	☐
Interest	☐
Rights Issue Renouncable	☐
Rights Issue non-renouncable	☐
Capital change	☐
Call	☐
Dividend	☑
If ticked, state whether: Interim ☐ Full Year ☑	
Special	☐
DRP Applies	☐

EXISTING securities affected by this

If more than one security is affected by the event, use a separate form.

Description of the class of securities	Ordinary Shares
ISIN	NZTMEE0003S8

If unknown, contact NZX

Details of securities issued pursuant to this event

If more than one class of security is to be issued, use a separate form for each class.

Description of the class of securities	
ISIN	

If unknown, contact NZX

Number of Securities to be issued following event	
Minimum Entitlement	
Ratio, e.g 1 for 2	for
Conversion, Maturity, Call Payable or Exercise Date	
Treatment of Fractions	
Strike price per security for any issue in lieu or date Strike Price available.	
Tick if pari passu	☐
OR provide an explanation of the ranking	

Enter N/A if not applicable

Monies Associated with Event

Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.

In dollars and cents

Amount per security (does not include any excluded income)	$0.078
Excluded income per security (only applicable to listed PIEs)	
Currency	NZ Dollars
Total monies	$30,868,150
Source of Payment	Retained Earnings

Supplementary dividend details - NZSX Listing Rule 7.12.7

Amount per security in dollars and cents	$0.013765
Date Payable	25 September, 2012

Taxation

Amount per Security in Dollars and cents to six decimal places

In the case of a taxable bonus issue state strike price	$
Resident Withholding Tax	$0.005417
Imputation Credits (Give details)	$0.030333
Foreign Withholding Tax	$
FDP Credits (Give details)	

Timing (Refer Appendix 8 in the NZSX Listing Rules)

Record Date 5pm *For calculation of entitlements -*	14 September, 2012
Application Date *Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date. In the case of applications this must be the last business day of the week.*	25 September, 2012
Notice Date *Entitlement letters, call notices, conversion notices mailed*	
Allotment Date *For the issue of new securities. Must be within 5 business days of application closing date.*	

OFFICE USE ONLY
Ex Date:
Commence Quoting Rights:
Cease Quoting Rights 5pm:
Commence Quoting New Securities:
Cease Quoting Old Security 5pm:

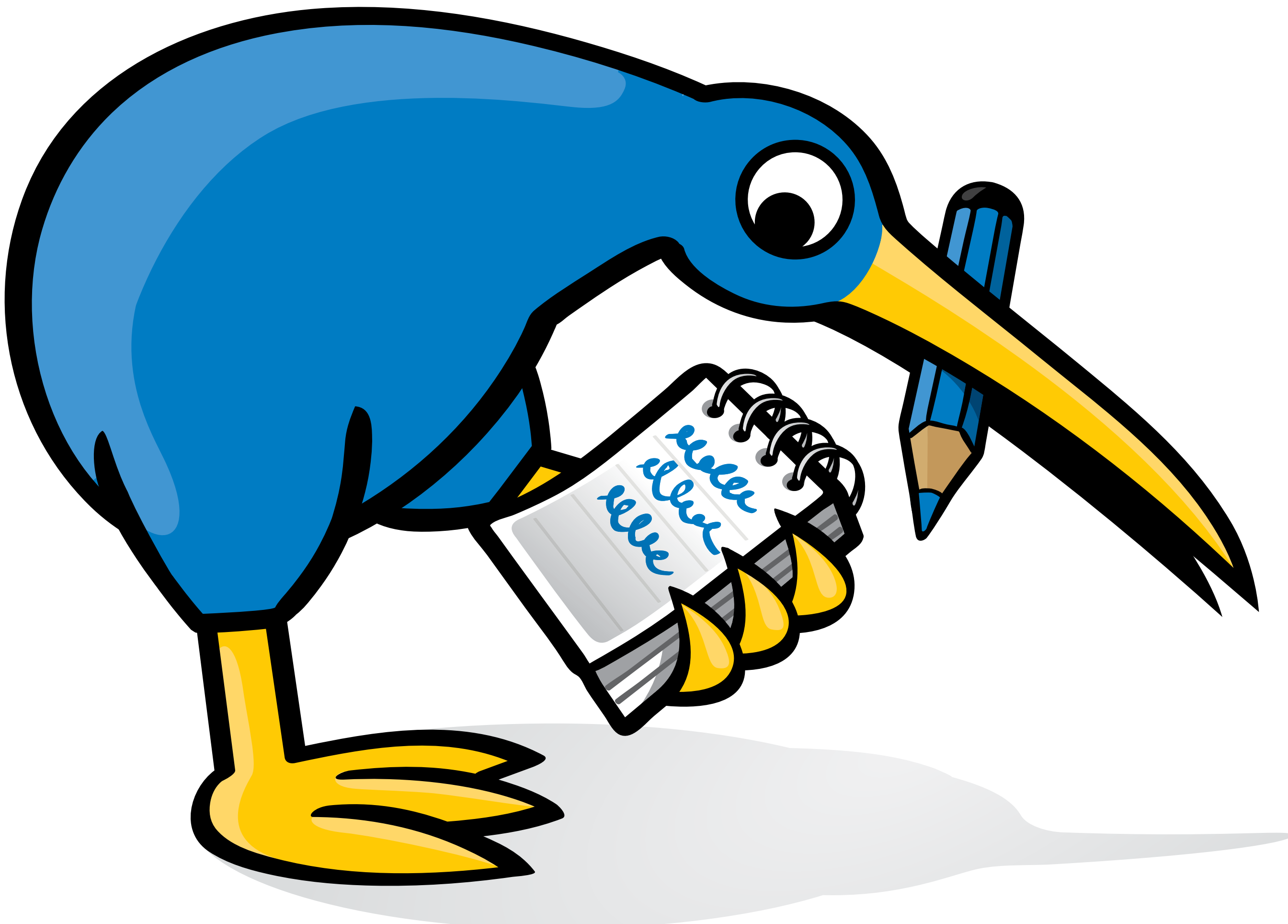
Security Code:

Security Code:

NZX

Trade Me Full Year Results

For the year ended
30 June 2012



Jon Macdonald	CEO
Jonathan Klouwens	CFO

trademe
Trade Me Group Limited

Disclaimer

This presentation may contain projections or forward looking statements regarding a variety of items. These forward-looking statements are based upon current expectations and involve risks and uncertainties.

Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks.

Although management may indicate and believe the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect. There can be no assurance that the results contemplated in the forward-looking statements will be realised.

A number of non-GAAP financial measures are used in this presentation due to the fact they are widely accepted financial indicators used by investors and analysts to analyse and compare companies. You should not consider any of these in isolation from, or as a substitute for the information provided in the consolidated financial statements for the year ended 30 June 2012.

While all reasonable care has been taken in compiling this presentation, Trade Me accepts no responsibility for any errors or omissions. This presentation does not constitute investment advice.

