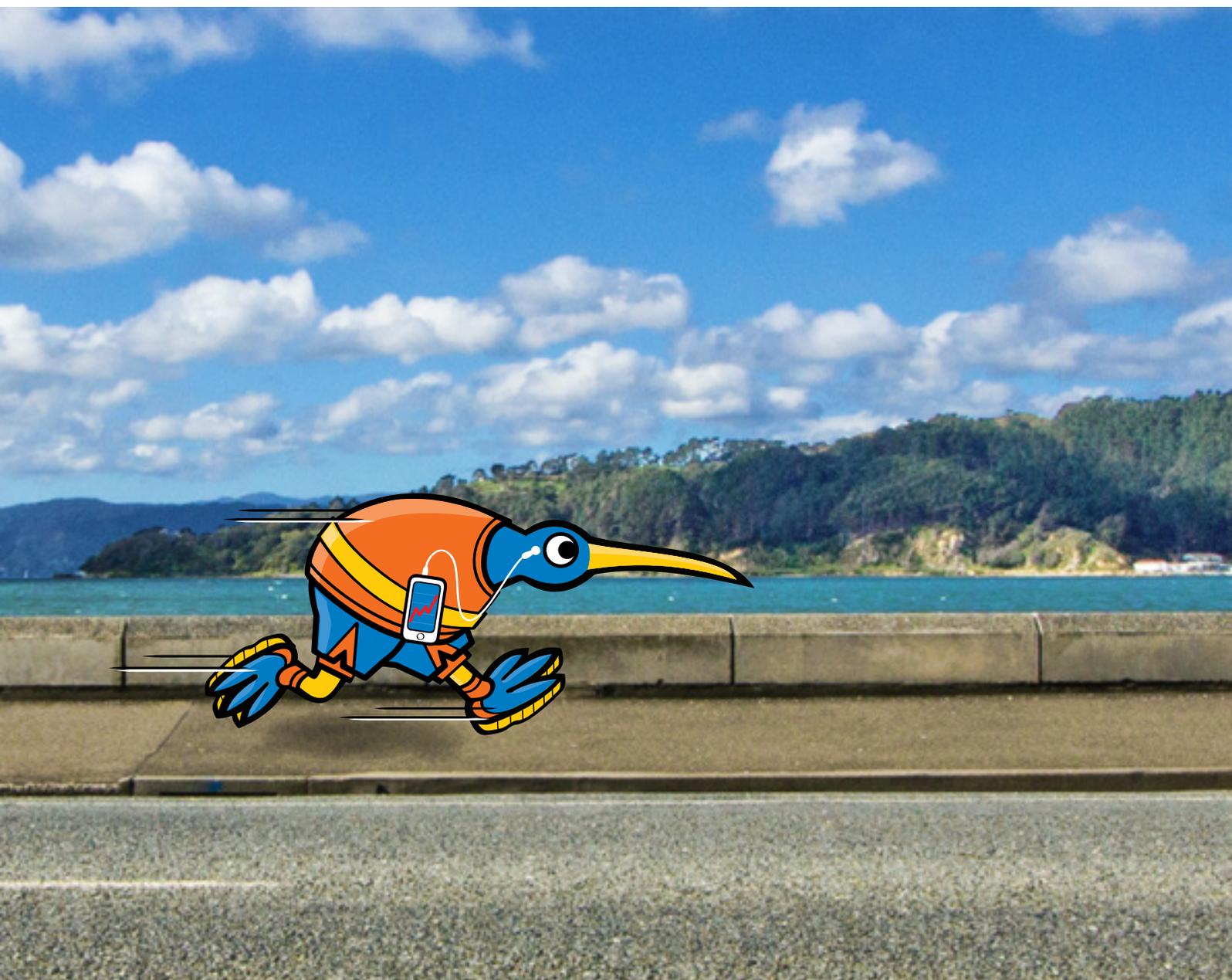
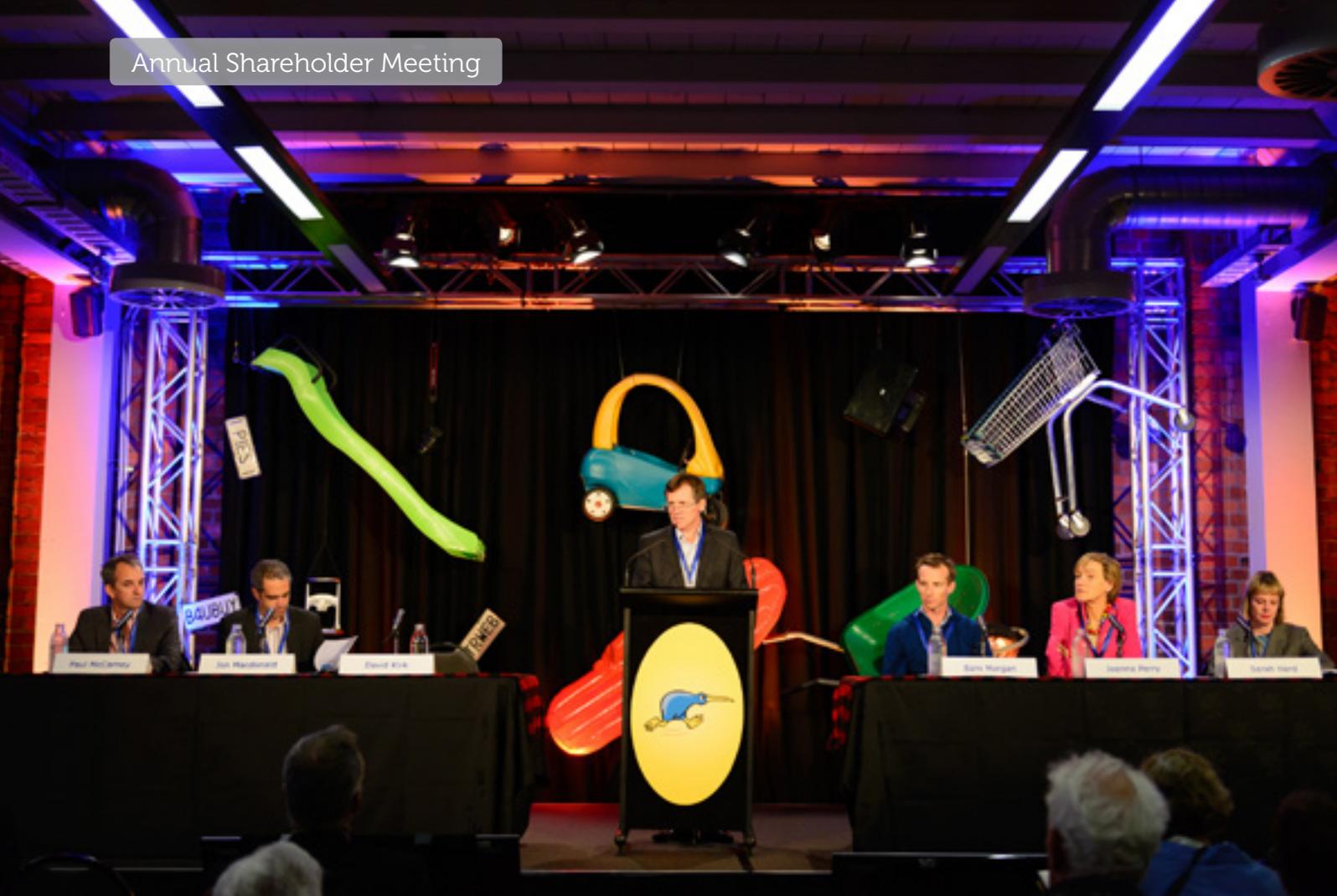




Annual Report | 2015





2015 Annual shareholder meeting of Trade Me Group

Chairman David Kirk will get this under way at 4pm on Wednesday 14 October at Mac's Function Centre, 4 Taranaki Street, Wellington (www.macsfunctioncentre.co.nz).

The notice of meeting and agenda will be mailed to shareholders by 30 September 2015.

This report is dated 10 September 2015 and is signed on behalf of the Board of directors of Trade Me Group by:

David Kirk
Chairman

Joanna Perry
Director

For more investor information about Trade Me Group, please visit the Trade Me investor relations website at investors.trademe.co.nz



2015 highlights:

3 6 big things from F15



Chairman's report:

18 a letter from David Kirk



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ASX	Australian Securities Exchange
EBITDA	Probably the best accounting acronym, and means earnings before interest, tax, depreciation and amortisation
F13	The financial year for the 12 months to 30 June 2013
F14	The financial year for the 12 months to 30 June 2014
F15	The financial year for the 12 months to 30 June 2015
FTE	A full-time equivalent is a way to measure the workload of a person
IPO	An "initial public offering" is selling shares in a company to the public
Jargon	Technical words and acronyms that drive readers crazy and often need explaining
Kevin	The kiwi who stars in the Trade Me logo and famously dresses up on the homepage in various guises
NetHui	An annual conference for people in and around the internet in NZ
Nodebots	An organisation that hosts events where people get together to use JavaScript and electronics to create anything and everything
NZX	New Zealand Stock Exchange
Pre-associate	We part-own associated company Harmony, a peer-to-peer lender
TME	Trade Me's stock ticker
Trade Me	In this report, this refers to the company called Trade Me Group Limited, as opposed to the marketplace website called www.trademe.co.nz
WDCNZ	An annual conference for web developers
Webstock	An annual conference for everyone interested in the web



Highlights



A good financial year

Revenue up 11% on F14 to \$199.7m

EBITDA up 4% on F14 to \$134.4m (and pre-associate up 5% to \$135.2m)

Net profit after tax up 0.1% on F14 to \$80.2m;
(with underlying NPAT up 3% to \$81.8m)

Earnings per share of 20.2 cents

Dividends of 7.7c per share paid in March,
and 8.5c per share to be paid in September

Chairman David Kirk said Trade Me's result was good, and consistent with guidance provided over the past year. "The result is right in line with our expectations, with double-digit revenue growth and another high tide mark for overall revenue."

Revenue was up 11% year-on-year to \$199.7m, again underpinned by strength in our trio of Classified businesses where it was up 16% year-on-year to \$99.6m. Our Other segment also recorded a strong revenue increase of 23% on F14. Although General Items revenue declined by 2% on F14, we saw sales back in positive territory in the second half of the year.

CEO Jon Macdonald said F15 had been a year of encouraging progress. "We've been improving our products, making investments

and strengthening our teams. Our efforts are starting to deliver returns, and we're confident about the opportunities in front of us."

We have continued to be careful and focused our resources and attention on areas where we expect the best return, in particular zeroing in on mobile, our General Items marketplace and Trade Me Property.

We're confident there are plenty of growth opportunities for us in the medium to long-term.

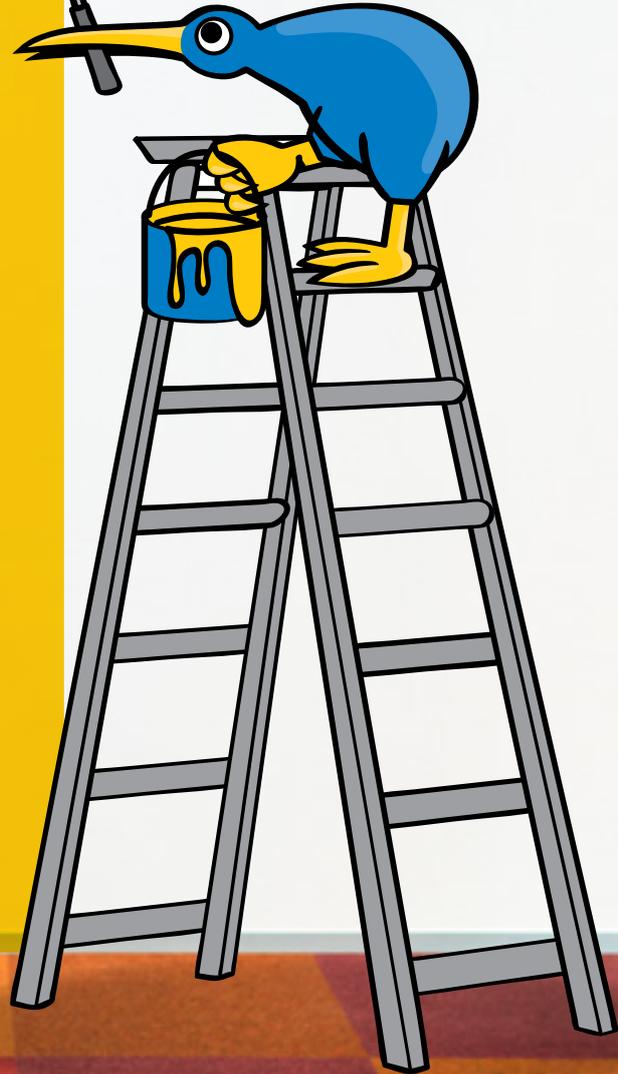
F13
\$164.1m



F14
\$180.1m



F15
\$199.7m



Classified trio remain strong

Continued to deliver strong results for investors

Revenue up 16 per cent on F14 to \$99.6m

EBITDA also grew strongly, up 9% on a year ago to \$68.6m

Collectively Trade Me Motors, Trade Me Jobs and Trade Me Property have continued to deliver strong growth in F15, off the back of a revenue increase of 23% in F14.

Trade Me Motors saw revenue increase by 24% on last year, assisted by a full year contribution from the MotorWeb vehicle data business acquired in December 2013. Motors continues to be the market leader in its automotive category.

Trade Me Jobs also delivered an increase in revenue, up 14% year-on-year, on the back of strong listings growth.

Trade Me Property has continued to ramp up its account management and presence in several regions around the country, and remains the most visited real estate website in the country (with more than double the audience of its nearest rival). Revenue was up 5% year-on-year.



trade me

1

Product improvement progress

New products and features released

Encouraging signs in our marketplace

More releases planned pre-Christmas

We've put a lot of focus on delivering products to members and customers in F15. In our core marketplace, we've seen some encouraging signs in the second half as product changes begin to take effect.

Marketplace-related improvements have included the release of a new homepage with more relevant, data-driven content, a new image-rich search experience and a new listing page. Our efforts are beginning to generate results too, with the number of sales increasing by 2% year-on-year in the April-June quarter, led by new goods' sales growth of 5% year-on-year. We also have several product developments set to land before Christmas 2015.

Elsewhere, Trade Me Jobs has begun rolling out a new listing page and new product developments in F15 included Talent Chaser advertising and the ability to embed video in listings. Trade Me Property's new features also include video in listings and InsideView (like Google StreetView for viewing the interior of a property).



