# Appendix 4E and Statutory Accounts

For the year ended
30 June 2018

Lodged with the ASX under
Listing Rule 4.3A, 4.5
SEEK Limited ABN 46 080 075 314

# SEEK Limited

## ABN 46 080 075 314
## Year ended 30 June 2018

(Previous corresponding period: Year ended 30 June 2017)

## Results for Announcement to the Market

| | | Percentage Change | | Amount $m |
|---|---|---|---|---|
| Total sales revenue | Up | 25% | To | $1,294.5m |
| Total revenue from ordinary activities | Up | 25% | To | $1,310.2m |
| Profit for the year after tax | Down | 75% | To | $91.0m |
| Net profit for the year attributable to the owners of SEEK Limited | Down | 84% | To | $53.2m |

| **Dividends/distributions** | **Amount per security** | **Franked amount per security** |
|---|---|---|
| 2017 final dividend paid | 21.0 cents | 21.0 cents |
| 2018 interim dividend paid | 24.0 cents | 24.0 cents |
| **2018 final dividend (declared after balance date)** | **22.0 cents** | **22.0 cents** |

| | |
|---|---|
| **Record date for determining entitlements to the dividend** | **13 September 2018** |
| **Dividend payable** | **4 October 2018** |

# Contents







This report covers SEEK Limited as a consolidated entity consisting of SEEK Limited (the Company) and its controlled entities. The report was authorised for issue by the Directors on 15 August 2018.

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

Level 6
541 St Kilda Road
Melbourne VIC 3004

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities in the Directors' Report on pages 2 to 56.

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

# Directors' Report

## Our Purpose

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

Your directors present their report on the consolidated entity (referred to hereafter as the Group or SEEK), consisting of SEEK Limited and the entities it controlled at the end of, or during, the year ended 30 June 2018.

### Principal activities

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

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

SEEK is uniquely positioned to solve important and complex problems across employment, education and human capital management.

### Asia Pacific & Americas (AP&A)

40m+

Candidate Relationships

200k+

Hirer Relationships

Approx:
900m

Population Exposure

### SEEK Investments

150m+

Candidate Relationships

700k+

Hirer Relationships

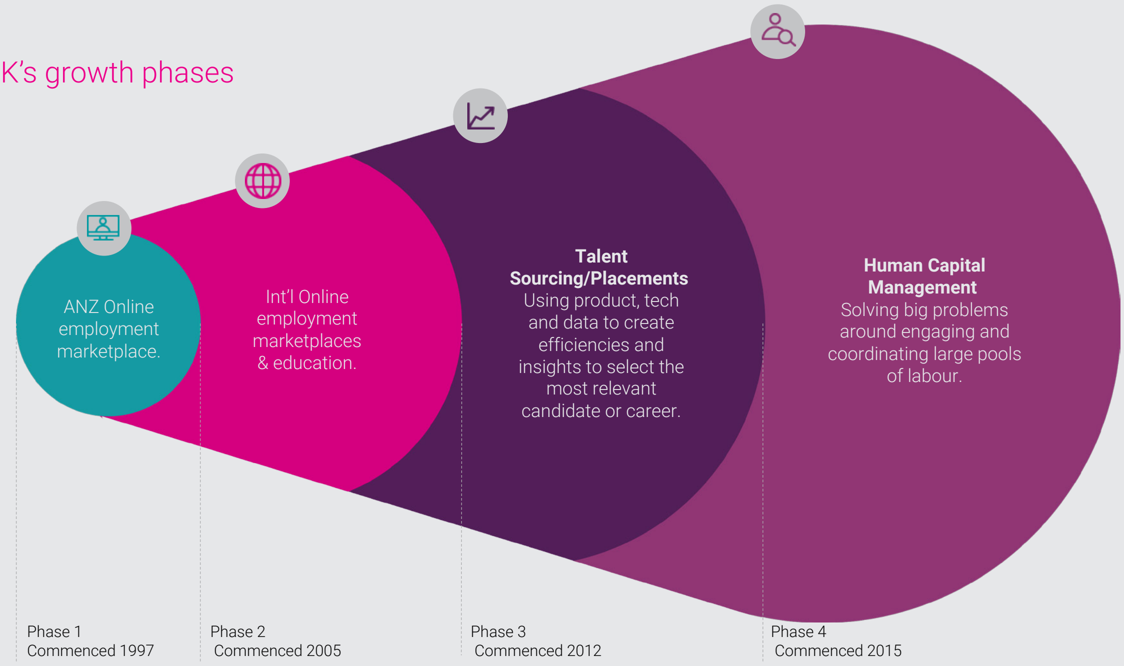
Approx:
2bn

Population Exposure

# Business strategies and prospects

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

## SEEK's growth phases




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

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

- Over 35 million monthly visits;
- 83% brand awareness (lead of approximately three times over SEEK's nearest competitor); and
- 36% share of placements (lead of approximately seven times over SEEK's nearest competitor).