Presentation agenda

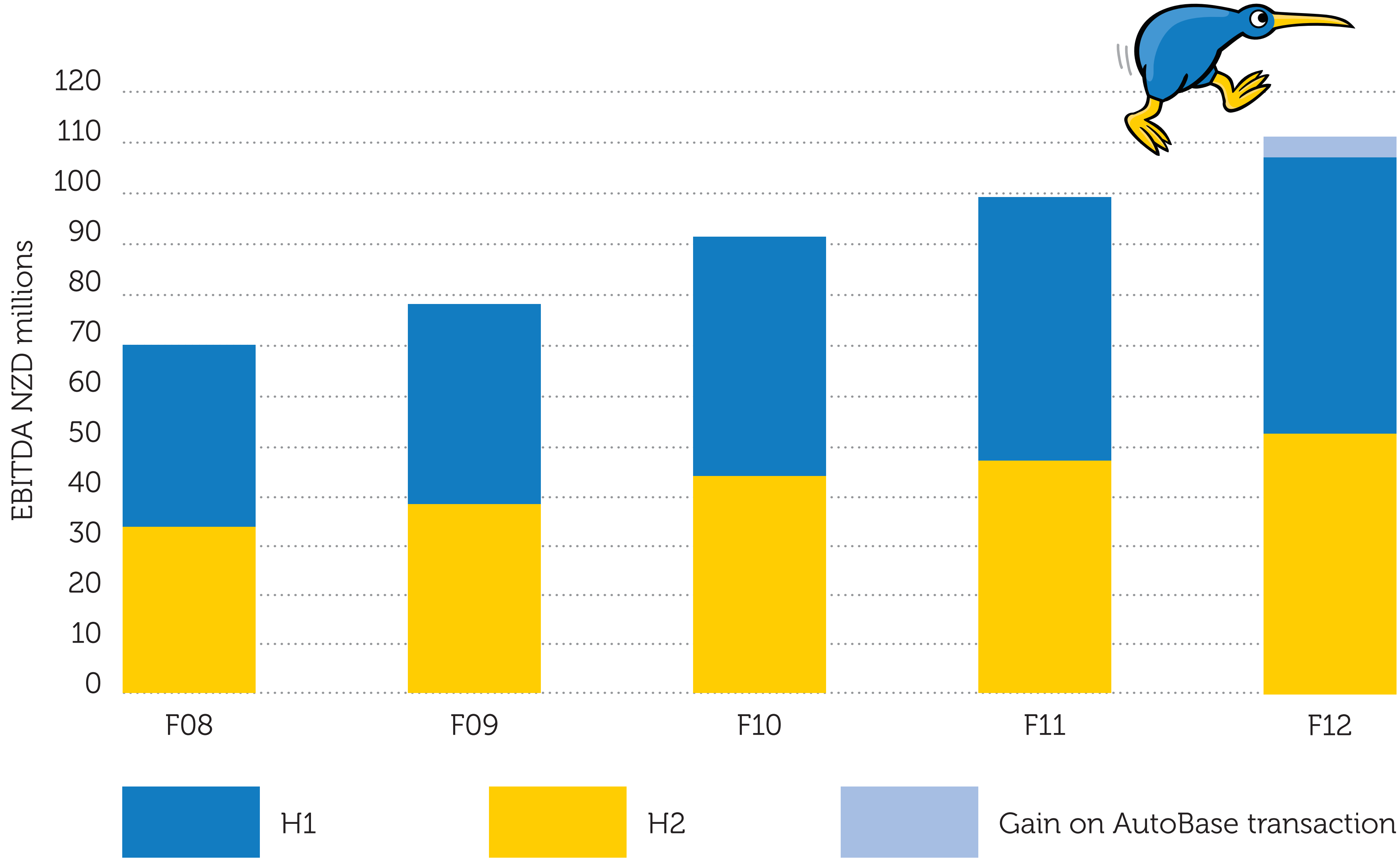
▪ Overview	Jon Macdonald
▪ Divisional performance	Jon Macdonald
▪ Financials	Jonathan Klouwens
▪ Trading and Outlook	Jon Macdonald
▪ Questions	Jon Macdonald and Jonathan Klouwens

Overall Results: Highlights

- Achieved both the full and half year targets set out in IPO prospectus.
- Good earnings growth – EBITDA up 11% YoY to new record of $110.4m million for F12. NPAT of $75.6m, up 10% on prospectus forecast. (Both include AutoBase gain on disposal of $3.3m).*
- Revenue slightly ahead of expectations, expenses slightly below expectations.
- Announcing the acquisition of Tradevine, to further strengthen our new goods proposition. Growing the sales of new goods and investment in mobile remain key areas of focus.
- Successful acquisition and integration of AutoBase to strengthen our Motors business.
- Dividend of 7.8 cps (15% higher than forecast in the prospectus) payable on 25th September, in line with policy of approximately 80% of NPAT.

* Excluding benefit of AutoBase gain on disposal, EBITDA was up 8% YoY and 2% on forecast. Against the F11 pro-forma numbers in the prospectus, EBITDA was up 10% YoY.

Overall Results: Earnings growth

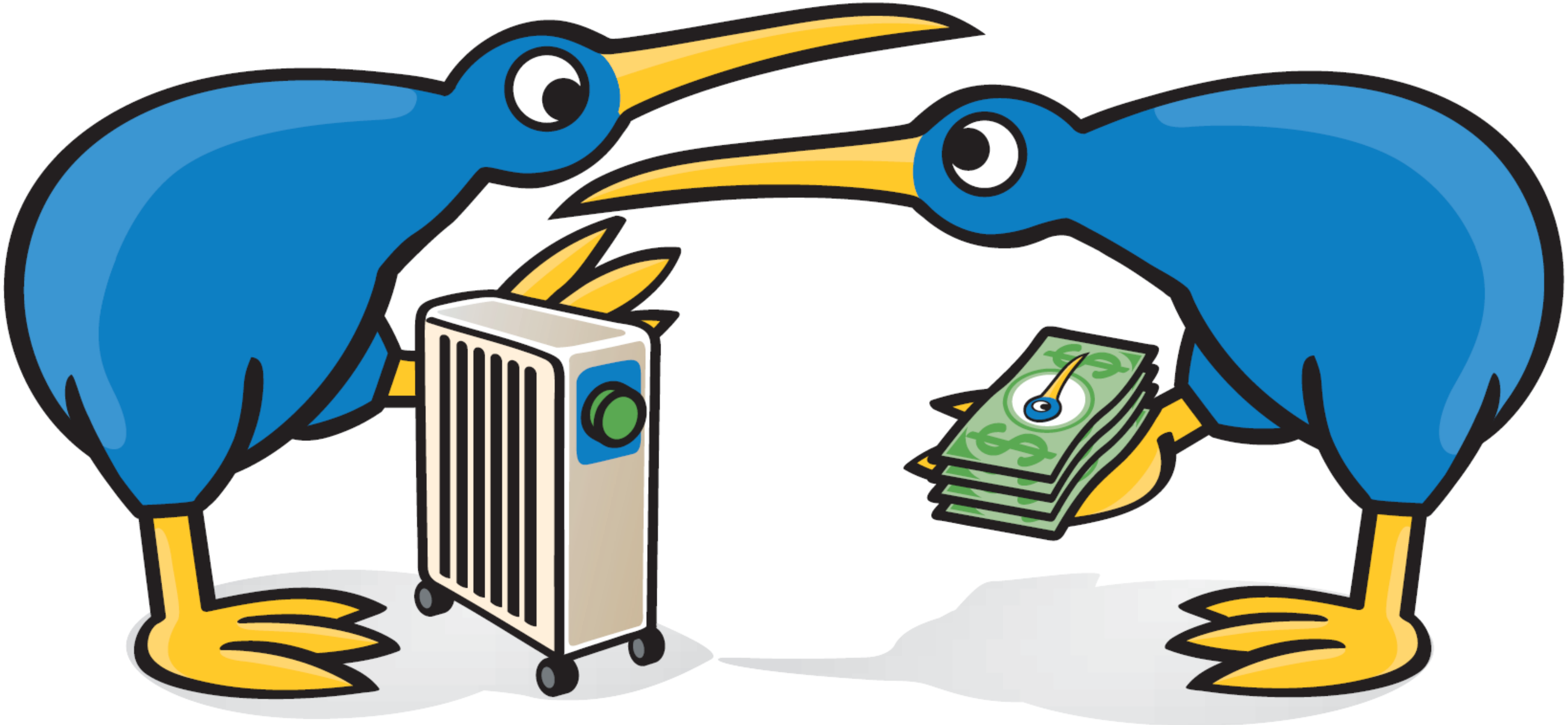


Overall Results: Financials

NZD $000s	H2 Actuals	H2 % var to Forecast	H2 % var to Prior Year	Full year Actuals	Full year % var to Forecast	Full year % var to Prior Year
Revenue	74,268	0.9%	14.6%	142,458	0.8%	13.8%
Expenses	(19,342)	0.2%	(44.2%)	(35,822)	1.8%	(35.2%)
Share of profit from associate	211	(28.9%)	30.4%	502	(16.3%)	(2.3%)
Gain on Autobase sale	3,269	n/a	n/a	3,269	n/a	n/a
EBITDA	**58,406**	**7.1%**	**13.3%**	**110,407**	**4.6%**	**11.3%**
EBITDA margin %	*79%*			*78%*		
Depreciation and Amortisation	(2,885)	1.6%	(41.3%)	(5,165)	2.5%	(46.8%)
EBIT	**55,521**	**7.6%**	**12.1%**	**105,242**	**5.0%**	**10.0%**
EBITDA margin %	*75%*			*74%*		
Net finance income	(3,048)		(232.4%)	(2,713)	(41.0%)	(148.8%)
Income tax expense	(13,246)		20.7%	(26,937)	0.1%	14.6%
NPAT	**39,227**		**11.7%**	**75,592**	**10.0%**	**8.4%**

Notes:

1. All figures are from statutory financials. Excluding benefit of AutoBase gain on disposal, EBITDA was up 8% YoY and 2% on forecast. Against the F11 pro-forma numbers in the prospectus, EBITDA was up 10% YoY.
2. Includes restatement of revenue to be net of some COGS (and removal of those COGS from expenses). See pages 26 to 28 for full treatment.
3. No H2 NPAT forecast included in the prospectus.