Highlight **4** 2015

Trade Me Insurance launched

Launched in August 2015

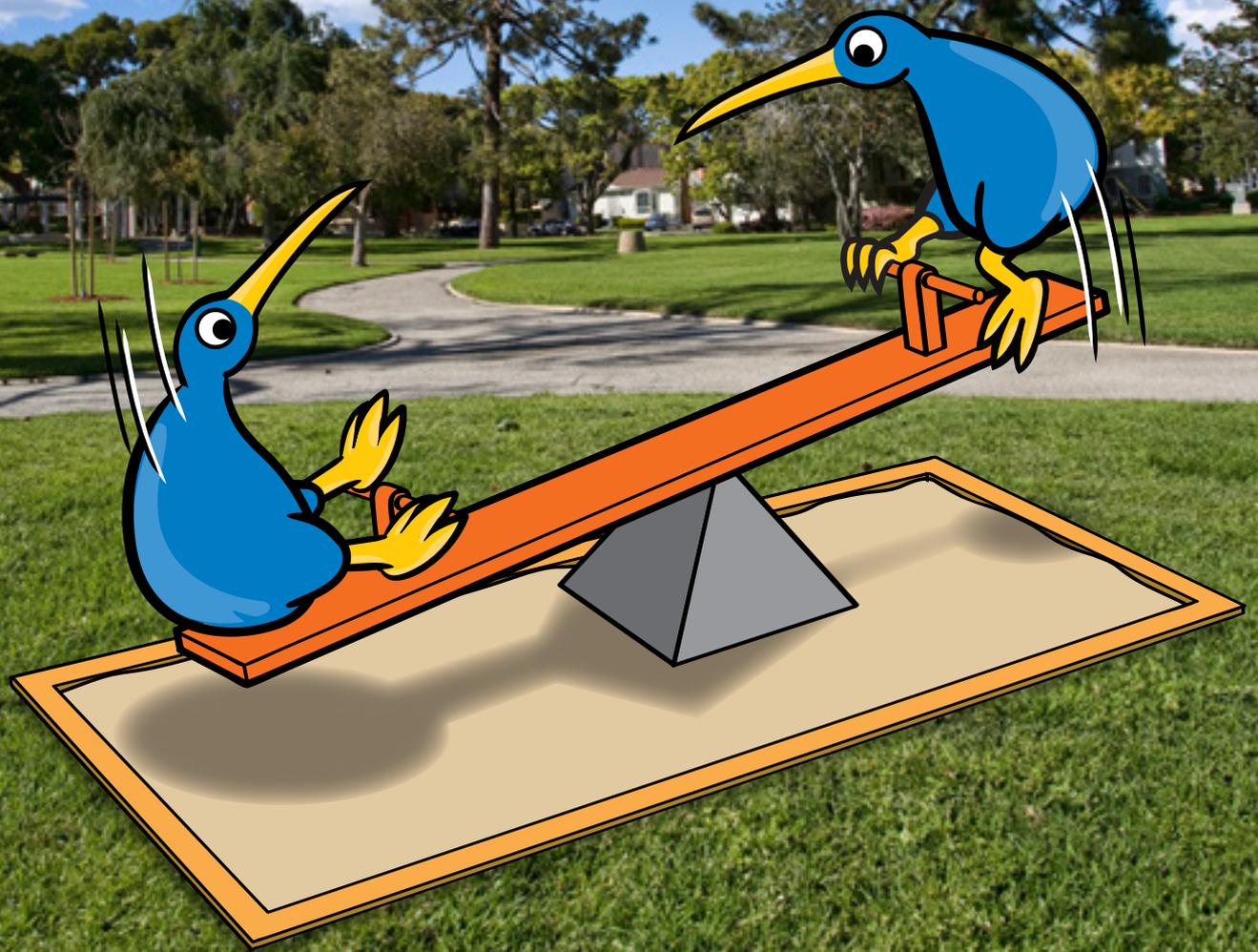
Re-engineers buying home, car and contents insurance online

Peace of mind without the painful process

We launched Trade Me Insurance on 14 August, underwritten by and tailor made with local insurer Tower. As our CEO Jon Macdonald put it: "Working with Tower, we thought we could build a streamlined, simple, good value online insurance experience for New Zealanders, so we did."

We believe it is NZ's most comprehensive online insurance offering to get a quote, buy insurance, make a claim and manage a policy.

Insurance complements some of our other forays into financial services including payments, peer-to-peer lending and insurance comparison.



New additions on track

Invested in Harmony

Acquired Viewing Tracker

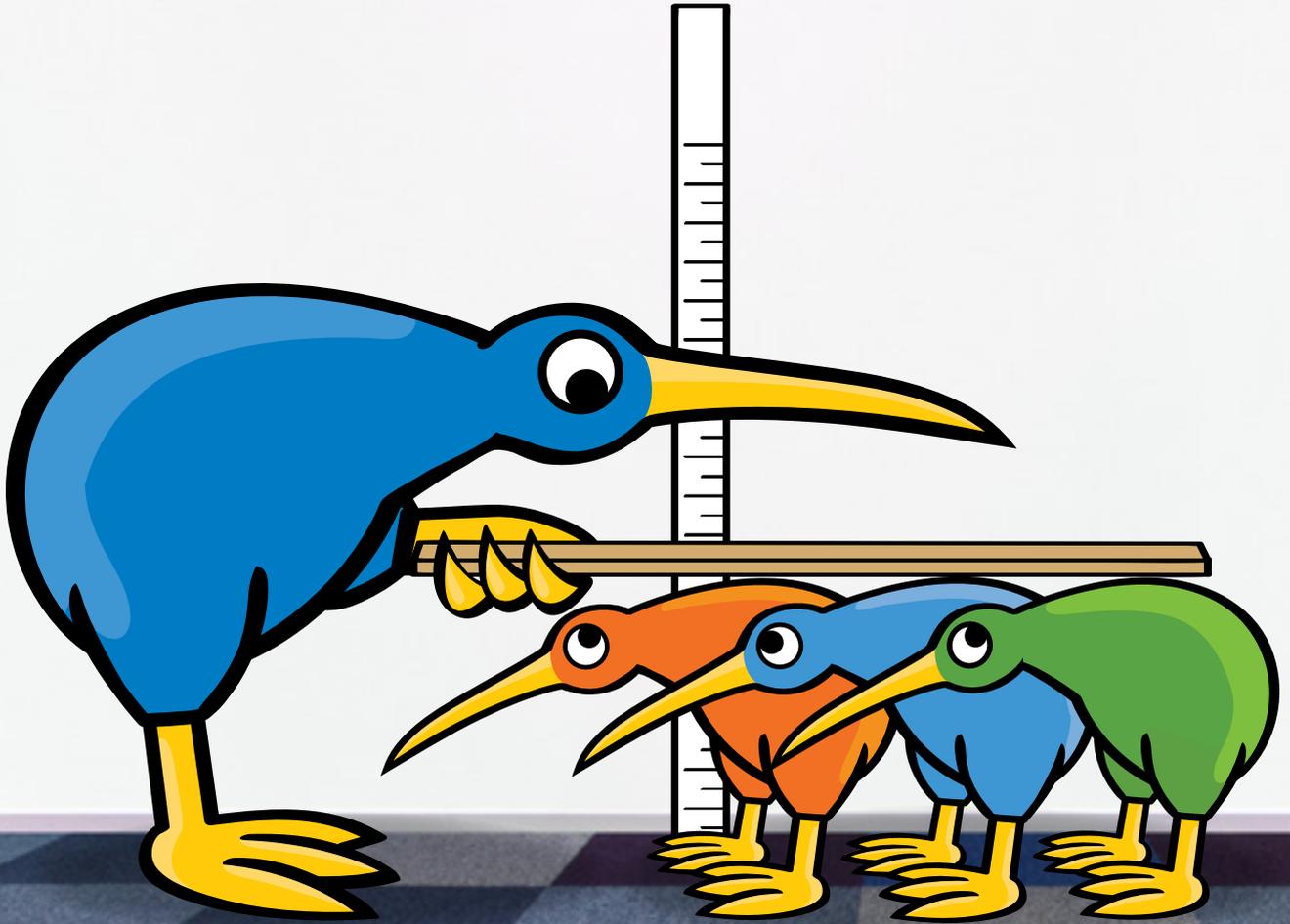
Acquired Paystation

In January 2015 we announced our investment in peer-to-peer lending platform, Harmony. We acquired a 14.1 per cent stake for \$77m. Harmony was the first licensed peer-to-peer lender in New Zealand. We see Harmony as a great fit for Trade Me, because like us it provides Kiwi consumers with a safe, trusted, scalable and efficient online platform to undertake a transaction.

In December 2014 we acquired Viewing Tracker, a small Wellington company that minimises hassle for tenants and property managers making arrangements to view rental properties. Founder Aaron Clancy joined the Trade Me Property team and we've begun to integrate this service into 'for rent' listings onsite.

In September 2014, we acquired Paystation, a Wellington-based online credit card processing and payments gateway founded in 2002. We see Paystation's expertise as complementary to Trade Me's core business and we think their experience can help us make trading on Trade Me faster and easier.

Our online insurance comparison site LifeDirect, acquired in September 2013, has also grown ahead of our expectations.



464 staff at Trade Me

Two new appointments to our Executive team

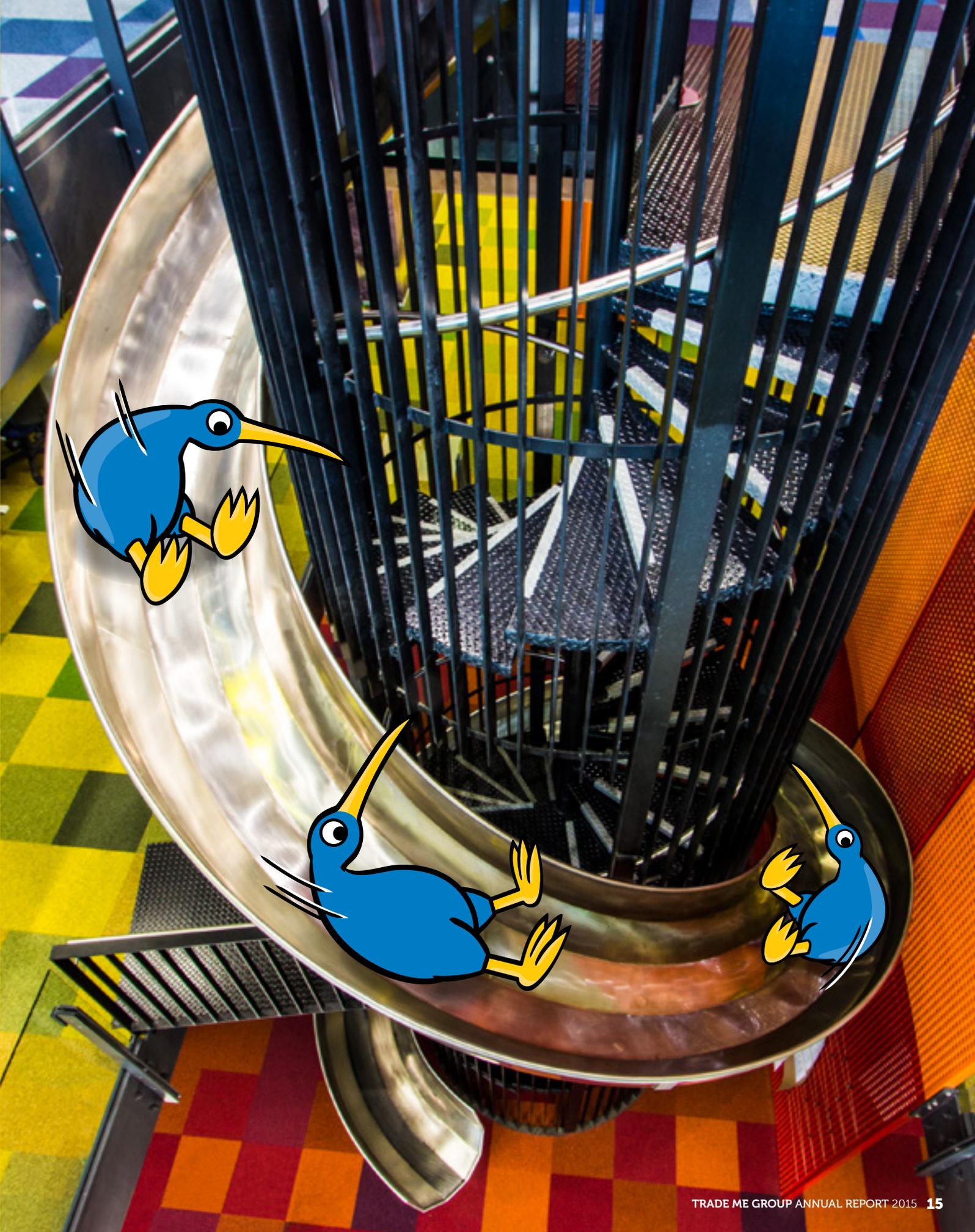
Expenses up 25% year-on-year

Two new faces joined our Executive team in F15. Trent Mankelow joined us as our inaugural chief product officer in November 2014. Trent is responsible for making sure we build the right things, and make them great. Stuart McLean joined Trade Me in February 2015 and is running our General Items marketplace business.

Overall, we have 464 staff at Trade Me. This is up from 355 staff a year ago and 424 staff in February 2015.

Expenses were up 25 per cent year-on-year, and the main contributors to the F15 increase were in relation to our new businesses LifeDirect, MotorWeb and Paystation. The remainder of the expense increase was in new staff costs as we invest to speed up our product development, and marketing.

We consolidated our presence in Wellington with a move to a new building in Market Lane in July 2014, having previously had teams in four different locations in the capital. In December 2014, our expanding team in Auckland moved into a newly fitted out building in the central city and we're currently expanding again in the City of Sails. We have a small office in The Press building in central Christchurch.



The year in review

2014

July



4 July New digs

We completed the move into our new Wellington headquarters, complete with a caravan, three slides, a lawnmower and six coffee machines.

31 July Transparency Report

We released the second edition of our annual analysis of requests we receive from Government agencies. We believe we're the only company in NZ doing this.

August



15 August Ivory banned

We banned the sale of ivory and other animal parts because it was the right thing to do.

20 August F14 results

We announced that TME revenue was up 10% year-on-year to a record \$180.1m.

September



25 September Paystation acquired

We bought Paystation, a Wellington-based online credit card processing and payments gateway. We reckon the team can help us make payments better on Trade Me.

October

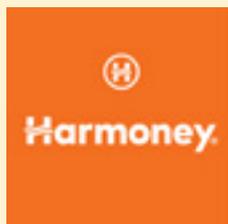


28 October Choc milk madness

With NZ in the grip of Lewis Road Creamery chocolate milk craziness, a plethora of auctions appeared on Trade Me, including a 750ml bottle with a start price of \$1,000.

2015

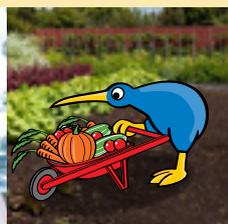
January



12 January Harmony stake

We acquired a 14.1 per cent stake in lending platform Harmony (harmony.com), NZ's first peer-to-peer lending company.

February



10 February Stuart joins

Stuart McLean joined our Exec team as the general manager of our General Items marketplace business.

18 February Interim results

We announced a dividend of 7.7 cents per share to shareholders, paid on 24 March.

March



1 March Sweet 16

We turned 16 and celebrated by giving members who purchased brand new items a 'slice of cake', with 16 daily draws of \$1,000.

12 March The Big Egg Hunt

We teamed up with Starship Foundation to promote the Whittaker's Big Egg Hunt which showcased 100 artist-designed fibreglass eggs all over Wellington, Auckland and Christchurch. Eighty eggs were sold on Trade Me to raise money for Starship.

April



1 April Trade Me TV

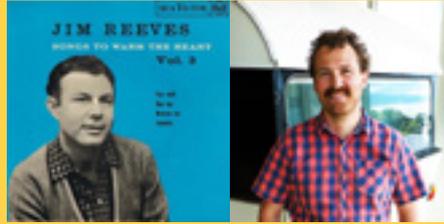
We had some fun with our members announcing our April Fool's Day venture into online TV.

November



29 October Shareholder meeting

Held in Wellington, Joanna Perry and David Kirk were re-elected as directors after retiring by rotation.



1 November Listing 800,000,000

Our 800 millionth listing closed for \$15. It was a Jim Reeves EP, *Songs to Warm the Heart*.

4 November Trent lands

Trent Mankelov joined our Exec team as our inaugural chief product officer. He's responsible for making sure we build the right things, and make them great.

December



4 December Most expensive auction

NZME paid \$7.4m for the 100.1 frequency they use to broadcast *Newstalk ZB* in Christchurch. It is the most expensive item sold via a Trade Me auction. The seller was Turners.

9 December Viewing Tracker acquired

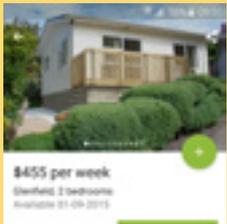
This small Wellington company has a cool product that minimises the hassle around viewing rental properties. Founder Aaron Clancy has joined our property team.



31 December Marriage destroyer

An answering machine dubbed the 'Marriage Destroyer' was the most popular auction on Trade Me for the 2014 calendar year. It racked up almost 137,000 views and earned the seller \$68.

May



15 April New Property app

We launched a new Trade Me Property Android app which gives home buyers and renters the ideal experience on their android device.



14 May Bugger

The 'BUGGER' number plate put up by NZ Transport Agency and Personalised Plates sold for \$34,100 to raise funds for Surf Life Saving NZ.

21 May Influential brand

Research company Ipsos named Trade Me as the most influential retail brand in New Zealand, and the most influential local brand overall.

June



8 June Listing 900,000,000

A DVD of Jim Carrey's film *Man on the Moon* was Trade Me's 900 millionth listing.

11 June Animal welfare code

After heaps of work with organisations like the RNZSPCA and NZVA, we launched our Code of Animal Welfare to lift animal welfare standards on Trade Me.