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

### Phase 2: International Online Employment Marketplace and Education Expansion

The key areas of focus for SEEK over the last 13 years have been:

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

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

- Acquiring and operating online employment marketplaces in 18 countries globally, with market leading positions in 14 countries;
- Starting up Online Education Services ('OES') which is now a market leader in online adult education. The financial returns from OES have been strong; in FY2018 the business generated sales revenue of $119.4m and EBITDA of $37.5m from an initial capital investment of $10m.

In SEEK's international businesses, there are still growth opportunities including:

1. Substantial volume and yield opportunities in our online employment marketplaces; and
2. SEEK's international education businesses which are still in early stages of roll-out.

# Directors' Report

## Business strategies and prospects continued

### Phase 3: Talent Sourcing / Placement Strategy

In the last six years, SEEK has redefined success for its online employment marketplaces where the focus is now

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

where placements are defined as the SEEK online employment business being the key source of placed candidates.

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

1. **Maintain/grow market leadership**

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

   (i) share of visits;

   (ii) share of unique and relevant job ads;

   (iii) number of candidate profiles;

   (iv) number of hirers; and

   (v) unaided brand awareness.

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

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

2. **Capturing more data and delivering more insights to candidates and hirers**

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

   Similarly, SEEK can become more embedded by helping hirers find the most relevant candidates in a faster and more effective way. This allows SEEK to capture greater insights on where and how hirers are using its services.

3. **Data and insights captured form the foundation for new products and services**

   – Candidates: As candidates share more data, the better placed SEEK is to provide the most relevant career and/or education insights and opportunities to assist candidates fulfil their career aspirations. These career insights will increase usage of SEEK and grow its reputation as the trusted source for all things career-related, strengthening SEEK's 'network effect'.

   – Hirers: The breadth and depth of data that SEEK captures helps SEEK develop value-add products which further improve efficiencies and effectiveness in the hiring process. For example, tools such as the advertiser centre (candidate management tool), combined with other products such as Role Requirements, Premium Talent Search and Guaranteed Hire aim to help hirers efficiently reduce the pool of candidates from, for example, 50-100 to the 5-10 most relevant candidates.

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

### Phase 4: Human Capital Management

In the last three years, SEEK has identified large market opportunities in the Human Capital Management Industry across both its ANZ business and its international businesses.

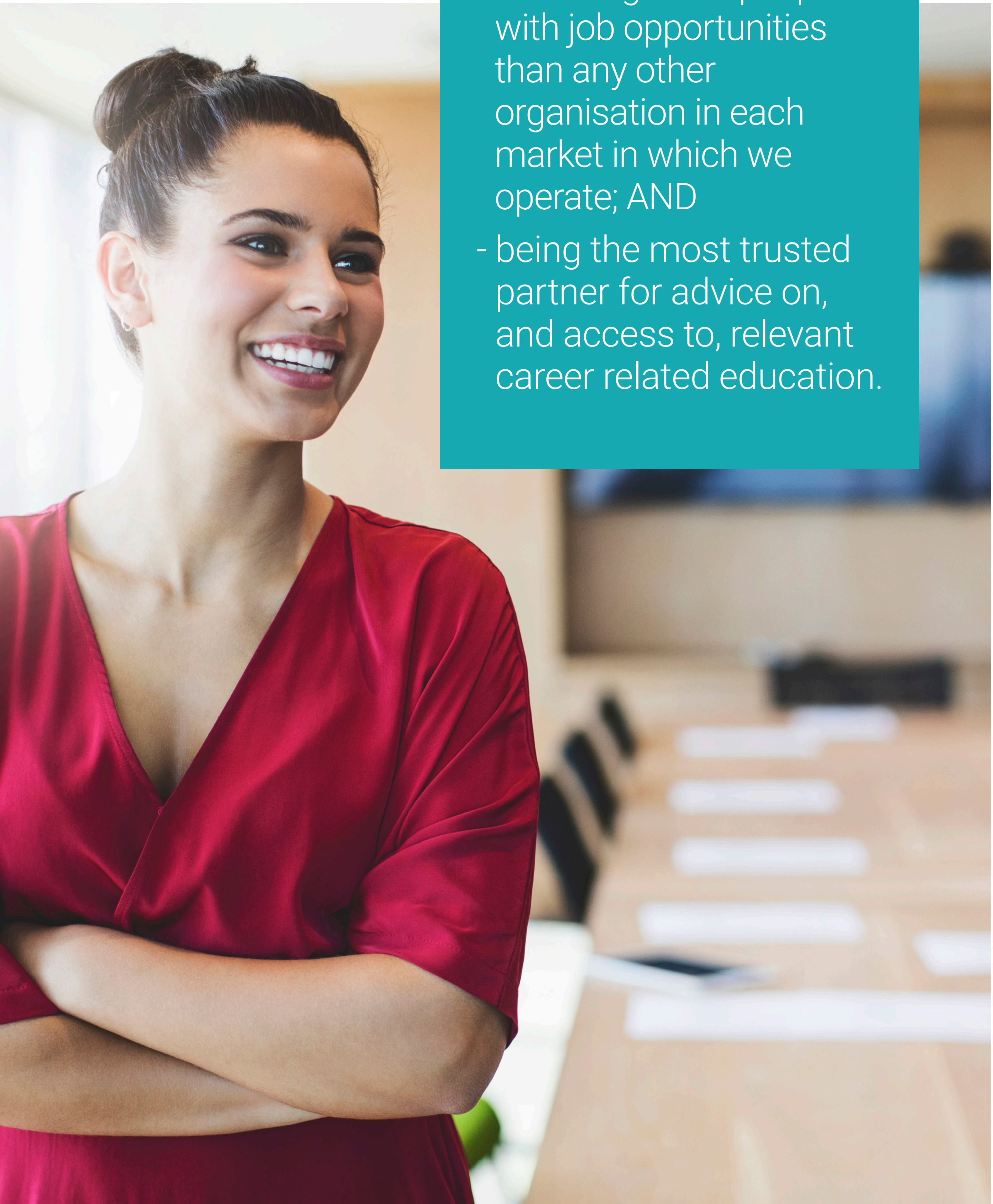
These are areas of the market that are either occurring at a high cost and/or being performed offline or in an inefficient manner. SEEK believes that using technology and data, its experience in building online marketplaces, and relationships with hirers and candidates positions us to solve large and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