Divisional Performance

Revenue by segment

	H2			Full year		
NZD $000s	Actuals	% var to Forecast	% var to Prior Year	Actuals	% var to Forecast	% var to Prior Year
Revenue						
General Items	31,585	1.2%	5.6%	62,408	0.9%	4.9%
Classifieds	29,369	8.4%	24.4%	53,904	5.5%	20.5%
Other	13,313	(13.0%)	17.8%	26,146	(7.9%)	24.5%
TOTAL	**74,268**	**0.9%**	**14.6%**	**142,458**	**0.8%**	**13.8%**

- General Items: Both volumes and yield tracked to expectations. Somewhat variable performance over H2. New goods strategy on track, but will take time to deliver meaningful upside.
- Classifieds: Performed well – strongest performance in Motors and Property, both ahead of forecast. Jobs slightly behind forecast, but still up 25% YoY.
- Other: Display advertising and Treat Me both growing but slightly under PFI expectations. Travel and FindSomeone showed strong growth, both ahead of expectations.

General Items: Business update

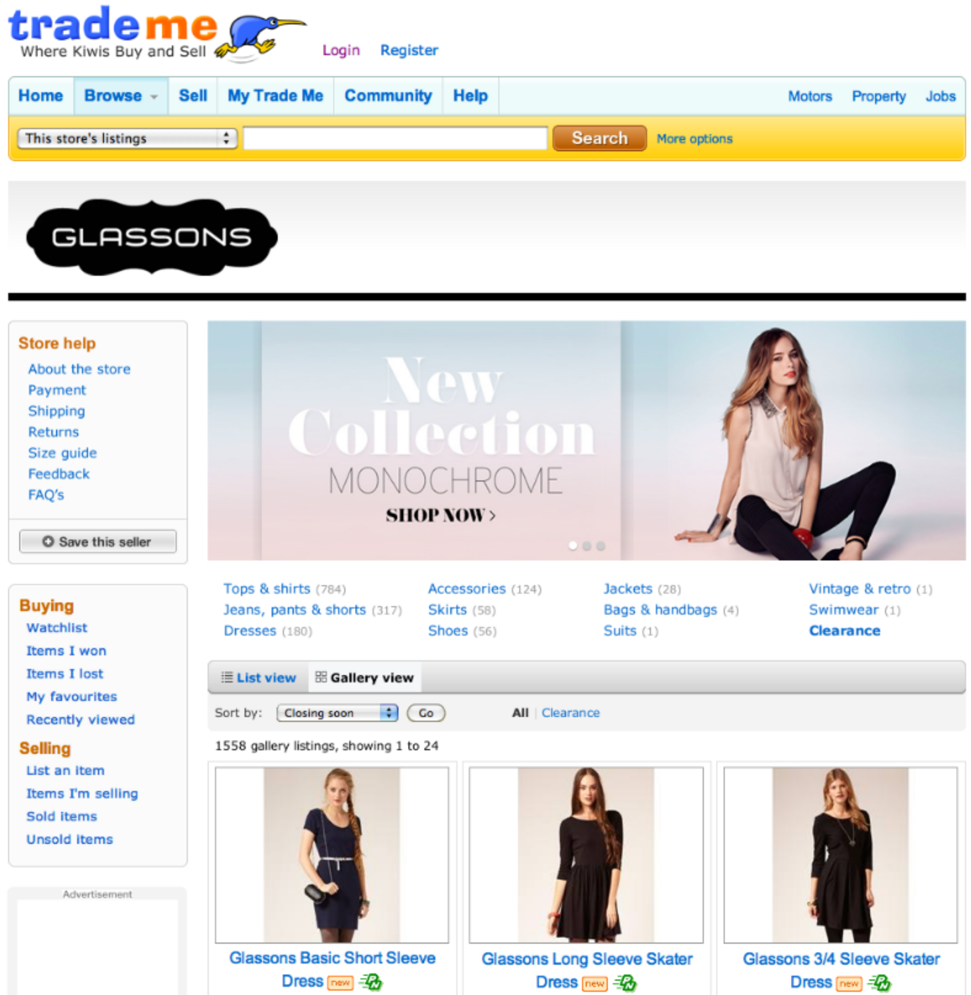
- H2 revenue $31.6m - up 5.6% YoY.
- Mixed performance across categories:
  - Farming, Home & Living, Mobile phones, Health & Beauty performing well.
  - Media categories down with shift to online products – Books, CDs, DVDs, Gaming.

H2 YoY growth	Forecast	Actual
Items sold	3.5%	3.7%
Gross sales value	3.9%	4.9%
Revenue	4.8%	5.6%

- Pay Now has now become profitable, having reset our high volume discount and managed down cost.
  - Now used for approximately 17% of all sales.
  - Design and usability improvements underway.
- Plan to launch gift cards prior to Christmas – aims to extend Trade Me's relevance, and take better advantage of pre-Christmas peak.
- Strong focus on new goods continues for F13 and beyond. Sales activity ok, but offshore competition has stepped up (and so has our urgency).

General Items: New goods

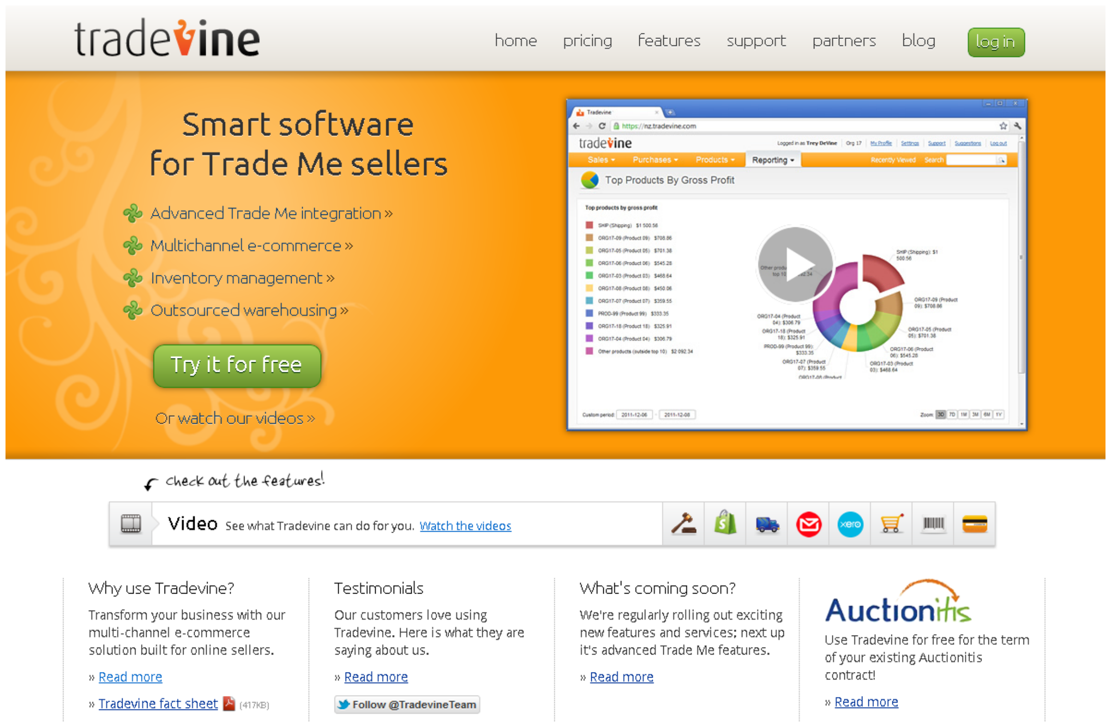
- Announcing "Stores extra" launch – giving retailers and big sellers better brand representation on Trade Me and buyers a better experience.
- Secured some larger retailers including Hallensteins, Glassons and The Warehouse.
- Channel Advisor 'technical plumbing' underway, still with intention to have some inventory on by Christmas.
- Three local partners on board: BlackPepper, eStarOnline and Solutionists.
- Adding features for new goods experience – eg. Video to showcase clothing.