19 June Trade Me Property turns 10

We celebrated our property site's 10th birthday the best way possible, with a huge \$60,000 giveaway to eagle-eyed Trade Me Property browsers.



Letter to Trade Me shareholders

Dear Shareholders,

The net profit achieved by Trade Me in the 2015 financial year was \$80.2m. Although profit is virtually the same as we reported last year, I am confident your company is beginning to demonstrate the benefits of the significant investment that has been made in 2014 and 2015.

Trade Me's revenue continued to grow at a creditable 11 per cent in F15 but costs grew at 25 per cent in the year, and depreciation grew nearly as fast at 24 per cent. This cost growth prevented any growth in net profit for the year.

Trade Me has now had two full years of cost growth, well in excess of revenue growth and, as a consequence, low profit growth. As shareholders you are no doubt keen to know when this cost growth will return to more normal levels and therefore when profits will start to grow again at an acceptable rate. The answer, as best as we can forecast it, is in the second half of F16.

This accelerated investment over the last two years has been widespread, but our online marketplace has been a particular focus. Shareholders will recall from previous communication that Trade Me's General Items business had stopped growing and needed significant investment in new people and new product to return it to growth.

In the final quarter of 2015 we began to see positive results from our investment. For the 2015 financial year, revenue in the General Items business declined by 2 per cent, but for the final quarter of the year revenue grew by 2 per cent overall and by 5 per cent in new goods. We have plenty of work to do to maintain this momentum, but this is an important positive trend for Trade Me as a whole.

Our classified businesses grew revenue by 16 per cent in F15 and our third segment, a collection of advertising, holiday houses, travel, dating, insurance comparison and payments businesses grew revenue even faster at 23 per cent for the year.

You can read more about the how Trade Me's various businesses performed in F15 and management's priorities for F16 in CEO Jon Macdonald's report in this Annual Report.

Trade Me now has businesses which operate in the retail, property, motor vehicle, job hunting, insurance, travel and accommodation, dating, advertising and financial services sectors of the economy. This increasingly broad exposure to the New Zealand economy has benefits for Trade Me, but our real strength lies not in diversification but in concentration.

Trade Me has exposure to a broad cross-section of the New Zealand market but it achieves this exposure entirely through the application of internet and mobile technologies. It is an increasingly diversified company in its access to product and service markets, but it remains highly concentrated in the way it goes about facilitating commerce of all sorts.

The benefits of being an entirely online business are threefold. Firstly, online commerce of all sorts – retailing, lending, insurance and advertising are all examples – is growing much faster than traditional commerce. Secondly, the economics of online commerce are, for a large and well-established business like Trade Me, much better than for similarly sized businesses with traditional businesses models. In particular costs are lower and less capital is required than traditional models. This means sales can be made at lower prices without sacrificing profit margin and the return on invested capital is higher for the same profitability.

Thirdly, online and particularly mobile commerce is more efficient and faster than 'real world' commerce. Shoppers, job hunters and people looking for all sorts of services save time, have greater choice and very often pay lower prices than they would searching, buying and selling offline.



Buyers and sellers attraction to online models is a 'secular' shift. That is, it is not cyclical. The pendulum will not swing back some time in the future.

Buyers and sellers attraction to online models is a 'secular' shift. That is, it is not cyclical. The pendulum will not swing back some time in the future. A significant proportion of all advertising, searching and buying and selling in the economy continues to move away from traditional ways of doing commerce to online providers such as Trade Me and it will not move back.

The financial benefits of the increasing popularity of online commerce have not been evident in Trade Me's earnings growth in 2014 or 2015. Your board is acutely aware of this. But we are certain we have made the right decision to invest heavily in the business over the last two years to position Trade Me to benefit from the continuing growth of online commerce in New Zealand.



Our immediate priorities are to return the marketplace to solid growth, continue the growth of our three classifieds businesses and better leverage Trade Me's audience and highly relevant content for advertisers. In the medium term we expect our new investments in insurance, payments, and peer-to-peer lending to make a material contribution to Trade Me's financial performance.

The final dividend of 8.5 cents per share will be payable to shareholders on our register as at 11 September 2015 and the dividend is expected to be paid on 22 September 2015. This follows an interim dividend of 7.7 cents per share paid to shareholders on 24 March 2015.

Our immediate priorities are to return the marketplace to solid growth, continue the growth of our three classifieds businesses and better leverage Trade Me's audience and highly relevant content for advertisers.

Jon Macdonald continues to do a great job leading the company and we thank him for his effort and results in F15. In the last year Jon has added some first-class senior talent to help him manage the company.

Thank you for your investment in Trade Me. We understand that you have placed your trust in us and expect to see the value of your investment in Trade Me increase over time. That is what we are focused on doing.

Our annual shareholder meeting this year is in Wellington on 14 October. I look forward to seeing as many of you as are able to make it.

Yours sincerely,

David Kirk

Chairman
Trade Me Group Limited



Commentary and thoughts from CEO Jon Macdonald

Dear Shareholders,

Thank you for your support as an investor in Trade Me. We're pleased to deliver a result in line with our expectations, and consistent with our guidance over the past year. Our result for the 12 months to 30 June 2015 reflects a year of encouraging progress, and we're seeing our efforts start to deliver returns.

We have continued to be careful and focused our resources and attention on areas where we expect the best return, in particular zeroing in on mobile, our General Items marketplace and Trade Me Property.

We've been working hard to make the online experiences we deliver better for Kiwis. We've been improving our products and strengthening our teams, and we're confident there are plenty of growth opportunities for us in the medium to long-term.

The numbers

In F15, Trade Me grew revenue to a new record of \$199.7m, up 11 per cent on F14's \$180.1m. Our EBITDA for F15 was \$134.4m, up 4 per cent year-on-year. Excluding our share of losses in peer-to-peer lender Harmony, EBITDA was \$135.2m, and up 5 per cent year-on-year.

Trade Me's net profit after tax was \$80.2m, up marginally on a year ago and reflecting our ongoing reinvestment in bolstering the Company for the future. Underlying net profit after tax – excluding fluctuations in interest rate swap values – grew 3 per cent year-on-year.

Earnings per share was 20.20 cents, the same as in F14, and ahead of both F13 and F12.

We intend to pay a fully imputed final dividend of 8.5 cents per share on 22 September 2015. The record date for the dividend is 11 September 2015. This follows on from the interim dividend of 7.7 cents per share paid to investors on 24 March 2015.

Operating performance

The **Classifieds** businesses have continued to deliver strong results for investors, with revenue up 16 per cent on F14 to \$99.6m. EBITDA also grew strongly for this segment, up 9% on a year ago to \$68.6m.

Trade Me Motors enjoyed a lift in revenue (up 24 per cent year-on-year), helped by a full year contribution from the MotorWeb vehicle data business acquired in December 2013. Motors continues to be the market leader in its automotive category. We will be focused on growing this business in F16, with a number of new initiatives on the cards.

Trade Me Jobs also delivered an increase in revenue, up 14 per cent year-on-year, on the back of strong listings growth. A new listing page is being rolled out across the site and there

have been product developments including Talent Chaser advertising and the ability to embed video in listings.

Trade Me Property has continued to ramp up its account management and presence in several regions around the country, and recently ran a 10th birthday advertising campaign. Off the back of our flexible pricing options and new features including video in listings and InsideView (like Google Street View for viewing the interior of a property), we're seeing some good progress. It remains the most visited real estate website in the country with more than double the audience of its nearest rival. Revenue was up 5 per cent year-on-year.

Gross merchandise sales in our **General Items** marketplace were subdued in the first half of the year, but we've seen some encouraging signs in the second half as product changes begin to take effect. These core product improvements have included the release of a new homepage with more relevant, data-driven content, a new image-rich search experience and a new listing page. Our efforts are beginning to generate results, with the number of sales increasing by 2 per cent year-on-year in the April-June quarter, led by new goods' sales growth of 5 per cent year-on-year.

We remain optimistic about our prospects in this segment, and we have several product developments set to land before Christmas.

In the **Other** category comprising our advertising, travel, dating, insurance comparison and payments businesses we saw revenue jump by 23 per cent and EBITDA jump up a healthy 11 per cent year-on-year respectively. Our online insurance comparison site LifeDirect has grown ahead of our expectations and our payments business Paystation has also performed very well.

Our **expenses** were up 25 per cent year-on-year, a lower rate than last year, but still significant. The main contributors to the increase were our two acquisitions, MotorWeb and Paystation. The remainder of the expense growth included new staff costs (primarily to speed up our product development) and additional marketing.

We have been clear about the need for this increased investment in Trade Me's future growth prospects. We expect the rate of cost growth will continue to decline in F16.

Acquisitions & new businesses

We launched Trade Me Insurance on 14 August. Underwritten by and tailor made with local insurer TOWER, it delivers a streamlined, simple, good value online experience for New Zealanders buying home, contents, and car insurance. We believe it is NZ's most comprehensive online insurance offering to get a quote, buy insurance, make a claim and manage a policy.

In January 2015 we announced our investment in peer-to-peer lending platform, Harmony. We acquired a 14.1 per cent stake for \$7.7m. Harmony was the first licensed peer-to-peer lender in New Zealand. We see Harmony as a great fit for Trade Me, because like us it provides Kiwi consumers with a safe, trusted, scalable and efficient online platform to undertake a transaction. We see a lot of potential for P2P lending to work well in New Zealand.

In December 2014 we acquired Viewing Tracker, a small Wellington company that minimises hassle for tenants and property managers making arrangements to view rental properties. Founder Aaron Clancy joined the Trade Me Property team and we've begun to integrate this service into 'for rent' listings onsite.

In September 2014, we acquired Paystation, a Wellington-based online credit card processing and payments gateway founded in 2002. We see Paystation's expertise as complementary to Trade Me's core business and we think their experience can help us make trading on Trade Me faster and easier.

People

In July 2014, we consolidated our presence in Wellington with a move to a new building in Market Lane, having previously had teams in four different locations in the capital.

In December 2014, our expanding team in Auckland moved into a newly fitted out building in the central city and we're currently expanding again in the City of Sails. We have a small office in *The Press* building in central Christchurch.

We now have 464 staff (437 FTEs) at Trade Me. This is up from 355 staff (332 FTEs) a year ago and 424 staff (399 FTEs) in February 2015.

Two new faces joined our Executive team in F15. Trent Mankelow joined us as our inaugural chief product officer in November 2014. Trent is responsible for making sure we build the right things, and make them great. Stuart McLean joined Trade Me in February 2015 and is running our General Items marketplace business.

Outlook

We are set to deliver similar revenue growth in F16, with lower expense growth than F15 in percentage terms. We anticipate our EBITDA growth in F16 will be similar to last year, and that the second half of F16 will deliver a stronger financial performance than the first half.

We have bolstered our team, have better products, and improved sales and account management to ensure sustainable, strong growth. We continue to have great options in terms of organic growth and via acquisition.

We are confident and optimistic about our future.



Jon Macdonald

CEO
Trade Me Group Limited

Executive team profiles



Nigel Jeffries

Jonathan Klouwens

Jon Macdonald

Fiona Ireland

Jimmy McGee

Nigel Jeffries **Head of Trade Me Property**

Nigel joined Trade Me in April 2014. He was previously chief executive at CoreLogic (formerly known as PropertyIQ), the Wellington-based property information company. He has more than 25 years' experience in the property, information and technology markets in New Zealand and beyond, including senior roles at Quotable Value and RP Data. He is also a director of ASX-listed BigAir Group, Australia's largest fixed wireless broadband company.

Fiona Ireland **Head of Human Resources**

Fiona is responsible for reward and recognition, training and development, recruitment, career development and our office team. Prior to joining Trade Me in 2010, Fiona worked as the HR manager at AMS (a joint venture by Vector and Siemens) as well as holding generalist roles at Vector for six years.

Jonathan Klouwens **Chief Financial Officer**

Jonathan joined Trade Me in March 2012, and is responsible for managing Trade Me's finance and analytics teams, and overall financial strategy. He was previously the CFO at House of Travel and also worked for Lion Nathan in Australia, China and NZ for 15 years, including as NZ strategy director and NZ finance director. He has a first-class honours degree in finance and a Diploma in Commerce from the University of Auckland.

Jimmy McGee **Head of Commercial**

Jimmy joined Trade Me in 2006, where he was initially responsible for launching Trade Me Jobs, and then became Head of Commercial in 2009. In his current role, Jimmy is responsible for Travel, FindSomeone, Jobs, Motors and Advertising. Prior to joining Trade Me, Jimmy was a senior manager at eBay in Australia. He also worked for Monster.com in Australia and NZ. Jimmy has degrees in physical education and commerce from the University of Otago.

Jon Macdonald **Chief Executive Officer**

Jon joined Trade Me in 2003 as head of technology, before being appointed general manager in 2007 and then CEO in 2008. Prior to joining Trade Me, he worked in London for HSBC Investment Bank in a variety of technical and management positions. He has also worked for Deloitte Consulting, with a focus on telecommunications and financial services. Jon has a Bachelor of Engineering (Hons) from the University of Canterbury. In May 2013, Jon joined NZX as a director.



Stuart McLean

Trent Mankelov

Dave Wasley

Sarah Hard

Stuart McLean
Head of Marketplace

Stuart joined Trade Me in February 2015 and is the head of Trade Me’s General Items marketplace. Prior to joining Trade Me, Stuart was the chief revenue officer at New Zealand-based accounting software firm Xero. Previously, Stuart was head of enterprise for Google Australia and New Zealand. He also held executive positions at Oracle and Chandler MacLeod, and founded and ran a distributor for the cloud business software solution NetSuite. Stuart has a degree in computer studies & microsystems from Dundee Institute of Technology.

Sarah Hard
Company Secretary

Sarah joined Trade Me in February 2013 and is responsible for ensuring the business fulfils its regulatory obligations and managing the relationship between the Company and the board. She also runs the legal & regulatory and communications & community teams. Prior to joining Trade Me, Sarah worked as legal counsel for Fairfax Media in New Zealand. She had earlier roles as corporate counsel for NZTE and as company secretary for Independent Newspapers. Sarah has a Bachelor of Laws from Victoria University.

Trent Mankelov
Chief Product Officer

Trent joined Trade Me in October 2014, and is responsible for product, design and user experience at Trade Me. He was a co-founder and director of Optimal Usability/Optimal Experience, New Zealand’s leading user experience consultancy. Trent has also held senior roles at Spark Ventures and Vend. Trent has a first-class honours degree in computer science from Waikato University.

Dave Wasley
Head of Platform & Operations

Dave joined Trade Me in 2007, where he worked as head of platform & operations, and then head of infrastructure in 2010. Dave is now responsible for all of Trade Me’s technology operations. Prior to joining Trade Me, Dave was IT manager at Commercial Fisheries Services and also worked for Deloitte Consulting in various industries, including health and energy. Dave has a Bachelor of Economics & Information Systems (Hons) from Massey University.



The Trade Me values

Who are we? We are Trade Me.

We're part of an exciting industry and we have great prospects. We're a fun place to work. But regardless of our past successes, we understand that our future depends on continuing to be relevant, useful and good value to our members.

We're also a commercial enterprise, and as such we need to provide a return to our owners. Our owners are retail investors (people who have bought shares) and institutional investors (funds of money from the public).

We make money through charging fees for our services and through advertising. We aim to set our fees responsibly, and at a sustainable level that provides great value to our customers.

We aim to display our advertising in a responsible way too, minimising disruption to our users.

Our seven values

We've identified seven values that do a pretty good job of summing up what's important to us, and who we aim to be.

1

Deliver awesome online experiences

Our products and services are focused on empowering consumers. As well as delivering awesomeness, we also aim to build things that are well-designed, easy to use, reliable and genuinely add value to our community.

2

Be entrepreneurial

We are always innovating, and we like doing things fast. We value optimism, and we look for opportunities in change. We're not afraid to try things and fail, as we're more concerned with learning than dishing out blame.

3

Care about our community

We care about our members, our clients, our shareholders, and our staff. We are willing to empathise, listen, and engage in conversations (but not smother them). We are a good citizen, and committed to making meaningful contributions where we can. We like to help.

4

Be trusted & straight up

We rely on being a trusted place for people to visit online. We must remain authentic, honest, and always front up to explain our position in a non-robotic way. Inside the business, we trust our staff and we encourage them to share their thoughts early.