New "Stores Extra"

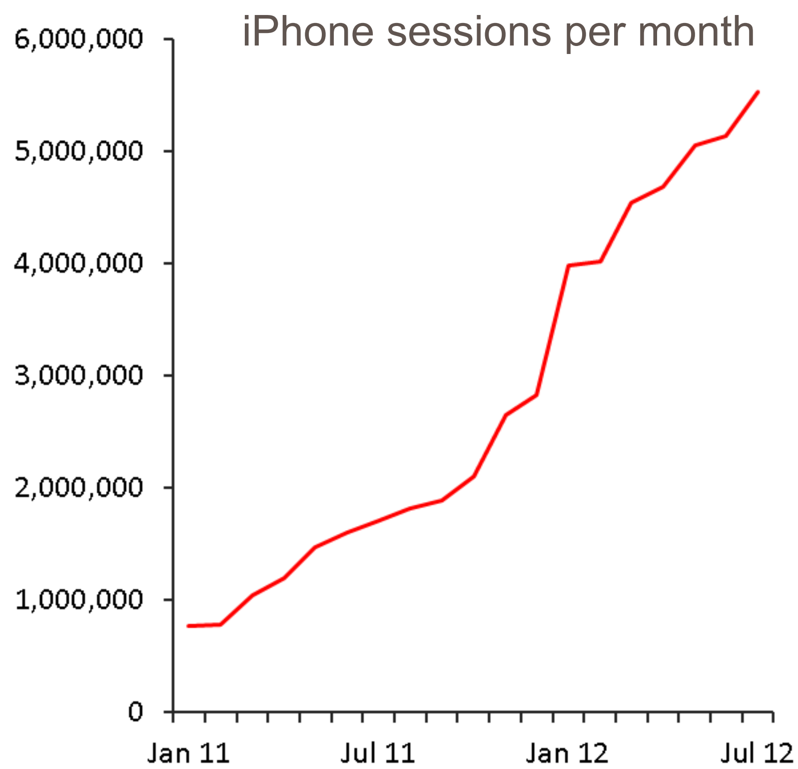
General Items: Tradevine acquisition

- Another step towards providing a compelling proposition to sellers and retailers (and boosting sales on Trade Me).
- Provides an efficient way to list on Trade Me, automation of merchandising and sales activities, inventory management and sales reporting.
- Already facilitating 150,000 listings per month on Trade Me.
- Offers fulfilment partnership through Brightstar.
- Includes interfaces developed with Xero and Shopify.
- Transaction completed on 21st August 2012 as an asset purchase for less than $2 million.



General Items: Mobile update

- Further strong growth in mobile activity:
  - 450,000 iPhone app installations to date
  - 120,000 Android app installations to date
  - 1,000+ items listed per day
  - 8% of gross sales through mobile
- Trade Me touch site launched to fill gap between apps, existing mobile site and main website.
- Good representation of classifieds verticals across our iOS and Android apps, and our mobile-optimised site.



Classifieds: Motors

- Successful acquisition of AutoBase. Integration of the business into Trade Me largely complete.
- H2 revenue growth of 23% YoY (including two months of AutoBase revenue) despite subdued volume lift of 2% YoY. H2 premium revenue up 22%, due to development of Superfeature and premium products.
- Changed pricing model has re-invigorated auctions (up from 42% to over 50% of all new direct listings).
- Price changes on base listing packages for dealers scheduled for September – approx. 47% of the total listings. First price increase for two years.
- Planning to release slideshow on listings – for dealers in the run-up for Christmas, for direct advertisers next year.
- Early investigations underway to aggregate and present our data to buyers, sellers and other industry participants.

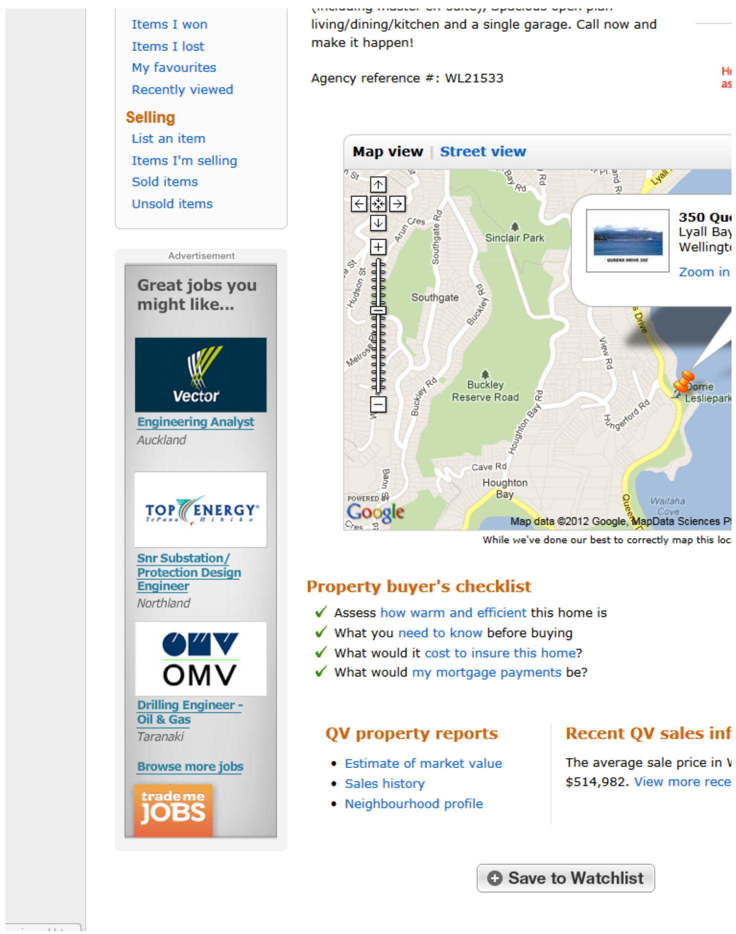
Classifieds: Property

- H2 revenue growth of 27% YoY.
- Some return of volumes for both for-sale and rentals.
- Particularly strong uptake of H2 premium revenue from agents – up 167% to $1.2m.
- Launched Agent Info Centre to assist realtors better represent Trade Me's value to vendors.
- Introduced sellers guide for owners who want to sell their house directly.

- Property iPad app launch imminent to increase reach and improve buyer experience – more innovation and mobile products planned.
- Market continues to be patchy, with no sustained volume increase to date – but improvement in house prices and low interest rates may grow demand over F13.

Classifieds: Jobs

- H2 revenue growth of 25% YoY, primarily due to good volume growth and yield improvements across the board.
- Beat Seek in domestic UBs for 8 of the last 12 months*. Increased share of listings vs. Seek from 64% to 71% (avg. Jun '11 vs. Jun '12).
- We've held our directs prices steady, so will lose YoY yield benefit from July 2012. Only modest price changes for big advertisers.
- Some initial trials conducted to extend classifieds ads to display spots for targeted audiences.



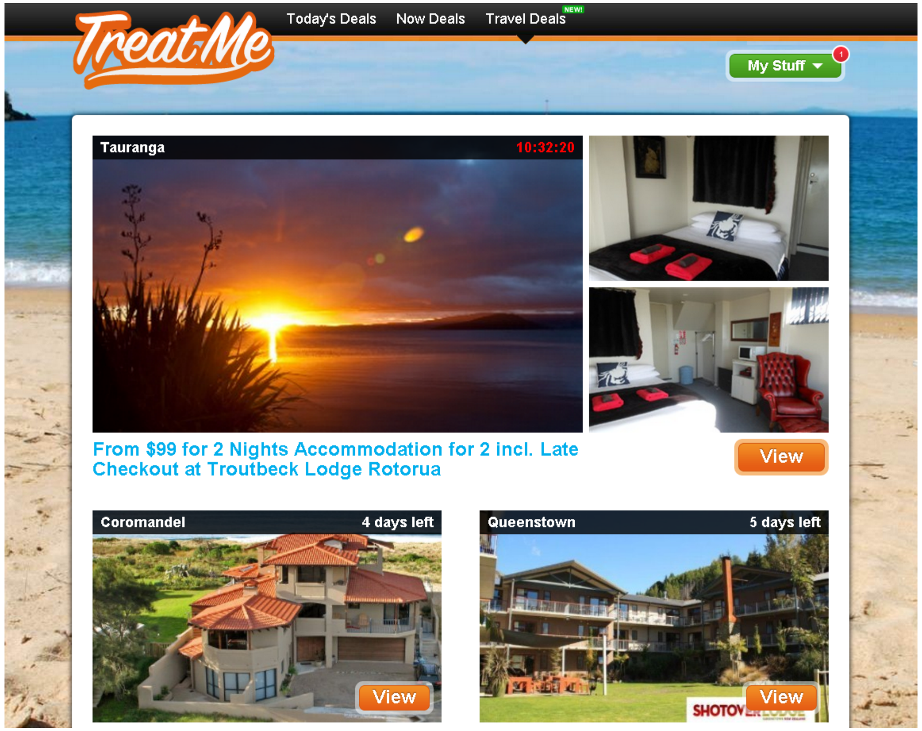
* As measured by Nielsen Online

Other: Advertising

- Continued migration of ad spend online, tempered by new offshore publishers gaining market share, and increasing constraints where we limit retail and travel advertisers.
- Implemented new Adserver to improve accuracy, operational efficiency and increase format options.
- Rolled out behavioural advertising product. Our unique data can provide a better match between advertiser and consumer, plus we have the reach to still provide meaningful audiences.
  - Combination of standard segments (eg. Premium) and audience-sets created on a bespoke basis for individual advertisers or campaigns.
  - Eg. Blokes: males who have been active in Farming & Forestry, looked at Rural Property or visited our Hunting & Fishing category = 300,000 people.
- Some rate card changes optimise revenue and better match the value of advertising products with price.