5

Decide & act on merit

We have a healthy disregard for hierarchy in our decision-making. We prefer to rely on data and good judgment; we measure everything. We value fearlessness and fairness in representing a point of view.

6

Hire & grow great people

We work hard to hire the right people. We value energy, optimism, flexibility, creativity, and a non-serious streak. We're informal but focussed, and much more interested in ideas and execution than the clothes people wear. We celebrate together when we do well.

7

Don't be a dick

This means what it says. It's all about treating people with respect, being responsible and keeping a sense of humour.

Directors' report



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David Kirk

Independent chairman
NON-EXECUTIVE

David is the co-founder and managing partner of Bailador Investment Management, chairman of Kathmandu and a director of Forsyth Barr Limited, and Bailador investee companies SMI Limited, Online Ventures Pty Ltd (trading as SiteMinder) and Viocorp Pty Limited. He is also chairman of Trustees of Sydney Grammar School, a director of the Sydney Medical School Foundation and FoodShare.

David was the CEO of Fairfax Media from 2005 to 2008. He was also the chief executive officer and managing director of PMP Limited from 2003 to 2005 and the regional president (Australasia) for Norske Skog from 2000 to 2003.

David worked for Fletcher Challenge Paper and Fletcher Challenge Energy in senior executive roles in New Zealand and Australia from 1995 to 1999. He was chief policy advisor to the Prime Minister of New Zealand from 1992 to 1994 and was a management consultant with McKinsey & Company in London from 1989 to 1991.

David holds a Medical Doctorate from the University of Otago and a Master of Arts (Philosophy, Politics and Economics) from Oxford University. He is also a Rhodes Scholar.

David lives in Sydney, Australia.

Joanna Perry

Independent director
NON-EXECUTIVE

Joanna has extensive governance experience and is currently the deputy chair of Genesis Energy. Her independent directorships include Kiwi Property Group Limited, Sport New Zealand, Partners Life and Rowing New Zealand.

She is also chair of the Investment Advisory Panel of the Primary Growth Partnership and chair of the IFRS Advisory Council.

Prior to focusing on her directorships, Joanna was a senior partner in the global audit, tax and advisory firm KPMG. She was a member of the Securities Commission and both chaired the Financial Reporting Standards board and was a member of the Australian Accounting Standards board.

Joanna has a Master of Arts in Economics from Cambridge University and is a Fellow of the New Zealand Institute of Chartered Accountants in New Zealand. She is a Member of the New Zealand Order of Merit for services to accounting.

Joanna lives in Auckland, New Zealand.



Gail Hambly

Director
NON-EXECUTIVE

Gail is a senior media executive, currently group general counsel and company secretary of Fairfax Media. Her areas of expertise are law, corporate governance and internal audit and risk. She is part of the Fairfax management team.

Gail is chairman of Copyco Pty Limited, a member of the advisory board of the Centre of Media and Communications Law at Melbourne University, a member of the Media and Communications and Privacy Law Committees of the Law Council of Australia and a director of the Story Factory—a not for profit organisation which provides education services with a special focus on disadvantaged children in Sydney.

Gail holds degrees in law, science and economics.

Gail lives in Sydney, Australia.

Paul McCarney

Independent director
NON-EXECUTIVE

Paul is a technology entrepreneur, investor and consultant.

He has many years' experience in technology and digital marketing including co-founding search marketing agency Decide Interactive (acquired by NASDAQ-listed 24/7 Real Media in 2004), and founding digital marketing company Life Event Media (acquired by directory business Sensis in 2011).

Paul is also a director of BTBI TCo, which owns and operates B2B publisher Cirrus Media and CEO and director of Data Republic Pty Limited.

He lives in Sydney, Australia.

Sam Morgan

Director
NON-EXECUTIVE

Sam was the founder and chief executive officer of Trade Me Limited until 2008. Trade Me was acquired by Fairfax Media in 2006.

Sam is a director of Xero Limited and Visfleet Limited. He is an active software investor and co-founded Kiwi Landing Pad in San Francisco, which aims to help New Zealand companies succeed when expanding into the United States.

Sam is active in his charitable foundation, Jasmine Social Investments. This funds a portfolio of high-impact social ventures in developing countries, providing critical services in health, education and livelihoods to the profoundly poor.

Sam lives in Nelson, New Zealand.

Corporate governance information

On Trade Me's investor relations website (investors.trademe.co.nz/), you will find the following corporate governance documents referred to in this section:

- Constitution
- Trade Me Board Charter
- Audit & Risk Management Committee Charter
- Human Resources & Compensation Committee Charter
- Nominations Committee Charter
- Independent Directors Committee Charter
- External Audit Independence Policy
- Code of Conduct
- Diversity Policy
- Securities Trading Policy
- Market Disclosure Policy
- Risk Management Policy.

Corporate Governance Statement

The directors of Trade Me Group Limited ("we" "Trade Me" or the "Company") work to protect and enhance the value of the Company's assets, in the interests of the Company and its shareholders.

The board is responsible for:

- providing leadership and setting the strategic objectives for the Company;
- appointing the CEO and reviewing his or her performance;
- approving the appointment, and when necessary replacement, of other members of the Executive team;
- overseeing management's implementation of Trade Me's strategic objectives and its performance generally;
- approving the annual operating budget and major capital expenditure;
- overseeing the integrity of accounting and corporate reporting systems, including the external audit;
- ensuring timely and balanced disclosure of all material information concerning the Company which a reasonable person would expect to have a material effect on the price or value of Trade Me shares;
- ensuring the Company has an appropriate risk management framework and setting the risk appetite within which the board expects management to operate;
- approving the Company's remuneration framework; and
- monitoring the effectiveness of Trade Me's governance practices.

Management is responsible for implementing the strategic objectives, operating within the risk appetite the board has set, and all other aspects of the day-to-day running of the Company.

The directors delegate the day-to-day leadership and management of the Company to the CEO. The delegations are set out in the board Charter and in a Delegated Authority framework, which also sets out authority levels for types of commitments that the Company's management can make.

The corporate governance structure ensures the Company complies with applicable laws, as well as aligning with the NZX Corporate Governance Best Practice Code (NZX Code), and the Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council (3rd edition) (ASX Principles).

The Financial Markets Authority in New Zealand publishes the guidelines *Corporate Governance in New Zealand – Principles and Guidelines* which sets out nine fundamental principles of good governance. This section in the Annual Report is arranged to address those principles.

Principle 1

Ethical standards: Directors should set and model high standards of ethical behavior.

Code of Conduct

The board has a Code of Conduct. The Code sets out the ethical and behavioural standards expected of directors of Trade Me and of the Company's employees. Directors and staff are also expected to uphold the Trade Me values too (see page 29). The values sum up what's important to Trade Me and what the Company aims to be.

Avoiding conflicts of interest

The board is very conscious of the need to ensure that directors avoid conflicts of interest between their duty to Trade Me and their own interests. At board meetings, any changes in directors' interests are reported and potential conflicts are considered. The Company Secretary keeps an interests register in which relevant transactions and disclosures of interests by the directors are recorded. A copy of the directors' interests register is found on page 47–48.

Trading in securities

There are restrictions placed on directors and designated senior employees around the trading of Trade Me shares, under New Zealand law and by Trade Me's Securities Trading Policy. The policy is in place to ensure people don't trade in securities when they may hold undisclosed, price-sensitive information. The policy details "blackout periods" where trading is forbidden, as well as a process for authorisation at other times.

The board's Charter sets out that each director should hold Trade Me shares to a value of at least \$100,000. Directors may take up to three years after appointment (or after the policy was set in 2013) to acquire that holding, in open trading periods under the Securities Trading Policy.

The directors' current shareholdings are set out on page 49.

Principle 2

Board composition and performance: There should be a balance of independence, skills, knowledge, experience and perspectives.

Board composition

The board's structure and its governance arrangements are set out in its Constitution and the board Charter.

The board is able to have between three and ten directors.

There are currently five directors, all of whom are non-executive: an independent Chairman, two independent directors, and two directors (Gail Hambly and Sam Morgan) who were originally nominated by Fairfax Media Limited when it had a substantial shareholding in Trade Me, but who have each been directors of Trade Me in their own right since December 2012.

The CEO is not a director.

The Company Secretary is accountable directly to the board, through the Chair, on all matters concerning the proper functioning of the board. The Company Secretary and the Chairman meet on a regular basis to discuss board matters and business for each meeting.

The directors are:

David Kirk (Chairman), Gail Hambly, Paul McCarney, Sam Morgan and Joanna Perry. Profiles of all the directors can be found on page 32–33.

There have been no director changes in F15. Apart from Paul McCarney, the directors were appointed at the time of the Company's IPO in December 2011. Paul McCarney was appointed in November 2012.

After an individual has been nominated for consideration as a director appropriate checks are made on their background and suitability. A written agreement is in place with each director.

The board formally considers its composition at its annual performance review. The directors consider that their mix of skills and experience is appropriate for the Company. Directors have expertise and experience in strategy development and implementation, executive leadership, acquisitions and divestment, venture capital, technology, data, workplace safety, corporate responsibility, governance, public policy, and finance (including the assessment of financial controls). The board expects to complete a skills matrix in F16.

The written agreement for a director specifies a standard term of six years from the date of appointment or election. After six years, the director must offer to resign. The board may recommend a further term of up to three years. One-third of the directors retire by rotation annually under the NZX and ASX Listing Rules.

Trade Me's board has a Nominations Committee to identify and recommend prospective board members. In doing so it considers a range of relevant factors – qualifications, experience, the skills mix on the board and ability to work effectively with other board members. It has not been required to meet in the last financial year because any matters concerning prospective directors have been considered by the full board.

Director independence

The board Charter requires that at least two directors be independent. A director will not be regarded as independent if:

- He or she is a substantial product holder (as defined in the Financial Markets Conduct Act 2013) of the Company or an officer of, or otherwise associated directly with, a substantial product holder;
- Within the last three years he or she has been employed in an executive capacity by the Company or another group member, or been a director of another group company after ceasing to hold any such employment;
- Within the last three years he or she has been a principal of a material professional advisor or a material consultant to the Company or another group member or an employee materially associated with the service provided;
- He or she is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- He or she has a material contractual relationship with the Company or another group member other than as a director of the Company;
- He or she is not free from any interest or any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Trade Me.

Director independence is assessed by the board.

Gail Hambly and Sam Morgan are not currently classified as independent directors under the board Charter, because they are (or have been) associated with Fairfax Media, which was in the same group of companies as Trade Me within the last three years. Gail is an executive of Fairfax Media, and Sam was a director of Fairfax until June 2014. The link is historic because Fairfax Media ceased to be a shareholder in Trade Me in December 2012, but classifying Gail and Sam as non-independent at present is technically correct under the definition of independence adopted by the board.

All other directors are independent.

Board performance

The board Charter provides for regular performance reviews of the board and its Committees.

The board reviewed its compliance against the requirements of its Charter in July 2015, which did not disclose any issues. It is currently undertaking the regular annual review of its own performance. That process is the anonymous completion by both directors and executives of evaluation questionnaires relating to board and Committee composition and performance, discussion of the findings of those questionnaires, and individual interviews between the directors and the Chairman. Directors have considered whether an external facilitator should assist with a performance review, but are satisfied that the review structure undertaken in the past will be effective for the current review.

Principle 3

Board Committees: The board should use Committees where this enhances effectiveness in key areas while retaining board responsibility.

The board's Committees review and consider in detail the policies and strategies developed by management. They examine proposals and make recommendations to the board. They don't take action or make decisions on behalf of the board unless specifically mandated to do so. A Committee or an individual director can engage independent legal counsel at Trade Me's expense with the prior approval of the Chairman.

During the year Trade Me's standing board Committees, and their members were:

- **Audit & Risk Management Committee:** Joanna Perry (Chair), Gail Hambly, David Kirk
- **Human Resources & Compensation Committee:** David Kirk (Chair), Paul McCarney, Sam Morgan, Joanna Perry,
- **Nominations Committee:** Joanna Perry (Chair), Gail Hambly, David Kirk, Paul McCarney

More detail of the roles and responsibilities of the standing Committees are set out in their respective Charters.

The board may also from time to time appoint a Committee of directors to consider or approve a specific proposal or action, if the timing of meetings or availability of directors means the matter cannot be considered by the full board.

Board and Committee Meetings

In F15 there were ten board meetings (8 in person and 2 by phone conference), a separate strategy meeting, seven Audit & Risk Management Committee meetings, and two Human Resources & Compensation Committee meetings. The board also met by phone as required to consider specific projects outside the meeting schedule.

The Nominations Committee did not formally meet as any matters concerning appointments and board succession planning were discussed by the full board.

All meetings were attended by all the directors or Committee members as appropriate, with the exception of two Board and Audit & Risk Management Committee meetings which Gail Hambly was unable to attend and one Board meeting which Sam Morgan was unable to attend.

Principle 4

Reporting and disclosure: The board should demand integrity in financial reporting and in the timeliness and balance of disclosures.

Financial reporting

The board is responsible overall for establishing that Trade Me can effectively ensure the integrity of its financial reporting.

The Audit & Risk Management Committee oversees the quality, reliability and accuracy of Trade Me's financial statements and its related documents. A full description of the Audit & Risk Management Committee role is contained in its Charter.

The Audit & Risk Management Committee and the board make enquiries of management and auditors (including requiring management representations) so that they are satisfied as to the validity and accuracy of all aspects of Trade Me's financial reporting.

The CEO and CFO provide certification to the board on the Company's financial statements, including certification that the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies of the board, and that the Company's risk management and internal control systems, to the extent they relate to financial reporting, are operating effectively in all material respects.

Disclosure to the market

The Market Disclosure Policy sets out requirements for full and timely disclosure to the market of material issues, so all stakeholders have equal access to information.

All material announcements are reviewed and approved by the board. Directors and management also specifically consider at each meeting whether there are any issues which require disclosure to the market, under the continuous disclosure requirements of NZX and ASX.

A Disclosure Committee is specified in the policy, to manage disclosure obligations comprising the CEO, CFO, Head of Legal and the Company Secretary. The Company Secretary is responsible for ensuring timely release of information to NZX and ASX and is the main liaison person for communications with the NZX and ASX.

Information for investors

Trade Me's investor relations website includes its presentations, reports, announcements, and media releases, as well as the Charters and guidelines referred to in this section. This Annual Report is available in electronic and hard copy format.

Trade Me's annual meeting will be held on Wednesday 14 October 2015 in Wellington. Shareholders will be given a reasonable opportunity to ask questions and comment on relevant matters. The external auditors, Ernst & Young, will attend and be available to answer questions about the audit and the audit report. A Notice of Meeting will be sent to shareholders in September.

Principle 5

Remuneration: The remuneration of directors and executives should be transparent, fair and reasonable.

Remuneration

Trade Me aims to have a remuneration framework and policies to attract and retain talented and motivated people. The board has approved the following principles in setting remuneration:

- be fair, consistent and easy to understand;
- be true to the Trade Me value of hiring and growing great people;
- be recognised as a great place to work, and attract, retain and motivate high-performing individuals;
- align employee incentives with the achievement of good business performance and shareholder return;
- recognise and reward individual success, while encouraging teamwork and a high-performance culture; and
- be competitive in the labour market.

As a New Zealand company, Trade Me is not required to prepare a detailed remuneration report. Those requirements only apply to companies incorporated in Australia.

Directors' remuneration

The total remuneration pool for Trade Me's non-executive directors was set at \$800,000 per annum at the Annual Meeting in October 2013.

Current annual fees paid to non-executive directors (which are unchanged from 1 July 2013) are as follows,

- Chairman \$205,000 (including all Committee responsibilities)
- non-executive directors \$90,000
- Chair of the Audit & Risk Management Committee \$25,000
- Chair of the Human Resources & Compensation Committee \$15,000
- members of a Committee (except Chair) \$10,000

Directors on multiple Committees (except the Nominations Committee and Independent Directors Committee) receive fees for membership of each Committee.

The fees paid to the directors in the F15 year are set out on page 46.

Trade Me employee remuneration

Market data is used to determine competitive salary and total remuneration levels for all staff. Individual remuneration allows for individual performance, scarcity of skills, internal relativities and specific business needs. Trade Me's HR team use benchmark reports and regularly update market data to ensure the Company maintains market relativity.

The Human Resources & Compensation Committee makes recommendations to the board on remuneration arrangements for the Executive team. The board approves Executive team remuneration and short-term incentive payments, allocation of LTI shares and the overall remuneration budget.

All Trade Me employees have annual performance reviews. Performance is evaluated by managers with the assistance of feedback from peers, direct reports and other reviewers.

The CEO reviews each Executive team member's performance. That review was undertaken in July/August 2015, against objectives set for F15. The review is the basis for short-term incentive payments. All Executive STI payments have a component linked to the EBITDA performance of the Company.

Short-term incentive plan

There is an STI plan in place for a number of Trade Me employees. Terms vary depending on the seniority and role of employees. To achieve full STI payment senior managers generally need to achieve financial targets set at the beginning of the financial year, specific individual targets, as well as the Company meeting its EBITDA target. Payment is made in late August after finalisation of the Company's results for the previous financial year.

The Long-Term Incentive Scheme

An LTI Scheme was established for executive and senior management on 1 October 2012. The Scheme is an incentive and reward scheme for employees and the benefits under it are linked to the Company's performance.

The Scheme Deed and Scheme Rules allow the board to make offers of shares to selected employees, with performance-based hurdles detailed in individual offers. A special purpose wholly-owned subsidiary (TMG Trustee Limited) was incorporated to administer the Scheme.

The issue price for any issue of shares under the Scheme is calculated as the volume weighted average market price of Trade Me shares on the NZX over the 20 trading days prior to the date the shares are issued.

Trade Me provides each participating employee with an interest free loan for the issue price of the shares. TMG Trustee uses the loan to acquire the shares on behalf of each relevant employee and will hold the shares as bare trustee.

Performance hurdles must be achieved before the shares become unrestricted and can be transferred by TMG Trustee to the relevant employees. Performance is measured at the end of identified intervals from the date of issue of the shares. The hurdles are separate measures of the Company's total return to shareholders and its earnings per share. Details of the hurdles are set out in note 14.2 to the Financial Statements.

From the date of issue, and while the shares are still restricted, the LTI shares rank equally for dividends and voting with the ordinary shares in the Company.

In the case of the first round of shares issued in October 2012 (LTI 1) the measures were initially to be tested over the financial year ending immediately before a 2-year date (30 September 2014) for

25% of the shares, and a 3-year hurdle date (30 September 2015) for the balance. The board exercised its discretion in 2014 to defer testing of the hurdles to the 3-year date (30 September 2015).

For LTI 2 shares which were issued in October 2013, the measures are over the financial year ending immediately before a 3-year hurdle date (30 September 2016).

Similarly the LTI 3 round, issued 1 October 2014, will be tested three years after issue, at 30 September 2017.

If the performance hurdles are satisfied on the testing dates the Company will pay a bonus, which (after tax) is equal to the loan attributable to those shares. The loan will be repaid and the shares will be transferred by TMG Trustee to the relevant employees as unrestricted ordinary shares.

If the performance hurdles are not met (or are only partially met) the balance of the shares become "Forfeited Shares", will be purchased by TMG Trustee, the loan repaid and the shares cancelled.

The number of LTI shares (all of which are restricted) on issue at 30 June 2015 are set out in note 14.2 to the Financial Statements.

Because of the structure of the LTI Scheme, the Company does not currently have a policy on whether participants may enter into transactions (using derivatives or otherwise) which limit the economic risk of participating in the LTI Scheme.

CEO remuneration

Jon Macdonald's employment agreement for his role as CEO commenced on 26 February 2008.

The terms of the agreement reflect standard conditions that are appropriate for the chief executive of a listed company. Jon's remuneration is a combination of base salary, and incentive arrangements for short-term and long-term performance.

His base salary for the year to 30 June 2015 was \$650,000. The STI component (paid in August 2015 for the F15 year) was \$209,625.

The Human Resources & Compensation Committee considers the CEO's remuneration annually and makes a recommendation to the full board. The Committee uses available remuneration information for a range of comparable companies in New Zealand and Australia, published salary surveys and commentary from remuneration specialists to assist it in setting Jon's total remuneration.

CEO Performance

The board formally evaluates Jon's performance in July each year, which includes seeking feedback from the Executive team.

His STI payments are determined by measuring the Company's financial performance against budget, as well as a number of specific strategic, non-financial performance targets set at the beginning of the financial year.

Jon had 208,053 restricted shares under the LTI Scheme at 30 June 2015 (across the three LTI rounds).

Principle 6

Risk management: Directors should have a sound understanding of the key risks faced by the business, and should regularly verify the process to identify and manage them.

Risk management

The purpose of risk management for Trade Me is to identify and manage both existing and new risks in a planned and coordinated manner, with the minimum of disruption and cost, and to develop a "risk aware" culture that encourages all staff to identify risks and associated opportunities and respond to them effectively.

Trade Me has a risk management framework in place to identify, oversee, manage and control risk. That framework includes a risk management policy (available on the Company's investor relations website) and an implementation structure. The implementation requires a Comprehensive Risk Register to be completed by the senior management team 6-monthly. It identifies all known risks – those which are seen as a risk to the Company's strategy and business priorities, or which are counter to its code of conduct. The Comprehensive Risk Register records risks by impact, probability, and trending, and records the controls for those risks.

In addition to the Comprehensive Risk Register, a Key Risk Register is maintained and reviewed at least 6-monthly by the Audit & Risk Management Committee and the board.

Key Risks are the Company's greatest strategic and operational risks, specified by the Executive team and plotted as a matrix of impact and probability, after taking into consideration the controls on those risks. They may include risks around specific current projects for the period during which those projects are current. Risk mitigation must be addressed in project plans for high-risk projects from inception and must be signed off by specified Executive team members. The Executive team reviews the Key Risks in setting the Company's strategy and budgets, with all new business cases and investments, on certain types of project, in relation to the Company's insurances, and at least 6-monthly in a formal manner.

The Key Risk Register and the Executive team's update are provided to the Audit & Risk Management Committee and to the board, as soon as practicable following the 6-monthly review.

The board recognises there is a degree of subjectivity in risk assessment, but a Key Risk which is assessed as high in both impact and probability will generally not be considered acceptable unless the board is satisfied it is trending downward and/or there are immediate plans to improve controls further.

The risk management framework was put in place in 2013, and was last reviewed by the Audit & Risk Management Committee in February 2015.

Trade Me doesn't have an internal audit function. Management reports at least annually to the Audit & Risk Management Committee on improvements and changes to internal controls. Through the steps outlined above the board ensures the Company is reviewing, evaluating and continually improving the effectiveness of its risk management.

Economic, environmental and social sustainability risks

Trade Me's assessments of its economic, environmental and social sustainability risks are woven into the Comprehensive and Key Risk assessments.

Economic sustainability

Brand and reputation

Trade Me relies on strong and growing consumer confidence in the internet as an efficient, simple and trusted channel. Trade Me's reputation and recognisable brand are valuable components of its business, and underpin users' trust in its websites. Adverse events including issues with fraudulent or other illegal activity on or in connection with its websites, a breach of privacy, sustained or repeated site outages, a failure to effectively address customer disputes or a loss of customer data could damage Trade Me's reputation. To defend against that risk Trade Me takes appropriate steps to protect against fraudulent activity, security breaches and outages and works hard to communicate clearly, effectively and honestly with its members.

Disruption of information systems, and security

Trade Me is dependent on the information technology systems, servers, networks, hardware and software that it has in place. Its systems may be vulnerable to unauthorised access, viruses, human error, natural disasters, communications failure, sabotage or terrorism. To defend against those risks the Company has implemented security measures, disaster recovery, systems redundancy, and backup procedures.

Threat of disruptive models, technology changes and competition

Emerging technologies may create additional competition in the future. Online and mobile technology continues to advance and this may affect Trade Me's ability to retain its existing community of members, maintain and increase its existing level of listings, or implement its growth strategies. The effects of future technological change cannot be predicted.

Trade Me competes against a broad range of industry participants including domestic and international media companies, online retailers, and niche market operators. The costs of market entry for many online businesses are relatively low and competition may intensify in the future.

The Company has taken strategic action to enhance its products, to build on its strong brand and reputation, and to build and invest in a portfolio of businesses to manage those risks.

Environmental sustainability

The fundamental premise of the Trade Me used goods marketplace business is reuse and recycling of goods by members – one person sells their unwanted goods to another.

Trade Me's entire business has relatively low environmental impacts, the vast majority of which arise from energy consumption in offices, and emissions from air travel. As employee numbers have grown, more travel has been required between New Zealand and the markets where suppliers are based, between the Company's offices in Wellington, Christchurch and Auckland, and locally to maintain communication with key customers.

Trade Me has not continued the participation in the Carbon Disclosure Project survey which it began in 2013, preferring to provide full data annually to Ernst & Young to prepare a Greenhouse Gases (GHG) Emissions Profile on the basis of travel and other energy consumption. It buys carbon credits to fully offset carbon emissions, annually.

The most recent advisory report by EY was completed for the year ending 31 December 2014. It recorded the following GHG Emissions (against the previous year to 31 December 2013):

Scope	GHG emission Sources	2013		2014	
		Tonnes CO ₂ -e	Percent of Total Emissions Reported	Tonnes CO ₂ -e	Percent of Total Emissions Reported
Scope 1	Trade Me vehicles	4	1%	6	1%
Scope 2	Electricity	356	59%	430	58%
Scope 3	Taxi, car hire, air travel, landfill waste	247	41%	311	42%
Total		607	100%	747	100%

The 23% increase in GHG Emissions from 607 tonnes in 2013 to 747 tonnes in 2014 results from Trade Me's much larger workforce. FTE numbers grew from 335 to 410 in the measurement period, which was an increase of 24%. Now the Company has staff settled in offices in Auckland Wellington and Christchurch it will look anew at ways to reduce electricity consumption and adopt practices which will reduce the GHG Emissions Profile.

Social sustainability

Trade Me's values (referred to under Principle 1) articulate a culture of ethical corporate conduct.

Trade Me has long been active in promoting the interests of consumers. It has played a key part in the development of legislation to extend consumer protections to online auctions, and this year for the creation of a safe harbour regime under the Harmful Digital Communications Act.

Trade Me conducts a government relations briefing each year, attended by representatives of a range of ministries with whom it has contact – the Office of the Privacy Commissioner, Police, Customs and Energy Safety to name a few. A number of government agencies consult with Trade Me from time to time to identify the best means to ensure that legislation, regulation and guidance is practical and effective in a digital environment.

Trade Me is active in policing listings that cause issues of principle for consumers, although it's not a straightforward exercise to make a call on some types of listings – like the resale of tickets to sporting events not covered by legislation. It has banned the sale of most ivory products, and brought in a Code of Animal Welfare in relation to the sale of companion animals on Trade Me, as well as providing guidance to members on a huge range of products for legal and safety reasons.

For employees it endeavours to provide a work environment which is both healthy and safe, and fun. Trade Me employees complete an annual IBM Kenexa workplace engagement survey (with rates of participation at over 80%) and the results are reported across the business and to the board. Teams develop specific action plans to address issues identified in each Kenexa survey, and those plans are updated on a quarterly basis. Trade Me is proud to have been a finalist for best employer in the "mid-size" employer category for the Kenexa awards, for the last five years consecutively.

Customers and members have multiple means of communication with the Company – through the Customer Support team by email or phone, on Trade Me's message boards on the site, on Trade Me's social media pages, and in person at shareholder meetings.

Broad community engagement through sponsorship, philanthropy and staff participation in a wide range of charitable events is a key part of the Trade Me way – this is covered more in the Community section below.

This range of activity ensures the Company takes into account stakeholder concerns, so it can continue to meet accepted social norms and needs over the long term.

Principle 7

Auditors: The board should ensure the quality and independence of the external audit process.

The Trade Me Audit Independence Policy requires the external auditor to be independent and to be seen as independent. The policy sets out the key commitments by the board, and the procedures the Audit & Risk Management Committee and management must follow to maintain a framework for audit independence.

The board ensures the auditor is remunerated fairly for the agreed scope of the statutory audit and audit-related services.

To ensure full and frank dialogue between the Audit & Risk Management Committee and the auditors, the auditor's senior representatives meet separately with the Audit & Risk Management Committee (without management present) at least twice a year.

Non-audit work

Restrictions on non-audit work that can be performed by the auditor are set out in the policy. In F15 the audit firm did specific non-audit work, with approval from the Audit & Risk Management Committee under the Audit Independence Policy. The cost of that work was \$14,000. There was no compromise to the independence and objectivity of the audit process.

Trade Me requires the rotation of the senior audit partner and review partner at least every five years.

Principle 8

Shareholder relations: the board should foster constructive relationships with shareholders that encourage them to engage with the entity.

Trade Me keeps shareholders informed through periodic reporting to NZX and ASX, and through its continuous disclosure. It provides briefings and presentations to media and analysts (which are made immediately available on the investor relations website), and communicates with shareholders through its annual and half-year reports and shareholder meetings.

Trade Me encourages shareholders to refer to the investor relations website, and to receive annual and half-year reports electronically but hard copies of the reports can readily be obtained from its share registrar, Link Market Services Limited.

Principle 9

Stakeholder interests: the board should respect the interests of stakeholders taking into account its ownership type and purpose.

Trade Me aims to put the consumer at the heart of all its transactions on its online marketplaces and has designed the Trade Me platform to meet the needs of its users in a way that is trusted, effective and good value.

As well as the interactions with government outlined in the “Social sustainability” section above, the Company plays an important role in identifying the potential for illegal activity and works with government and industry bodies to ensure the public is both protected and educated about online business.

Trade Me receives a number of requests for information from a range of government agencies, many of which relate to law enforcement. It works hard to ensure that information is released only in a way which does not identify individuals, or where identification is required, exceptions to the Privacy Principles apply. For the last three years, Trade Me has published Transparency Reports detailing the requests it has received.

Community

Trade Me’s involvement in sponsorship and philanthropy is enshrined in the Company’s values (“Care about our community”) and part of being a good Kiwi company. It is important for members to be part of a generous Trade Me community and for the wider public to feel good about doing business with a company that helps out with worthy causes. Trade Me supports organisations or events that are family-orientated and familiar to Kiwis, and aligned with the Company’s values.

Trade Me’s key strength when working with charities and other organisations is to leverage its platform to help reach a wide audience. Trade Me offers a perfect opportunity to give charitable listings exposure when raising money and awareness.

On the charities and good causes front, Trade Me fields up to 50 queries a week from around the country, and since 2011 it has had a full-time charities co-ordinator. For larger organisations and campaigns, support may extend to publicity, pro bono advertising and social media promotion. For smaller campaigns, an acknowledgement that the organisation is doing something worthwhile by refunding a few success fees is always appreciated.

In F15, more than \$104,000 in success fees was returned to the coffers of charities around the country, and Trade Me also provided charities with more than 78 million ad impressions pro bono. Trade Me Jobs provided charities with a 33 per cent discount on 2168 job listings.

Trade Me has had a relationship with Plunket in place since 2005. Plunket is a charitable organisation that relies on donations to provide support services to parents and families. Actual feathered kiwis are an obvious alignment and Trade Me works closely with Kiwis for kiwi, a national charity raising funds and awareness to support kiwi conservation projects. When placing a listing on Trade Me, sellers can choose to round up their success fee to the nearest dollar and donate the difference to Plunket or Kiwis for kiwi – this tool raised more than \$50,000 for these two charities in F15.

Another strong relationship is with Starship. Trade Me works on the Starship Spring Clean every September and has built code to allow sellers to pledge funds to Starship from the sale of their items – and get their success fees refunded. This year Trade Me also teamed up with Starship for the Whittaker’s Big Egg Hunt – auctioning 82 egg artworks and raising over \$174,000 for Starship. Trade Me also supports The Radio Network’s Special Kids’ Christmas Party (donation and volunteers) and a multitude of other causes.

In terms of sponsorship, Trade Me has a bias towards things where the overall equation is better than just writing a cheque. Sponsorships include Wellington Zoo, Workchoice Day, WDCNZ, Webstock, NetHui, NodeBots and Summer of Tech. Trade Me also provides free, public Wi-Fi in Wellington (waterfront) and Christchurch (Re:Start Mall).

Diversity

The Company fosters an inclusive working environment that promotes employment equity and workforce diversity at all levels, including the Executive team and board.