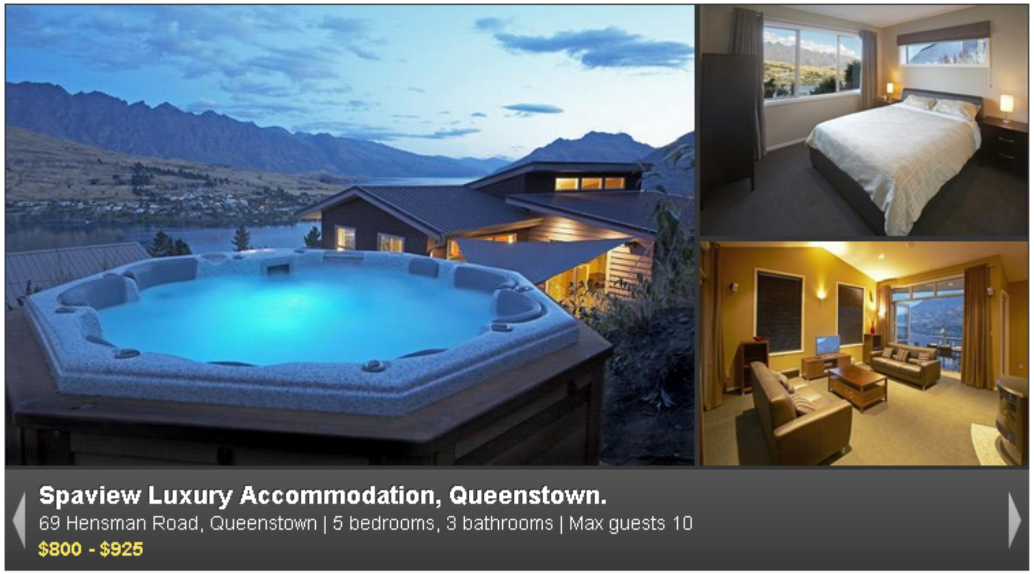
Other: Treat Me

- Good revenue growth, but behind prospectus expectations. Overall industry prospects uncertain, so we've also been stringent around costs.
- Industry challenges well documented, but we still value having a presence/option as we watch the sector develop.
- Investment in trust and good systems paying dividends as we distinguish ourselves from our competitors.
- Trialling personalisation to better match deals with consumers.
- Travel area – cooperation with Travelbug, to improve deal volume, relevance and profitability of both businesses.



Other: Travel

- Holiday Houses revenue up 17% YoY. Our key travel business has sales momentum and recently signed agreements with Australian and US listing sites.
- Travelbug H2 revenue up 17% YoY. Plans in place to extend consumer offering to international hotels and accommodation making natural use of extensive audience and brand trust.
- Rolled out two mobile sites (BookIt and Travelbug).
- Recently released two new revenue initiatives on Holiday Houses – Superfeature and online payments.
- Full overhaul of the core BookIt booking process, operator admin pages and calendar tools.



Other: FindSomeone

- Reinvigorated FSO with new features and consumer benefits.
- Activity growth still strong - logins to the site in July up 24% YoY.
- Mobile activity growing strongly – 23% of visits are from mobile devices.
- Resulted in 19% revenue growth YoY following 4 years of flat revenue.

Expenses – full year

NZD $000s	H2 Actuals	H2 % var to Forecast	H2 % var to Prior Year	Full year Actuals	Full year % var to Forecast	Full year % var to Prior Year
Expenses						
Employee benefit expense	(9,632)	(1.9%)	(49.2%)	(17,228)	1.6%	(34.6%)
Web infrastructure expense	(1,445)	16.6%	(71.1%)	(2,895)	6.6%	(67.1%)
Promotion expense	(1,271)	27.2%	31.4%	(2,602)	27.3%	14.0%
Other expenses	(6,994)	(8.3%)	(64.1%)	(13,097)	(6.5%)	(46.7%)
TOTAL	**(19,342)**	**0.2%**	**(44.2%)**	**(35,822)**	**1.8%**	**(35.2%)**

- Headcount growth broadly in line with expectations.
  - Investing in core business (strongest growth in mobile and technology).
  - AutoBase acquisition put people expenses slightly over forecast in H2.
  - Total number of staff up 61 (YoY) across the business to a total of 246 FTEs.
- Promotional costs under budget – we've held fire on spend unless we can demonstrate return. Costs down YoY due to high promotional cost for Treat Me launch in F11.
- Web infrastructure costs slightly under forecast through disciplined spend.
- Other expenses: includes AutoBase transaction costs and some other one-off charges.

Further positioning for growth

- Upgrade of network and storage infrastructure completed, to improve resilience and support future growth.
- We have continued to build our tech teams to accelerate our product development and to ensure we remain relevant. Tech teams now in Wellington, Auckland and Christchurch.
- We've secured a lease for larger premises at 1 Market Lane, Wellington. The building should be ready to occupy mid 2014.
- Invested in a company-wide learning tool.
- Increased tech industry sponsorships to help attract talent.
- Carbon neutral for 5 years.

Continued community engagement

- Hundreds of charity auctions, including the Christchurch building implosion, which recorded 440,000 views (our 3rd most popular auction) and raised $26,000.
- Strong ongoing partnership with Plunket, and new partner Kiwis for Kiwis announced in May 2012.
- Sponsorship with Wellington Zoo.
- Free WiFi for Wellington waterfront and Christchurch, Cashel Mall in Nov 2011.
- Sponsorship of Cyber Security Awareness Week, Webstock, Net Hui, Start-up Wellington, WDCNZ.

The building implosion auction was won by a consortium of eight demolition firms, who gifted "pushing the button" to 6 year old cancer sufferer Jayden Halliwell

Financials

Financials: F12 recap

NZ $000s	F12	Var to PFI*		Var to F11	
		$	%	$	%
General items	62,408	528	0.9%	2,922	4.9%
Classifieds	53,904	2,804	5.5%	9,186	20.5%
Other	26,146	-2,251	-7.9%	5,139	24.5%
Total revenue	**142,458**	**1,080**	**0.8%**	**17,246**	**13.8%**
Employee benefit	-17,228	272	-1.6%	-4,427	34.6%
Web infrastructure	-2,895	205	-6.6%	-1,163	67.1%
Promotion	-2,602	979	-27.3%	425	-14.0%
Other	-13,097	-801	6.5%	-4,170	46.7%
Total expenses	**-35,822**	**654**	**-1.8%**	**-9,334**	**35.2%**
Share of profit from associates	502	-98	-16.3%	-12	-2.3%
Gain on disposal of associate	3,269	3,269	-	3,269	-
EBITDA	**110,407**	**4,906**	**4.6%**	**11,170**	**11.3%**
Depreciation and amortisation	-5,165	135	-2.5%	-1,646	46.8%
EBIT	**105,242**	**5,040**	**5.0%**	**9,524**	**10.0%**
Net Finance costs	-2,712	1,888	-41.0%	-8,275	-148.8%
Income tax expense	-26,937	156	-0.6%	4,594	-14.6%
NPAT	**75,592**	**7,084**	**10.3%**	**5,844**	**8.4%**
EPS (cents)	**19.1**			**1.5**	**8.4%**

Note: Includes re-classification of revenue to be net of some COGS (and removal of those COGS from expenses). See pages 26 to 28 for full treatment.

* PFI is Prospective Financial Information and was F12 forecast

Financials: H2 F12 recap

NZD $000s	H2 F12	Var to PFI* $	Var to PFI* %	Var to H2 F11 $	Var to H2 F11 %
General Items	31,585	374	1.2%	1,675	5.6%
Classified	29,369	2,273	8.4%	5,761	24.4%
Other	13,313	(1,987)	(13.0%)	2,013	17.8%
Total Revenue	**74,268**	**660**	**0.9%**	**9,449**	**14.6%**
Employee benefit	(9,632)	(179)	(1.9%)	(3,177)	(49.2%)
Web infrastructure	(1,445)	288	16.6%	(601)	(71.1%)
Promotion	(1,271)	475	27.2%	581	31.4%
Other	(6,994)	(539)	(8.3%)	(2,732)	(64.1%)
Total Expenses	**(19,342)**	**46**	**0.2%**	**(5,928)**	**(44.2%)**
Share of profit from associate	211	(86)	(28.9%)	49	30.4%
Gain on disposal of associate	3,269	3,269	0.0%	3,269	0.0%
EBITDA	**58,406**	**3,889**	**7.1%**	**6,839**	**13.3%**
Depreciation and Amortisation	(2,885)	46	1.6%	(843)	(41.3%)
EBIT	**55,521**	**3,935**	**7.6%**	**5,996**	**12.1%**
Net finance income	(3,048)			(5,351)	(232.4%)
Income tax expense	(13,246)			3,450	20.7%
NPAT	**39,227**			**4,094**	**11.7%**
EPS	**9.91**				

Notes:

1. Includes re-classification of revenue to be net of some COGS (and removal of those COGS from expenses). See pages 26 to 28 for full treatment.