Diversity guidelines were developed during F12 and are available on the investor relations website. Each year the board approves measurable objectives for promoting diversity at Trade Me based on recommendations from the Executive team; reports on progress in the Annual Report, and assesses its guidelines.

Since the guidelines were developed Trade Me has endeavoured to promote diversity in its hiring policies with a focus on gender, particularly in senior roles. The hiring manager for a senior role records and submits details of the steps taken to encourage gender diversity in filling that role, and at completion the HR team reports on the gender breakdown of applicants and shortlisted candidates, and on the efficacy of diversity actions. Interview panels for senior roles must include both male and female interviewers.

In August 2014 the board considered and approved the following gender diversity objectives for the F15 year (which were the same as for the F14 year):

- 33% of the Board should be female
- 33% of the Executive Team and Senior Management Team should be female
- 50% of all employees should be female

The gender breakdown at Trade Me as at 30 June 2015 was as follows:

	F14 Women	F14 Men	F14 Total	F14 %	F15 Women	F15 Men	F15 Total	F15 %
Board	2	3	5	40%	2	3	5	40%
Executive & Senior Management team	10	24	34	29%	15	37	52	29%
All employees	149	207	356	42%	165	271	437	38%

The Executive team is defined as direct reports to the CEO.

The Senior Management team is defined as direct reports to the Executive team and other senior managers.

Trade Me has had significant growth in employee numbers this year, with a focus on tech hires. While there are increasing numbers of women leaving tertiary study with technology qualifications, the majority of candidates for technology roles are men. It was expected the percentage of women in Trade Me's overall employee count would reduce this year, despite awareness and effort to achieve the diversity objectives set, because of the relative lack of women applicants for technology roles.

The skew to men can be seen in the table below, where the technology roles filled this financial year are broken out from other "non-tech" roles (such as account management, user experience, finance) and from Customer Support (CS) roles. However, where technology roles were filled from internal hires or promotion, the proportion of women in those roles increased. That may be an indicator that once on board, women in tech roles at Trade Me are recognised appropriately for their performance and are taking the opportunity to progress.

Last year the board noted that new hires in Customer Support skewed to men (68%). This year the reverse is the case (62% women). It is not considered an issue, but it is something the Company will continue to watch.

Type of Placement in F15		Women		Men	Total
Total placements	86	40.6%	126	59.4%	212
Total internal placements	23	48.9%	24	51.1%	47
Tech hires	37	30.8%	83	69.2%	120
Tech hires (internal)	10	38.5%	16	61.5%	26
Non tech hires	49	53.3%	43	46.7%	92
Non tech hires (internal)	13	61.9%	8	38.1%	21
CS hires	15	62.5%	9	37.5%	24
CS hires (internal)	3	60.0%	2	40.0%	5
Non tech/ non CS hires	34	50.0%	34	50.0%	68
Non tech/ non CS hires (internal)	10	62.5%	6	37.5%	16

This year Trade Me established a Diversity Project group which is exploring initiatives that have succeeded in changing the gender balance in other businesses. Its first steps have resulted in Trade Me using a tool to review its recruitment advertising for use of language that may discourage applications from women, and to plan "unconscious bias" training across the Company. The Diversity Project is important ongoing work and the board is fully supportive of it.

Compliance with NZX Code and ASX Principles

The board has determined that the Company complies with the NZX Code and the ASX principles, except in respect of the following matter:

- A Board skills matrix has not been completed.

The board has discussed the matter as part of related deliberations (on board performance). The requirement will be completed by the end of the calendar year.

Disclosures

Shareholder information

Twenty largest shareholders as at 20 August 2015

Note: The holdings of New Zealand Central Securities Depository Limited (NZCSD) are listed separately rather than within a single holding for NZCSD.

Rank	Investor Name	Total shares	% Issued Capital
1	J P Morgan Nominees Australia Limited	65,832,556	16.59
2	HSBC Custody Nominees (Australia) Limited	35,516,515	8.95
3	National Nominees Limited	31,389,581	7.91
4	RBC Investor Services Australia Nominees Pty Limited	29,262,194	7.37
5	National Nominees New Zealand Limited	17,839,384	4.49
6	New Zealand Superannuation Fund Nominees Limited	17,018,956	4.29
7	Accident Compensation Corporation	14,324,677	3.61
8	HSBC Nominees (New Zealand) Limited	13,374,525	3.37
9	UBS Nominees Pty Ltd	12,970,198	3.27
10	Citicorp Nominees Pty Limited	12,653,615	3.19
11	HSBC Nominees (New Zealand) Limited	11,915,101	3.00
12	Citibank Nominees (Nz) Ltd	9,994,772	2.52
13	Bnp Paribas Noms Pty Ltd	9,881,346	2.49
14	Tea Custodians Limited	8,546,783	2.15
15	Cogent Nominees Limited	7,616,383	1.92
16	Citicorp Nominees Pty Limited	7,541,037	1.90
17	JPMORGAN Chase Bank	7,246,385	1.83
18	Bnp Paribas Nominees NZ Limited	5,954,900	1.50
19	Custodial Services Limited	3,258,566	0.82
20	Cogent Nominees (Nz) Limited	2,654,087	0.67

Distribution of ordinary shares and registered shareholders as at 20 August 2015

Shareholder range	Number of holders	Number of shares	Issued capital (%)
1–1,000	3,025	1,901,860	0.48
1,001–5,000	5,161	13,355,993	3.37
5,001–10,000	1,244	9,367,890	2.36
10,001–50,000	672	13,004,853	3.28
50,001–100,000	49	3,579,206	0.90
100,001 and over	60	355,678,341	89.62
Total	10,211	396,888,143	100.00

As at 20 August 2015, the total number of shares on issue was 396,888,143 ordinary shares.

There were 289 shareholders holding less than a marketable parcel of shares as defined in the ASX Listing Rules, based on the closing price of AU \$2.94 on 20 August 2015. The ASX Listing Rules define a marketable parcel of shares as "a parcel of not less than AU\$500".

There is no current share buy-back taking place.

Substantial product holders

As at 30 June 2015, Trade Me had received notice that the following were substantial product holders in accordance with section 293 of the Financial Markets Conduct Act 2013. (The total number of shares on issue was 396,888,143 ordinary shares.)

	Date of last disclosure notice before 30 June 2015	Relevant interest in number of shares	% held as at the date of last notice
Arnhem Investment Management Pty Limited	29 May 2014	25,395,868	6.40
Baillie Gifford Overseas Limited	25 June 2015	23,869,387	6.01
BNP Paribas Investment Partners (Australia) Limited	3 September 2013	24,930,329	6.30
Hyperion Asset Management Limited	22 May 2013	49,550,653	12.51
UBS Group AG and its related bodies corporate	22 June 2015	20,158,190	5.08

Voting rights

Shareholders may vote at a meeting of shareholders, either in person or through a representative. Where voting is by show of hands or by voice every shareholder present in person or by representative has one vote.

In a poll, every shareholder present in person or by representative has one vote for each share. Unless the board determines otherwise, shareholders may not exercise the right to vote at a meeting by casting postal votes.

Limitations on the acquisition of Trade Me securities

The terms of the Company's admission to the ASX and ongoing listing requires the following disclosure. Trade Me is incorporated in New Zealand. As such, it is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act 2001 (Australia) dealing with the acquisition of shares (i.e., substantial holdings and takeovers).

Limitations on the acquisition of securities imposed under New Zealand law are as follows:

- In general, securities in Trade Me are freely transferable and the only significant restrictions or limitations in relation to the acquisition of securities are those imposed by New Zealand laws relating to takeovers, overseas investment and competition.
- The New Zealand Takeovers Code creates a general rule under which the acquisition of 20% or more of the voting rights in Trade Me, or the increase of an existing holding of 20% or more of the voting rights of Trade Me, can only occur in certain permitted ways. These include a full takeover offer in accordance with the Takeovers Code, an acquisition approved by an ordinary resolution, an allotment approved by an ordinary resolution, a creeping acquisition (in certain circumstances), or compulsory acquisition of a shareholder holding 90% or more of the shares.
- The New Zealand Overseas Investment Act 2005 and Overseas Investment Regulations 2005 (New Zealand) regulate certain investments in New Zealand by overseas interests. In general terms, the consent of the New Zealand Overseas Investment Office is likely to be required where an "overseas person" acquires shares in the Company that amount to 25% or more of the shares issued by Trade Me, or if the overseas person already holds 25% or more, the acquisition increases that holding.
- The New Zealand Commerce Act 1986 is likely to prevent a person from acquiring shares in Trade Me if the acquisition would have, or would be likely to have, the effect of substantially lessening competition in the market.

In accordance with the requirements of the ASX waiver provided at the time of the Company's admission to the ASX, Trade Me certifies that during the period from 1 July 2014 to 30 June 2015 it has been subject to, and has complied with the requirements of NZX with respect to the issue of new securities. Trade Me continues to comply with these requirements.

Credit rating

The Company has no credit rating.

Donations

The Company did not make specific payments by way of donation during the year to 30 June 2015, but see page 41 for community, sponsorship and pro bono activity.

Company Secretary

Trade Me's Company Secretary is Sarah Hard.

Director and employee remuneration

Employee remuneration

There were 112 Trade Me employees (or former employees) who received remuneration and other benefits in excess of \$100,000 in their capacity as employees in F15, as set out in the table below.

This includes salary, STI payments, and the fair value of LTI shares at 30 June 2015. It also includes any settlement payments and payments in lieu of notice upon departure from the Company.

Salary bands (\$)	Count of Total
950,000–960,000	1
490,000–500,000	1
460,000–470,000	1
380,000–390,000	1
310,000–320,000	1
290,000–300,000	2
260,000–270,000	3
220,000–230,000	4
200,000–210,000	6
190,000–200,000	3
180,000–190,000	1
170,000–180,000	4
160,000–170,000	2
150,000–160,000	8
140,000–150,000	8
130,000–140,000	18
120,000–130,000	14
110,000–120,000	18
100,000–110,000	16
Total	112

Remuneration of directors

Remuneration paid to directors of Trade Me for the F15 year was as follows:

David Kirk	\$205,000
Gail Hambly	\$100,000
Sam Morgan	\$100,000
Paul McCarney	\$100,000
Joanna Perry	\$125,000

None of the directors have received or become entitled to receive a benefit other than director's fees since the end of the financial year. Directors are reimbursed for travel and other incidental expenses incurred in attending board meetings.

Directors' disclosures

Interests register

Pursuant to section 140(2) of the Companies Act 1993 directors have made the following general disclosure of interests. The following information was included in Trade Me's interest register as at 30 June 2015. Where changes in the interests register were notified during the year or subsequently then these have been indicated below.

David Kirk

Hoyts Group Limited	Executive Chairman/shareholder – Resigned December 2014
Forsyth Barr Limited	Director
Bailador Investment Management Limited	Director/shareholder
Viocorp International Pty Limited	Director/shareholder
SMI Holding Company Pty Limited	Director/shareholder
NZ Performance Horses Limited	Director/shareholder
Online Ventures Pty Limited (trading as SiteMinder)	Director/shareholder
David Kirk Pty Limited	Director/shareholder
Kirk Family Trust Pty Limited	Director/shareholder
Ocean Beach Wilderness Property Limited	Director
Foodshare Limited	Chairman
Kathmandu Holdings Limited	Chairman

Gail Hambly

Fairfax Media Limited	Executive and Company Secretary
Other Fairfax subsidiaries (Australia, New Zealand, Malaysia, Singapore, United States, United Kingdom)	Director
Australian Associated Press Pty Limited	Alternate Director
Bellsline Nominees Pty Limited	Director
Canberra Newspapers Limited	Director and Secretary
Copyco Pty Limited	Chair
Company B Limited	Deputy Chair – Resigned May 2015
Paper Bond Limited	Director
Rural Press Superannuation Pty Limited	Director
The Julian Small Foundation Limited	Director
Vident Pty Limited	Director and Secretary
The Story Factory Pty Limited	Director

Paul McCarney

Search Academy Pty Ltd	Chair/shareholder – Resigned July 2015
Notee Finance Pty Ltd	Director/shareholder
Codylan Pty Ltd	Director/shareholder
Nuda Rudda Pty Ltd	Director/shareholder
Sector Light Group Pty Ltd	Director/shareholder
BTBI TCo Pty Limited	Director/shareholder
BTBI Holdings Pty Ltd	Director/shareholder
Culture Amp Pty Limited	Adviser
iiNet Limited	Director – Resigned August 2015
Data Republic Pty Limited	Executive Director/shareholder

Sam Morgan

Jasmine Charitable Trust	Trustee
Jasmine Investment Trusts 1–3	Trustee
Jasmine Investment Holdings Limited	Director/shareholder
Jasmine Investment Holdings Limited No.2–4 (includes holdings in Goodnest Limited and Wynyard Limited)	Director/shareholder
Kiwi Landing Pad Limited	Director/shareholder
P F Holdings Limited (formerly Pacific Fibre Limited)	Director/shareholder – Resigned 30 April 2015
Willis Bond Capital Partners Limited	Advisory Board member
Willis Bond Capital Partners No2 Limited	Advisory Board member
Visfleet Limited	Director/shareholder
Xero Limited	Director/shareholder

Joanna Perry

The Co-operative Bank Limited	Director – Resigned March 2015
Genesis Power Limited	Deputy Chair
Rowing New Zealand Limited	Director
JMGP Limited	Director/shareholder
Primary Growth Partnership	Chair of Investment Advisory Panel
IFRS Advisory Council	Chair
Partners Life Limited	Director
Partners Group Holdings Limited	Director
Sports and Recreation New Zealand	Director
Kiwi Property Group Limited	Director
Tainui Group Holdings Limited	Board Adviser – Resigned June 2015
National Health Committee	Member

Directors' and officers' indemnities and insurance

In accordance with Section 162 of the Companies Act 1993 and the Company's Constitution, Trade Me indemnifies and insures directors and officers against liability to other parties that may arise from their position. Details are maintained in the interests register as required by the Companies Act 1993.

Disclosure of directors' interests in share transactions

There were no disclosures made of acquisitions or dispositions of Trade Me shares by directors (under section 148(2) of the Companies Act 1993) in the year ending 30 June 2015.

Directors' relevant interests in shares

Directors held the following relevant interests in voting securities of Trade Me as at 30 June 2015.

	Directly held	Held by associated persons
David Kirk		157,625
Gail Hambly	19,218	
Paul McCarney		30,000
Sam Morgan		525,680
Joanna Perry	26,000	

Subsidiary company directors

The directors of the Company's subsidiary companies during the F15 year were Jon Macdonald and Jonathan Klouwens, except in the case of Kevin's Australian Investments Pty Limited and MotorWeb Australia Pty Limited where the directors were Jonathan Klouwens and Gail Hambly. They do not receive or retain any remuneration as directors.

The subsidiaries are

- Trade Me Limited
- Old Friends Limited
- Paystation Limited
- Trade Me Comparisons Limited
- TMG Trustee Limited
- Kevin's Australian Investments Pty Limited
- MotorWeb Australia Pty Limited

Shareholder communications

Trade Me prefers to communicate with shareholders online and via email. However shareholders have the right to receive a copy of the Annual Report on request.

Share registry

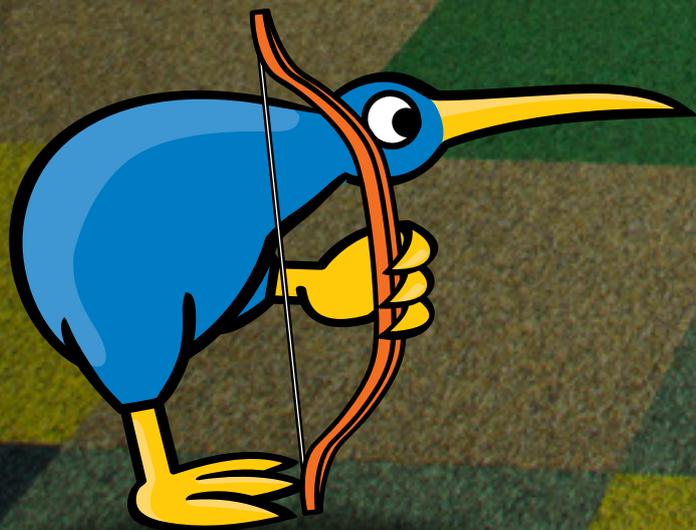
The contact details for Link Market Services, Trade Me's share registry, are set out in the Directory on page 83.