2. No H2 NPAT forecast included in the prospectus. NPAT growth YoY strong, particularly given no debt and interest income in H2 F11.

* PFI is Prospective Financial Information and was F12 forecast

Financials: Revenue re-classification

- F12 prospectus (forecast) revenue presented member discounts and Advertising CONS as expenses rather than net revenue items. Whilst appropriate, we have reclassified these (IFRS and GAAP trends).
- Member rebates & discounts and Ads CONS* reclassified to be net revenue expenses during the year, thereby netting off revenue (vs straight expenses).
- Lowers prospectus (forecast) revenue by $3.4m, but similarly lowers expenses (promotion and other) by the same amount; resulting EBITDA unchanged.

STATEMENT OF F12 COMPREHENSIVE INCOME

RE-STATED FOR COMPARATIVE PURPOSES

Member discounts $2.920m

Ads CONS $0.503m

	Actual F12	Reclassified PFI F12	Original PFI F12
	$000's	$000's	$000's
General items	62,408	61,880	64,800
Classifieds	53,904	51,100	51,100
Other	26,146	28,397	28,900
Total Revenue	**142,458**	**141,377**	**144,800**
Total expenses	**(35,823)**	**(36,477)**	**(39,900)**
Share of profit from associates	502	600	600
EBITDA (pre gain on disposal associate)	**107,137**	**105,500**	**105,500**

Revenue reduced $3.4m with member discounts, and ads CONS included in net revenue lines

Corresponding $3.4m reduction in expenses (Promo & Other) as the member rebates and Ads CONS are included in net revenue lines

Resulting EBITDA and EBIT unchanged

* Ad CONS is 'cost of network sales' for advertising revenue

Financials: H1 reclassified plus H2

- H1 requires reclassifying to align with our changed accounting policy.
- Member discounts and Ad CONS move from gross to net 'treatment'; no resulting difference to EBITDA.
- H1 'reclassified' plus today's H2 results give the full year reported metrics.
- Note, the reduction in stated revenue affects the EBITDA margin.

NZD $000's	H1 *as reported*	H1 *'reclassified'*	Var
Total Revenue	**69,980**	**68,190**	-1,790
Total Expenses	**-18,271**	**-16,481**	1,790
Share profit from associates	291	291	0
Gain on disposal of associate	0	0	
EBITDA	**52,000**	**52,000**	0
EBITDA margin	*74.3%*	*76.3%*	

NZD $000's	H1 *'reclassified'*	+ H2	= Resulting F12
Total Revenue	**68,190**	**74,268**	**142,458**
Total Expenses	**-16,481**	**-19,342**	**-35,823**
Share profit from associates	291	211	502
Gain on disposal of associate	0	3,269	3,269
EBITDA	**52,000**	**58,406**	**110,406**
EBITDA margin	*76.3%*	*78.6%*	*77.5%*

Financials: F12 vs prospectus (unadjusted)

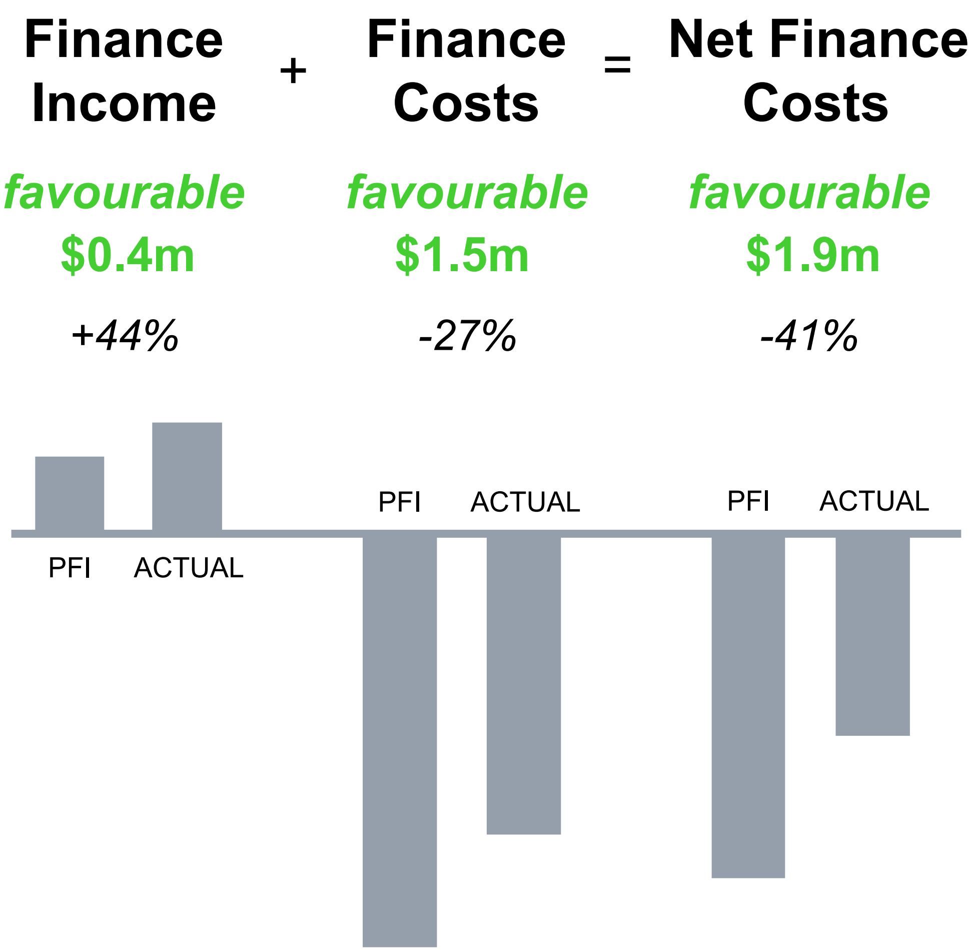
- As per February presentation, beat H1 PFI revenue, expenses and EBITDA.
- On an unadjusted (and adjusted) basis beat H2 revenue, expenses and EBITDA.
- Full year PFI targets also exceeded.

H1 - unadjusted	Act	PFI	Var	
General items	32,261	32,189	72	
Classifieds	24,535	24,017	518	
Other	13,184	13,377	-193	
Total revenue	**69,980**	**69,583**	**397**	✓
Employee benefit	-7,596	-8,296	700	
Web infrastructure	-1,451	-1,398	-53	
Promotion	-2,768	-3,257	489	
Other	-6,456	-5,954	-502	
Total expenses	**-18,271**	**-18,905**	**634**	✓
Share profit from associates	291	296	-5	
Gain on disposal of associate				
EBITDA	**52,000**	**50,974**	**1,026**	✓

H2 - unadjusted	Act	PFI	Var	
General items	33,005	32,661	344	
Classifieds	29,369	27,096	2,273	
Other	13,387	15,456	-2,069	
Total revenue	**75,761**	**75,213**	548	✓
Employee benefit	-9,632	-9,200	-432	
Web infrastructure	-1,445	-1,700	255	
Promotion	-2,691	-3,196	505	
Other	-7,067	-6,887	-167	
Total expenses	**-20,835**	**-20,983**	161	✓
Share profit from associates	211	296	-85	
Gain on disposal of associate	3,269	0	3,269	
EBITDA	**58,406**	**54,526**	**3,892**	✓

Financials: Net finance costs

- Finance income is above PFI forecast due to greater than expected cash invested at a higher than planned rate.
- Finance cost is $1.5m below PFI forecast due to the low effective rate we have achieved on it. Effective interest rate of 4.44% (includes facility fee and the capitalised deferred funding costs).
- Resulting Net Finance Costs are $1.9m (41%) favourable to PFI.
- $166m drawn of the CCAF (a $200m Committed Cash Advance Facility); in place until Dec 2014.



Financials: Capex spend

- Actual Capex in F12 was $5.9m (excl net $11.5m AutoBase) versus forecast of $7.0m.
- $1.1m below PFI forecast due to delayed infrastructure asset / purchases.
- Resulting F12 Depreciation & Amortisation is below PFI by $135k ($5.2m vs $5.3m).
- F13 planned capital development increases by $1.9m (73%) as we continue to invest in key future growth drivers.

F11 & F12 CAPEX
$'s

→ Total Capex up $1.5m (34%) on F11 as we invest in future growth drivers

→ F12 Increase in Capital Development *(+40% vs F11)*

→ Timing difference in infrastructure asset expenditure vs PFI forecast

Financials: Cash flow

- Operating cash flow better than forecast.
- The PFI forecast cash flows showed anticipated flows from the IPO – however a change in the settlement process meant all these flows occurred outside the Group.
- $11.8m of prepaid member balances were transferred to a bare trust.
- Related party represents surplus cash transfers to Fairfax.
- Dividend paid to Fairfax is settlement of intercompany balances.
- Net interest change results from being net lender in F11 to net borrower in F12.
- Actual Capex spend greater than cash flow (timing difference only).

NZ $000s	F12 Act	F12 PFI	F11 Act
Operating cash flow	108,383	104,200	98,796
Cash transferred to trust	(11,771)	(12,000)	0
Capex	(4,347)	(6,900)	(6,328)
Related party (Fairfax)	(11,532)	22,100	(78,058)
Dividends received	389	600	488
Income tax paid	(25,598)	(25,400)	(16,740)
AutoBase net cash	(11,413)	0	(807)
Net interest	(2,759)	(4,600)	5,184
Dividends paid	(8,229)	(570,500)	0
Proceed from Loan	0	166,000	0
Proceed from IPO	0	363,500	0
Net Cash Movement	**33,123**	**37,000**	**2,535**
Cash at start of period	**6,012**	**6,000**	**3,477**
Cash at end of period	**39,135**	**43,000**	**6,012**

Financials: Balance sheet

- F11 receivables/payables include related party balances settled prior to the IPO.
- Cash now invested with AA- banks (prior to the IPO held at parent).
- Intangibles made up of Trade Me goodwill, brand and AutoBase assets – no impairment issues.
- $166m drawn of the $200m debt facility (Matures Dec 2014). Significant head room in the debt covenants.
- Trade & payables increase vs PFI forecast due to capex spend timing / accrued entitlements and increased revenue in advance.

NZ $000s	Actual at Jun 12	PFI for Jun 12	Actual at Jun 11
Cash	39,135	43,000	6,012
Trade & other receivables	5,310	4,500	43,309
Property plant & equipment	4,342	5,100	4,081
Intangibles	773,399	758,100	757,536
Other assets	824	800	735
Total assets	**823,010**	**811,500**	**811,673**
Trade & other payables	9,303	5,400	25,557
Long term debt	165,758	166,000	-
Other liabilities	9,370	8,700	16,559
Total liabilities	**184,431**	**180,100**	**42,115**
Net assets	**638,579**	**631,400**	**769,558**

Financials: Proposed dividend

- Announced fully imputed dividend of 7.8cps at an approx 80% pay-out ratio.
  - 0.5cps of this is balance of H1 (13 Dec to 31 Dec 2011)
  - 7.3cps of this is H2 earnings (1 Jan to 30 Jun 2012)
- Supplementary dividend for non-residents of 1.3765cps.
- Compares favourably to the prospectus dividend estimate of 6.8cps (+1cps or +14.7%).
- Based on approx 80% pay-out of $38.5m of NPAT from 13th Dec 2011 to 30 June 2012.
- This excludes the $3.3m disposal on share of associate (non-cash).
- Dividend record date of 5pm Friday 14th September.
- Dividend payment date of Tuesday 25th September.

Full Year NPAT	$75.6m
NPAT *(13 Dec – 30 Jun)*	$41.8m
Less Associate 'disposal' profit	$3.3m
Resulting 'earnings'	$38.5m
~80% pay-out	$30.8m
	7.8cps

Financials: AutoBase transaction

- AutoBase transaction completed on 30th April 2012.
- Successful transaction and integration.
- Transaction resulted in a $3.27m one off non-cash ‘gain on disposal’.
- AutoBase valued at $15.5m at the time of the acquisition (4.8 times EBIT).
  - Trade Me 25.4% share of this $3.9m.
  - Trade Me’s equity investment value for AutoBase was $660k at 30 April.
  - Re-valued gain on disposal of $3.27m (non cash).
- From 1 May all AutoBase revenue goes through Classifieds revenue line, with costs re-distributed through-out the Trade Me P&L.
- Re-statement of $7.2 million of intangible assets gives an annual amortisation charge of $2.8m, and corresponding post-tax cash benefit.

Financials: Tax

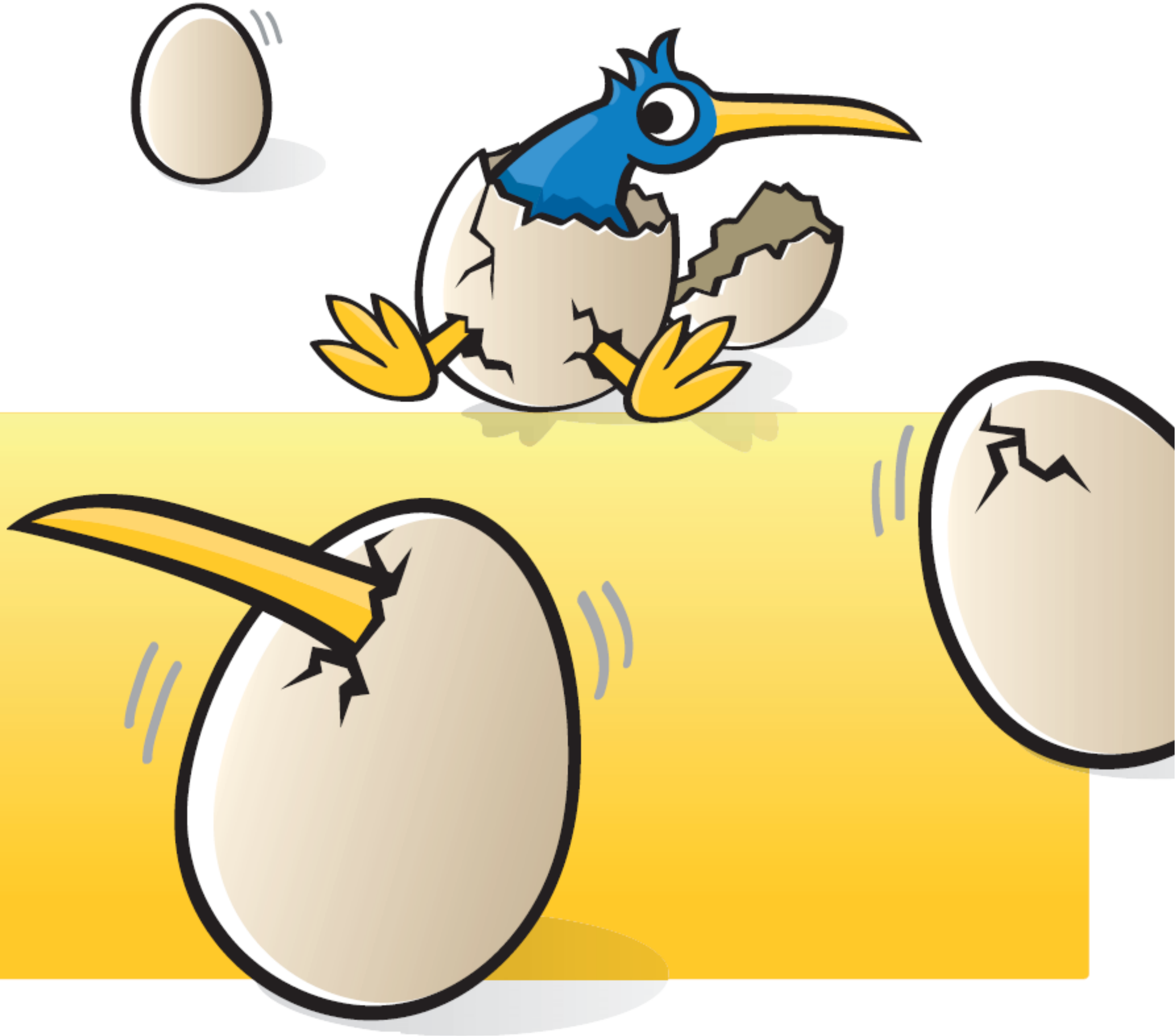
- F11 actual tax $31.5m (effective rate of 31.1%).
- F12 PFI tax $26.9m (effective rate of 28.1% - change in corporate tax rate).
- F12 Actual tax $26.9m (effective rate of 26.3%).
- F12 effective rate lowered due to tax free capital gain on disposal of associate, tax paid dividends from AutoBase and other immaterial movements.
- Full imputation credits available to distribute with dividends.
- Paying supplementary dividend of 1.3765c

	Difference to 28%
At 28%, F12 calculation	$28.6m
At 26.3% F12 tax	$26.9m
Variance of	$ 1.7m

In part made up of:

Gain on disposal associate	$0.9m
Share of AutoBase profits	$0.2m
Other:	
Leave	$0.2m
Payroll	$0.2m
Doubtful debts	$0.1m

Outlook



Outlook: Market conditions

- NZ economy clearly still fragile, and support from Christchurch rebuild slow in coming.
- Strong growth in activity and awareness of offshore ecommerce players – an opportunity and a threat for us. No big movements in local competitors.
- Trading in the last six weeks has been more of the same, however school holidays and the Olympics make measurement difficult.