Further information online

Please visit the Trade Me investor relations website (investors.trademe.co.nz/) for more information, including details of announcements, corporate governance policies, and FAQs.

Financial statements

for the year ended 30 June 2015



Statement of comprehensive income for the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
General Items		63,480	64,792
Classifieds		99,635	85,591
Other		36,579	29,721
Total revenue	13	199,694	180,104
Cost of sales		(10,967)	(7,724)
Employee benefit expense		(28,842)	(24,629)
Web infrastructure expense		(4,089)	(3,176)
Promotion expense		(9,434)	(7,360)
Other expenses		(11,135)	(8,496)
Total expenses	13	(64,467)	(51,385)
Earnings before interest, tax, depreciation, amortisation and associate		135,227	128,719
Share of earnings from associate	6	(846)	–
Earnings before interest, tax, depreciation and amortisation		134,381	128,719
Depreciation and amortisation	4.2, 11	(15,284)	(12,313)
Earnings before interest and tax		119,097	116,406
Finance income		2,267	1,915
Finance costs	15.3	(9,809)	(6,839)
Profit before income tax		111,555	111,482
Income tax expense	9	(31,387)	(31,371)
Profit		80,168	80,111
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign operations		9	–
Effective portion of changes in fair value of cash flow hedges	15.3	(144)	–
Other comprehensive income		(135)	–
Total comprehensive income		80,033	80,111
Earnings per share			
Basic and diluted (cents per share)	8	20.20	20.20

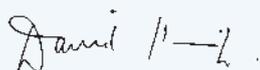
The above statement should be read in conjunction with the accompanying notes.

Statement of financial position as at 30 June 2015

	Note	2015 \$'000	2014 \$'000
ASSETS			
Cash and cash equivalents	15.1	48,277	41,653
Trade and other receivables	10	14,444	11,775
Derivative financial instruments	15	–	101
Total current assets		62,721	53,529
Trade and other receivables	10	–	583
Derivative financial instruments	15	–	352
Property, plant and equipment	11	9,555	6,807
Intangible assets	4	808,713	804,515
Investment in associate	6	6,898	–
Deferred tax asset	9	1,325	884
Total non-current assets		826,491	813,141
Total assets		889,212	866,670
LIABILITIES			
Trade and other payables	7	19,101	14,169
Derivative financial instruments	15	723	–
Income tax payable	9	7,070	7,659
Total current liabilities		26,894	21,828
Provisions	7	4,550	4,102
Interest bearing loans and borrowings	7	165,884	165,784
Derivative financial instruments	15	630	–
Other non-current liabilities		423	484
Total non-current liabilities		171,487	170,370
Total liabilities		198,381	192,198
EQUITY			
Contributed equity	8	1,069,814	1,069,814
Share-based payment reserve	14.2	461	266
Other reserves		(485,872)	(485,737)
Retained earnings		106,428	90,129
Total equity attributable to owners of the Company		690,831	674,472
Total equity and liabilities		889,212	866,670

For and on behalf of the Board of Directors who authorised these financial statements for issue on 19 August 2015:

David Kirk
CHAIRMAN



Joanna Perry
CHAIR OF THE AUDIT AND RISK
MANAGEMENT COMMITTEE



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

Statement of changes inequity for the year ended 30 June 2015

	Note	Ordinary shares \$'000	Share-based payment reserve \$'000	Retained earnings \$'000	Other reserves \$'000	Total equity \$'000
As at 1 July 2013		1,069,196	557	73,050	(485,737)	657,066
Profit and total comprehensive income		–	–	80,111	–	80,111
Dividends paid	8	–	–	(63,032)	–	(63,032)
Supplementary dividends		–	–	(8,160)	–	(8,160)
Tax credit on supplementary dividends		–	–	8,160	–	8,160
Share based payments	14.2	618	(291)	–	–	327
As at 30 June 2014		1,069,814	266	90,129	(485,737)	674,472
Profit		–	–	80,168	–	80,168
Currency translation differences		–	–	–	9	9
Movement in cash flow hedge reserve		–	–	–	(144)	(144)
Total comprehensive income		–	–	80,168	(135)	80,033
Dividends paid	8	–	–	(63,869)	–	(63,869)
Supplementary dividends		–	–	(8,605)	–	(8,605)
Tax credit on supplementary dividends		–	–	8,605	–	8,605
Share based payments	14.2	–	195	–	–	195
As at 30 June 2015		1,069,814	461	106,428	(485,872)	690,831

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

Statement of cash flows for the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Operating activities			
Profit before tax from continuing operations		111,555	111,482
Adjustments to reconcile profit before tax to net operating cash flows:			
Depreciation of property, plant and equipment		3,179	2,852
Amortisation of intangible assets		12,105	9,461
Share-based payment expense		297	639
Doubtful debts expense		208	415
(Gain)/Loss on disposal of property, plant and equipment		(240)	29
Finance costs		9,809	6,839
Share of earnings from associate		846	–
Other		(531)	(35)
Working capital adjustments:			
Increase in trade and other receivables and prepayments		(2,101)	(2,251)
Increase in trade and other payables		1,950	920
Income tax paid		(23,813)	(22,514)
Net cash flows from operating activities		113,264	107,837
Investing activities			
Purchase of property, plant and equipment		(2,357)	(4,087)
Payment for purchase of intangibles		(14,402)	(9,350)
Investment in Harmony	6	(7,744)	–
Business acquisition	5	(2,000)	(23,500)
Loan repayments made to the Group		250	400
Net cash flows (used in) investing activities		(26,253)	(36,537)
Financing activities			
Dividends paid		(72,474)	(71,192)
Interest paid on borrowings (including facility fees)		(7,913)	(7,312)
Net cash flows (used in) financing activities		(80,387)	(78,504)
Net increase/(decrease) in cash and cash equivalents		6,624	(7,204)
Cash and cash equivalents at beginning of period		41,653	48,857
Cash and cash equivalents at end of period		48,277	41,653

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

Notes to the financial statements for the year ended 30 June 2015

1 Reporting entity and statutory base

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

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

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

2 Basis of accounting

Basis of preparation

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

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments, which have been measured at fair value.

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

Both the functional and presentation currency of the Company is New Zealand dollars (\$). Transactions in foreign currencies are initially recorded in New Zealand dollars by applying the exchange rate 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.

Goods and Services 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.

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

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is 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.

Key sources of estimation uncertainty

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units to which goodwill has been allocated. This requires management to estimate the future cash flows expected to arise from the Group's cash-generating units and a suitable discount rate. Refer note 4.

The provision for contingent consideration relating to business combinations requires judgement around the probability and quantum of payment. Refer note 7.

Basis of 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 profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

Change in accounting policies and disclosures

On 1 January 2015 the Group elected to adopt hedge accounting for all new interest rate swaps entered into after 1 January 2015, which means fair value movements in the swaps will go through other comprehensive income. Changes in the fair value for all interest rate swaps entered into prior to 1 January 2015 will continue to be recorded within finance costs. Refer to note 15.3 for breakdown of fair value movements in interest rate swaps.

New standards, amendments and interpretations

There are no standards or interpretations that are effective for the first time this year that have had a material impact on the Group.

New standards, amendments and interpretations issued but not effective for the financial year beginning

1 July 2015 and not early adopted

New standards, amendments and interpretations issued by the International Accounting Standards Board (IASB) and the External Reporting Board in New Zealand (XRB) have been published that will be mandatory for the Group's accounting periods beginning on or after 1 July 2016. None of these standards have been early adopted by the Group. The relevant new standards, amendments and interpretations include:

NZ IFRS 15, 'Revenue from Contracts with Customers'

This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. This standard provides a single comprehensive principles-based five step model to be applied to all contracts with customers. The standard replaces NZ IAS 18 'Revenue' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 although early adoption is permitted. The Group is yet to assess the impact of adopting NZ IFRS 15.

NZ IFRS 9 'Financial Instruments'

This addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of NZ IFRS 9 was issued in July 2014. It replaces the guidance in NZ IAS 39 that relates to the classification and measurement of financial instruments. NZ IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income, and fair value through the income statement. The basis of classification depends on an entity's business model and the contractual cash flow characteristics of the financial asset.

Under NZ IFRS 9 greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'.

Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The standard is effective for accounting periods beginning on or after 1 January 2018 with early adoption permitted. The Group is yet to assess the full impact of adopting NZ IFRS 9.

There are other standards, amendments and interpretations which have been approved but are not yet effective. The Group expects to adopt these when they become mandatory. None are expected to materially impact the Group's financial statements.

3 Segment reporting

(a) Identification of reportable segments

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

The Group's reportable segments are as follows:

General Items

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

Classifieds

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

Other

The Other segment reflects all other businesses, including advertising, travel, Pay Now, payments gateway, online dating, and online insurance comparison.

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

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

Reporting segments	Revenue		EBITDA*	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
General Items	63,480	64,792	49,866	50,817
Classifieds	99,635	85,591	68,625	62,857
Other	36,579	29,721	16,736	15,045
Total for continuing operations	199,694	180,104	135,227	128,719
Reconciliation to overall result				
Share of associate earnings			(846)	–
EBITDA			134,381	128,719
Depreciation and amortisation			(15,284)	(12,313)
Finance income			2,267	1,915
Finance costs			(9,809)	(6,839)
Profit before income tax			111,555	111,482

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

The accounting policies of the reportable segments are the same as the Group's accounting policies as outlined in the notes to these financial statements.

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

The Group operates largely within New Zealand. The Group owns an Australian subsidiary, Motorweb Australia Pty Limited, which generates revenues in Australia, and the Group has international sellers generating revenues overseas, largely in the marketplace business. Revenues from foreign countries amounted to \$5.0m (2014: \$2.5m).

No single customer contributed 10% or more to the Group's revenue (2014: nil)

4 Intangible assets

	Goodwill \$'000	Brand \$'000	Software \$'000	Development \$'000	Other \$'000	Total \$'000
30 June 2014	746,602	32,696	11,782	11,991	1,444	804,515
30 June 2015	748,331	32,696	6,976	19,496	1,214	808,713

Initial recognition

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. After initial recognition these intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

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.

Goodwill arising from business combinations is initially measured at cost, being the excess of the sum of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss. After initial recognition, goodwill is measured at cost less accumulated impairment losses.

Impairment testing

Goodwill and brand are not amortised, but instead tested for impairment annually. At each reporting date, the Group assesses whether there is any indication that other intangible assets may be impaired. Where an indicator of impairment exists, or in the case of goodwill and brand annually, the Group makes a formal estimate of the recoverable amount. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

At balance date, there were no indications that any intangible assets were impaired.

4.1 Goodwill and Brand

	Note	Goodwill \$'000	Brand \$'000	Total \$'000
Balance at 1 July 2013		730,703	32,696	763,399
Additions		15,899	–	15,899
Balance at 30 June 2014		746,602	32,696	779,298
Additions	5	1,612	–	1,612
Effect of movements in foreign exchange		117	–	117
Balance at 30 June 2015		748,331	32,696	781,027

Allocation of goodwill to cash-generating units

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 that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and is not larger than a segment based on the Group's operating segments determined in accordance with NZ IFRS 8 Segment Reporting.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal.

Management reviews the business performance for three reportable segments (refer note 3), being separately identifiable groups of cash-generating units. The following is a summary of the goodwill allocation to each cash-generating unit group:

Cash-generating unit group	2015 \$'000	2014 \$'000
General Items	295,663	295,663
Classifieds	368,409	367,616
Other	84,259	83,323
	748,331	746,602

The recoverable amount for the cash-generating units is determined based on value in use calculations. These calculations use cash flow projections based on the 2016 financial budgets approved by the directors extrapolated over a four-year period, discount rates of between 12%–17% per annum and a terminal growth rate of 2%. Management has also considered the Group's market capitalisation when performing the impairment assessment.

The calculations which are applied consistently against the cash-generating units, confirmed that there was no impairment of goodwill or brand during the year (2014: nil). Management believe that any reasonable possible change in the key assumptions including an increase in the discount rate applied or a reduction in future growth rates, would not cause the carrying amount to exceed its recoverable amount.

4.2 Other Intangible Assets

Amortisation and disposal

Other intangible assets are amortised on a straight-line basis over the estimated useful life of the specific assets as follows:

- Website development costs 33%–40%
- Software 20%–40%
- Customer relationships 20%

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its 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.

	Software \$'000	Development \$'000	Other \$'000	Total \$'000
Gross carrying amount				
Balance at 1 July 2013	12,830	7,927	376	21,133
Additions	1,268	8,362	–	9,630
Acquisition as part of a business combination	10,454	–	1,618	12,072
Disposals	–	(631)	–	(631)
Balance at 30 June 2014	24,552	15,658	1,994	42,204
Additions	662	13,460	–	14,122
Acquisition as part of a business combination	452	–	–	452
Disposals	–	(2,431)	–	(2,431)
Balance at 30 June 2015	25,666	26,687	1,994	54,347
Accumulated amortisation				
Balance at 1 July 2013	(6,379)	(1,517)	(261)	(8,157)
Amortisation	(6,391)	(2,781)	(289)	(9,461)
Disposals	–	631	–	631
Balance at 30 June 2014	(12,770)	(3,667)	(550)	(16,987)
Amortisation	(5,920)	(5,955)	(230)	(12,105)
Disposals	–	2,431	–	2,431
Balance at 30 June 2015	(18,690)	(7,191)	(780)	(26,661)
Net book value				
Balance at 30 June 2014	11,782	11,991	1,444	25,217
Balance at 30 June 2015	6,976	19,496	1,214	27,686

5 Business combinations

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a controlled entity is the fair value of the assets transferred and the liabilities incurred. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition-date. 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 37 – Provisions, Contingent Liabilities and Contingent Assets, with the corresponding gain or loss being recognised in profit or loss.

5.1 Current year acquisitions

The Group gained control over the following businesses during the year ended 30 June 2015:

Business Acquired	Principal activity	Acquisition Date	Interest
Viewing Tracker	Online property management vacancy tracking system	15-Dec-14	100%
Face, Netspace Services & Paystation	Payment gateway, colocation, dedicated servers, managed services, web development and hosting	15-Sep-14	100%

The fair values of the identifiable assets and liabilities acquired for the acquisitions above, none of which were individually significant to the Group, were:

Assets and liabilities acquired at the date of acquisition:	\$'000s
Software	452
Fixed assets	295
Other liabilities	(53)
Goodwill	1,612
Total identifiable net assets and liabilities attributable to the Group	2,306
Satisfied by	
Cash paid on acquisition date	2,000
Fair value of contingent consideration to be paid in September 2015 and 2016	306
Fair value of consideration paid	2,306

Goodwill reflects the value of the business that can't be attributed to separately identifiable assets such as the staff who joined on acquisition and future growth opportunities. None of the goodwill is expected to be deductible for tax purposes.

The consolidated statement of comprehensive income includes immaterial revenue and net profit for the year ended 30 June 2015, as a result of business combinations made during the year. If the acquisitions had occurred at the beginning of the reporting period, the consolidated statement of comprehensive income would have had no material change to revenue and profit for the year.

Acquisition-related costs included in other expenses in the statement of comprehensive income were immaterial.

5.2 Prior year acquisitions

In the prior year the Group gained control over two businesses, Life Direct and MotorWeb, for total consideration of \$27.6 million.

Revenue contributed by LifeDirect for the year ended 30 June 2014 was \$2.9 million, while EBITDA was immaterial. Had the acquisition occurred on 1 July 2013, the prior year statement of comprehensive income would have included additional revenue of \$0.9 million, while the additional EBITDA would have been immaterial.

Revenue contributed by MotorWeb for the year ended 30 June 2014 was \$4.9 million, while EBITDA was \$2.9 million. Had the acquisition occurred on 1 July 2013, the prior year statement of comprehensive income would have included additional revenue and EBITDA of \$4.2 million and \$2.2 million respectively.

6 Associates

On 12 January 2015, the Group acquired a 14.1 per cent stake in lending platform Harmoney Corp Limited (Harmoney), New Zealand's first peer-to-peer lending company, for \$7.7m. Harmoney is an unlisted company incorporated in New Zealand.

Significant influence is held over Harmoney through the Group having a member on the Board of Directors.