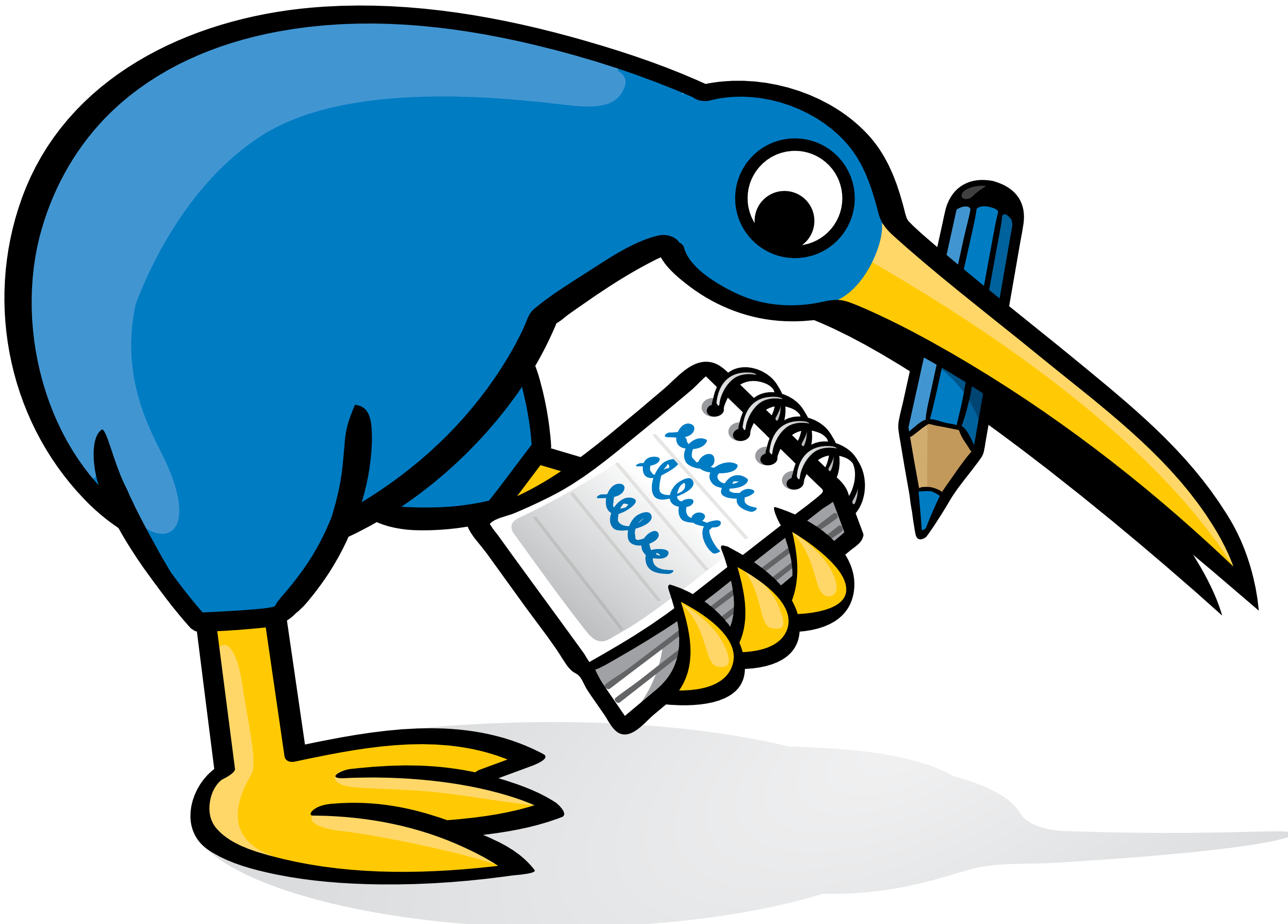
Outlook: Strategy

- The IPO plans (and metrics) are still applicable.
- New Goods – more and more will be bought online and Trade Me should be the place consumers go when they start their buying journey. The jump in online retail activity only increases our urgency to ensure we cement our position.
- Classifieds – grow value and product-set to offer to advertisers, and pull across yield from traditional media to follow the volume that has already transitioned.
- Mobile – we already have a huge footprint, but there's so much more to do. Opportunity to provide new products to our consumers.
- Data and Personalisation – we have a lot of it, and we can better utilise it to deliver personalised shopping experiences improving the experience for users.
- All underpinned by strong operations, and a focus on empowering consumers by delivering effective, trusted marketplaces.

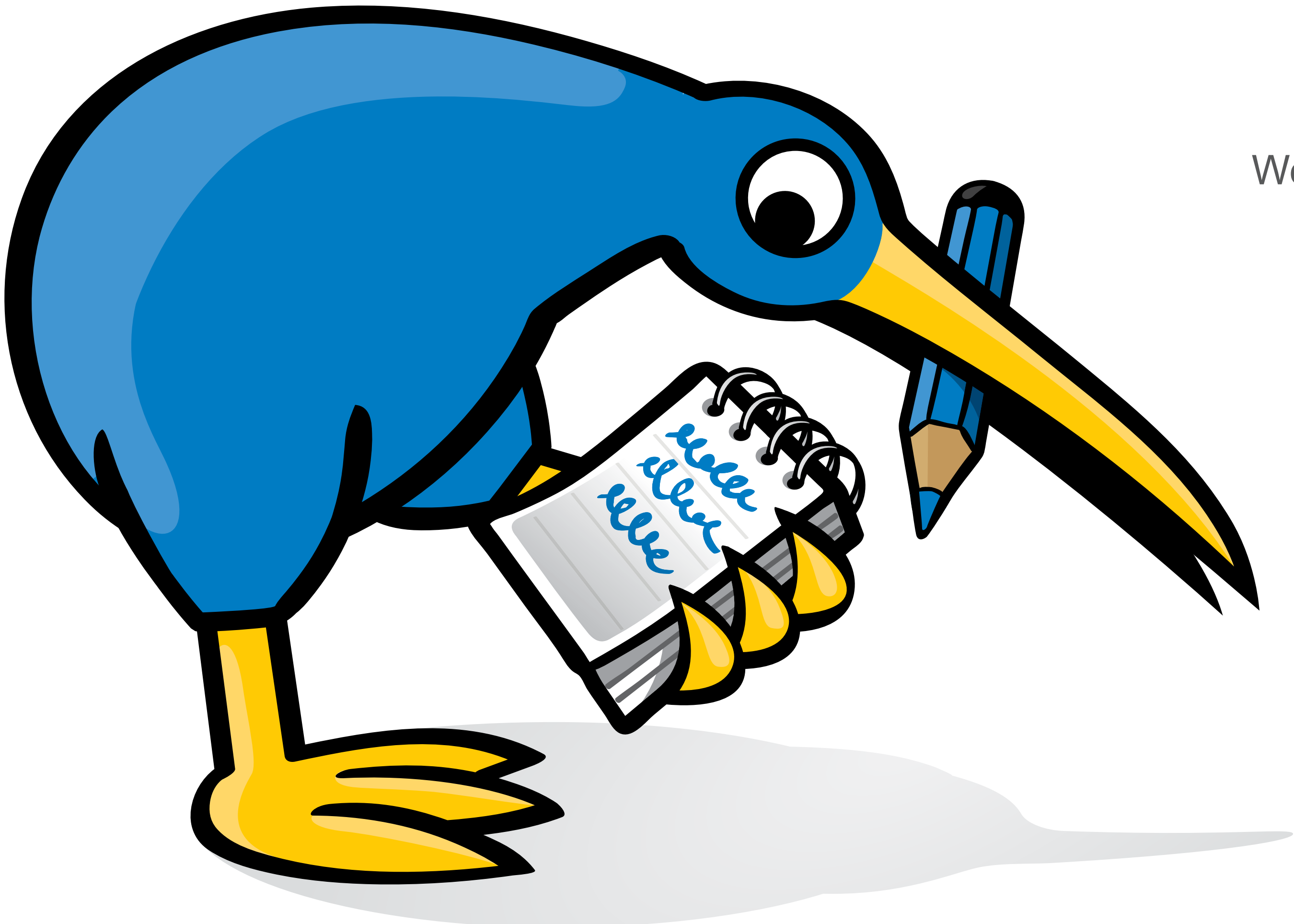
Outlook: Financial performance

- Trade Me now in the last 6 month period of the prospectus numbers – these numbers still relevant.
- Revenue in H1 F13 planned to be slightly ahead of prospectus with growth in Classifieds yield and premium products and full recognition of AutoBase revenues, offset a little by Other segment.
- Costs in H1 F13 planned to slightly exceed prospectus as AutoBase costs are absorbed into Trade Me, and ongoing investment in building new goods and mobile functionality.
- H1 F13 earnings guidance still in line with prospectus – plus a small lift for additional AutoBase earnings.
- Future dividend pay-out guidance remains unchanged from the prospectus at approximately 80% of NPAT, fully imputed.

Questions?



More information



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