No dividends have been received from Harmoney in the year ended 30 June 2015.

Harmoney has a 31 March reporting date. The balance sheet below reflects Harmoney's audited financial statements for the period ended 31 March 2015. The equity accounted earnings reflect Harmoney's management accounts from the date of acquisition to 30 June 2015.

	2015 \$'000	2014 \$'000
Balance sheet information for Harmoney:		
Current assets	9,053	–
Non current assets	806	–
Total assets	9,859	–
Current liabilities	1,785	–
Total liabilities	1,785	–
Equity	8,074	
Equity accounted earnings comprise:		
Revenues – 100%	2,378	–
Loss from continuing operations – 100%	(6,015)	–
Loss from continuing operations – Trade Me share	(846)	–

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.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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 earnings from associate" in the statement of comprehensive income.

7 Liabilities and other commitments

Trade and Other Payables

	2015 \$'000	2014 \$'000
Trade payables	9,710	5,503
Accrued expenses	5,372	5,258
Revenue in advance	2,146	2,008
Employee entitlements	1,873	1,400
	19,101	14,169

Provisions

	2015 \$'000	2014 \$'000
Provision for contingent consideration – Viewing Tracker	306	–
Provision for contingent consideration – LifeDirect	4,244	4,102
	4,550	4,102

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.

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.

The fair value of the provision for contingent consideration arising from business combinations has been determined using the present value of a weighted average range of possible earn out payments based on the Group's assessment of the probability of achieving each of the targets within the range. The discount rates used are 4.86%–5.37% (2014: 5.37%). The effects on the fair value of risk and uncertainty in the future cash flows are dealt with by adjusting the estimated cash flows rather than adjusting the discount rate.

If the probabilities of reaching the revenue targets in the upper half of the range of possible payment hurdles were increased by 5% and those in the lower half decreased by 5%, or if the converse was applied there would be an immaterial change to contingent consideration. The provision has been reassessed at reporting date and no change has been made as a result, other than to unwind the present value discount.

Liabilities for wages, salaries and annual leave are recognised in the provision for employee entitlements and measured at the amounts expected to be paid when the liabilities are settled. The employee entitlement liability is expected to be settled within 12 months from balance date and is recognised in current liabilities.

Interest-bearing loans and borrowings

The Group has a \$166 million revolving cash advance loan facility with Commonwealth Bank of Australia and Westpac Banking Corporation. \$166 million was drawn down as at 30 June 2015.

Lender	Maturity Date	2015 \$'000	2014 \$'000
Commonwealth Bank of Australia	11-Sep-16	116,000	116,000
Westpac Banking Corporation	11-Sep-16	50,000	50,000
Loan establishment costs		(116)	(216)
		165,884	165,784

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

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

Interest-bearing loans and borrowings are initially measured at fair value, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Commitments

(a) Lease Commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2015 \$'000	2014 \$'000
Within one year	2,827	2,616
Later than one year but not later than five years	10,021	6,790
Later than five years	4,291	5,757
	17,139	15,163

The Group leases premises. Operating leases held over properties give the Group the right to renew the lease subject to a re-determination of the lease rental by the lessor.

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 an offset to rental expense and a corresponding reduction to the liability.

(b) Capital Commitments

The Group has no material capital commitments as at 30 June 2015 (2014: \$nil).

Contingent liabilities

The Group has no material contingent liabilities as at 30 June 2015 (2014: \$nil).

8 Share information

Movement in total shares on issue	2015 000's	2014 000's
Balance at beginning of period	396,585	396,311
Issue of restricted shares	415	280
Cancellation of restricted shares	(112)	(6)
Balance at the end of the period	396,888	396,585
Comprised of		
Restricted shares	819	516
Ordinary shares	396,069	396,069

All ordinary shares carry equal rights in respect of voting and the receipt of dividends. Ordinary shares do not have a par value. Restricted shares are the same as ordinary shares except they cannot be sold until they vest and convert to ordinary shares.

Earnings per share

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

	2015	2014
Earnings used for the calculation of basic and diluted earnings (\$'000)	80,168	80,111
Weighted average number of shares on issue (000's)	396,792	396,495
Basic and diluted earnings per share (cents)	20.20	20.20

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

Dividends paid or authorised

		2015 \$'000	2014 \$'000
Final dividend for 2013	at 8.3 cents per share		32,894
Interim dividend for 2014	at 7.6 cents per share		30,138
Final dividend for 2014	at 8.4 cents per share	33,313	
Interim dividend for 2015	at 7.7 cents per share	30,556	
Dividends declared and proposed after reporting date, but not recorded as a liability in these financial statements: 8.5 cents per share		33,735	

9 Tax

Income tax recognised in profit or loss	2015 \$'000	2014 \$'000
Tax expense comprises:		
Current tax charge	31,758	31,380
Deferred tax relating to the origination and reversal of temporary differences	(371)	(9)
Total tax charge	31,387	31,371

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

Profit before income tax	111,555	111,482
Income tax expense calculated at 28%	31,235	31,215
Non-deductible expenses	330	91
Non-assessable income	(236)	–
Other	58	65
	31,387	31,371
Imputation credit account	2015 \$'000	2014 \$'000
Imputation credits available for use in subsequent periods	21,289	14,282

The imputation credit amount represents the balance of the imputation credit account as at the end of the reporting period, adjusted for imputation credits that will arise from the payment of the provision for Income tax payable post balance date. The actual imputation credits available at balance date as determined by the Income Tax Act 2007 are \$14,219,000 (2014: \$6,678,000)

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 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.

10 Trade and other receivables

	2015 \$'000	2014 \$'000
Current assets		
Trade receivables	10,763	10,129
Provision for doubtful debts	(364)	(383)
Other	4,045	2,029
	14,444	11,775
Non-current assets		
Loans receivable	–	583

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. There are no overdue debtors considered impaired that have not been provided for.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

11 Property, plant and equipment

	Note	Motor vehicles \$'000	Computer equipment \$'000	Plant and equipment \$'000	Total \$'000
Gross carrying amount					
Balance at 1 July 2013		78	14,894	1,906	16,878
Additions		1	1,905	2,253	4,159
Acquisitions as part of business combination		–	41	71	112
Disposals		–	(68)	(20)	(88)
Balance at 30 June 2014		79	16,772	4,210	21,061
Additions		–	4,162	1,589	5,751
Acquisitions as part of business combination	5	4	201	90	295
Disposals		(29)	(693)	–	(722)
Balance at 30 June 2015		54	20,442	5,889	26,385
Accumulated depreciation					
Balance at 1 July 2013		(55)	(10,568)	(806)	(11,429)
Depreciation		(9)	(2,593)	(250)	(2,852)
Disposals		–	25	2	27
Balance at 30 June 2014		(64)	(13,136)	(1,054)	(14,254)
Depreciation		(9)	(2,655)	(515)	(3,179)
Disposals		27	576	–	603
Balance at 30 June 2015		(46)	(15,215)	(1,569)	(16,830)
Net book value					
Balance at 30 June 2014		15	3,636	3,156	6,807
Balance at 30 June 2015		8	5,227	4,320	9,555

Property, plant and equipment is stated at historical cost less depreciation.

Depreciation on assets is charged on a straight-line basis to allocate the difference between their original costs and the residual values over their estimated useful lives, as follows:

Major depreciation categories are as follows:

- Plant and equipment 8%–21%
- Computer equipment 20%–40%
- Motor vehicles 21%

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each balance date. If an asset's carrying amount is greater than its estimated recoverable amount, the carrying amount is written down immediately to its recoverable amount.

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.

12 Subsidiaries

Details of the Company's subsidiaries at balance date are as follows:

Name of subsidiary	Principal activity	Place of incorporation	Ownership interests and voting rights	
			2015	2014
Trade Me Limited	Operate and manage all Trade Me platforms	New Zealand	100%	100%
Old Friends Limited	Non-trading	New Zealand	100%	100%
TMG Trustee Limited	Non-trading	New Zealand	100%	100%
Trade Me Comparisons Ltd	Online insurance comparison	New Zealand	100%	100%
Motorweb Australia Pty Limited	Online vehicle data services	Australia	100%	100%
Kevin's Australian Investments Pty Limited	Holding company	Australia	100%	100%
Paystation Limited	Payments gateway	New Zealand	100%	0%

13 Revenue and expenses

Other expenses

Other expenses include:

	2015 \$'000	2014 \$'000
Remuneration of the auditors		
Audit of annual financial statements	104	102
Review of interim (half year) financial statements	44	43
Preparation of greenhouse gas emission reporting ('CarboNZero')	9	–
Remuneration market pricing	5	–
Total remuneration paid or payable to EY	162	145
Rent	3,028	1,436

Revenue recognition

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.

Other service income

The Group recognises income from customers other than member accounts, at the point at which the service is delivered.

Finance income

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

Finance costs

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Finance costs are expensed in the period in which they occur, other than associated transaction costs, which are capitalised and amortised over the term of the facility to which they relate.

14 Compensation of management personnel

14.1 Key management personnel

The remuneration of key management of the Group during the year was as follows:

	2015 \$'000	2014 \$'000
Short-term benefits	4,179	3,264
Share-based payments	155	334
Total compensation	4,334	3,598

14.2 Share-based payment plans

Certain employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments.

Equity-settled employee share plans

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted, and determined using an appropriate pricing model. 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 equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The Company grants restricted shares with a typical vesting period of three years to management, but this vesting period may vary where the restricted shares are awarded to retain an employee for a critical period. 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.

The following table shows the number of restricted shares outstanding at the end of the period, the weighted average issue price, the weighted average fair value and the vesting date for reclassification of the restricted shares into ordinary shares:

Payment plan reference	Grant date	Outstanding at end of period	Weighted average issue price	Weighted Average Fair value	Vesting date
FY13 plan	1-Oct-12	191,552	\$3.97	\$2.14	30-Sep-15
FY14 plan	1-Oct-13	212,990	\$4.45	\$2.43	30-Sep-16
FY15 plan	1-Oct-14	395,768	\$3.55	\$1.89	30-Sep-17

Vesting criteria: Two performance hurdles described below will be used before vesting occurs:

Hurdle 1 – Will apply to 50% of the shares in each tranche

If the Company's total shareholder return (representing dividend per share plus increase in share price divided by initial share price) is in the top quartile of companies in the NZX 50 Index (the Index) over the vesting period to the vesting date, then 100% of shares will vest. For performance between median and top quartile, vesting will occur on a straight-line basis so that 50% of the shares vest for median performance and 100% vesting occurs for top quartile performance. No shares will vest if the total shareholder return is below the median in the Index or the participant is not in continuous employment at this date.

Hurdle 2 – Will apply to 50% of the shares in each tranche

If the growth rate of the Group's earnings per share equals or exceeds a compound annual rate over the 3 financial years ending on 30 June prior to the end of the vesting period of 12% per annum, then 100% of the shares will vest. For performance between 8% and 12% per annum, vesting will occur on a straight-line basis so that 50% of the shares vest for performance at 8%, and full vesting occurs for performance at 12%. No shares will vest if the performance return is below 8% per annum or the participant is not in continuous employment at this date.

Plan modifications or changes

The FY13 plan was initially split into two tranches with the first tranche of 58,880 shares due to vest on 30 September 2014. The vesting targets were not met and the Board agreed to push the vesting date out to 30 September 2015. There have been no cancellations to the plans during 2015 and 2014.

The expense recognised in the current period was \$0.3 million (2014: \$0.6 million), with a corresponding liability for PAYE of \$0.1 million (2014: \$0.3 million) and an increase in equity of \$0.2 million (2014: \$0.3 million).

15 Financial instruments

15.1 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. Cash and cash equivalents includes term deposits of \$30 million (2014: \$24 million).

15.2 Derivative financial instruments

The Group uses derivative financial instruments to hedge its risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which are recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

The derivative financial instruments at balance date are all interest rate swaps, the details of which are reported below under interest rate risk.

15.3 Financial risk management

Financial risk management

In the normal course of business the Group is exposed to a variety of financial risks, which includes market risk, credit risk and liquidity risk. The Group's 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 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 market rates. The Group's treasury policy requires the use of derivative financial instruments to manage interest rate risk. In order to protect against rising interest rates the Group has entered into interest rate swap contracts under which it has a right to receive interest at floating rates and pay interest at fixed rates, where cumulative net settlement of interest is payable or receivable quarterly. Swaps in place cover \$90m (2014: \$90m) of the principal outstanding and mature over a three year period.

The notional principle amounts and period of expiry of the interest rate swap contracts are as follows:

	2015 \$'000	2014 \$'000
0–1 years	20,000	20,000
1–2 years	50,000	20,000
2–3 years	20,000	50,000
	90,000	90,000
Fair value interest rate swaps		
Current portion	(723)	101
Non-current portion	(630)	352

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

	2015 \$'000	2014 \$'000
Cash	48,277	41,653
Interest bearing loans and borrowings	(166,000)	(166,000)
Loans receivable	–	583
Interest rate swaps	(1,353)	453

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 2015 would have increased / decreased by \$0.1 million (2014: decreased / increased by \$0.5 million).

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, loans and trade and other receivables.

30 June 2015	AA- and above \$'000	Not rated \$'000
Cash and cash equivalents	48,277	–
Trade receivables	–	10,399

30 June 2014	AA- and above \$'000	Not rated \$'000
Cash and cash equivalents	41,653	–
Trade receivables	–	9,746
Loans receivable	–	583

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 treasury policy also sets the maximum counterparty credit exposure to any individual bank or financial institution.

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

Trade and other receivables recognised in the statement of financial position consist of a large number of customers, and consequently there is no concentration of credit risk with respect to debtors.

The loans are secured over a number of interests including shares, and other property.

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

	Less than 6 Months \$'000	6–12 Months \$'000	1–3 Years \$'000	Total \$'000
2015				
Trade and other payables	19,101	–	423	19,524
Borrowings	3,768	3,768	167,487	175,023
Interest rate swaps	288	318	682	1,288
	23,157	4,086	168,592	195,835
2014				
Trade and other payables	14,169	–	484	14,653
Borrowings	3,884	3,884	175,301	183,069
	18,053	3,884	175,785	197,722

Hedge accounting

The Group designates and documents the relationship between hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking various hedge transactions. At hedge inception (and on an ongoing basis), hedges are assessed to establish if they are effective in offsetting changes in fair values or cash flows of hedged items. The Group discontinues hedge accounting if (a) the hedging instrument expires or is sold, terminated, or exercised; (b) the hedge no longer meets the criteria for hedge accounting; or (c) the hedge designation is revoked. Hedges are classified primarily as cash flow hedges.

Fair values

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

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

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

Derivative financial instruments are classified as level 2.

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

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

	2015 \$'000	2014 \$'000
Changes in fair value of interest rate swaps recognised in finance costs	(1,663)	400
Effective portion of changes in fair value of cash flow hedges recognised in other comprehensive income	(144)	–
(Loss)/gain in fair value of interest rate swaps	(1,807)	400

16 Events after the reporting period

Other than the final dividend disclosed in note 8, there have been no events after 30 June 2015 that require disclosure in these financial statements.



Independent Auditor's Report

To the Shareholders of Trade Me Group Limited

Report on the Financial Statements

We have audited the financial statements of Trade Me Group Limited (“the company”) and its subsidiaries (together “the group”) on pages 52 to 78, which comprise the statement of financial position of the group as at 30 June 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended of the 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 461G(1) of the Financial Markets Conduct Act 2013. 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 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 and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand, 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 and fair presentation of the financial statements 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 other assurances services and remuneration advice 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 52 to 78:

- ▶ comply with generally accepted accounting practice in New Zealand;
- ▶ comply with International Financial Reporting Standards; and
- ▶ present fairly, in all material respects, the financial position of the group as at 30 June 2015 and the financial performance and cash flows of the group for the year then ended.

A stylized, handwritten signature of 'Ernst & Young' in a dark grey color.

19 August 2015
Wellington



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Stock exchange listings

Trade Me Group Limited shares are listed on the NZ Stock Exchange and the Australian Stock Exchange (Listing code: TME)

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Investor information

investors.trademe.co.nz

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- Gail Iris Hambly
- Samuel Gareth Morgan
- Paul Milton McCarney
- Joanna Mary Gordon Perry

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Changes of address, payment instructions and investment portfolios can be viewed and updated online:

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