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

# Our Vision

To be the best in the world in online employment by:

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



# Directors' Report

## Performance highlights

Reported sales revenue

$1,294.5m

| | |
|---|---|
| FY2017 | $1,035.2 million |
| FY2016 | $950.4 million |

Reported segment EBITDA[1]

$432.8m

| | |
|---|---|
| FY2017 | $362.3 million |
| FY2016 | $366.7 million |

Reported profit attributable to SEEK

$53.2m

| | |
|---|---|
| FY2017 | $340.2 million |
| FY2016 | $357.1 million |

NPAT (excluding significant items and early stage ventures) attributable to SEEK

$229.5m

| | |
|---|---|
| FY2017 | $220.8 million |
| FY2016 | $198.1 million |

Total dividend (cents per share)

46c per share

| | |
|---|---|
| FY2017 | 44c per share |
| FY2016 | 40c per share |

# Review of operations

| | 2018 $m | 2017 $m | Growth % | Constant currency[3] Growth % |
|---|---|---|---|---|
| **Sales revenue (before significant items)[2]** | **1,294.5** | 1,039.7 | 25% | 24% |
| Items associated with cessation of SEEK Learning | - | (4.5) | | |
| **Reported sales revenue[2]** | **1,294.5** | 1,035.2 | | |
| | | | | |
| **EBITDA (before significant items)** | **432.8** | 375.8 | 15% | 16% |
| Costs associated with cessation of SEEK Learning | - | (13.5) | | |
| **Reported segment EBITDA[1]** | **432.8** | 362.3 | | |
| Depreciation and amortisation | **(67.6)** | (53.4) | | |
| Net interest | **(25.9)** | (11.9) | | |
| Share-based payments and other LTI | **(26.8)** | (10.0) | | |
| Share of results of equity accounted investments | **(6.2)** | 4.3 | | |
| Other items | **(131.4)** | 146.0 | | |
| Income tax expense | **(83.9)** | (75.3) | | |
| Non-controlling interests | **(37.8)** | (21.8) | | |
| **Reported profit attributable to owners of SEEK Limited** | **53.2** | 340.2 | | |
| Add/deduct significant item losses/(profits) | **147.0** | (138.7) | | |
| **Profit attributable to owners of SEEK Limited (before significant items)** | **200.2** | 201.5 | | |
| Add back Early Stage Ventures | **29.3** | 19.3 | | |
| **Profit attributable to owners of SEEK Limited (before significant items & Early Stage Ventures)** | **229.5** | 220.8 | | |

1. Segment EBITDA is earnings before interest, tax, depreciation and amortisation and excludes share of results of equity accounted investments, share-based payment expense, gains/losses on investing activities and other non-operating gains/losses.
2. Government grant income has been reclassified to other income during the year and FY2017 sales revenue has been restated to reflect this change.
3. Constant currency amounts are calculated by retranslating current year data using prior year exchange rates.

SEEK achieved a strong operational result for the year ended 30 June 2018 ('FY2018') with growth in sales revenue (before significant items) of 25% (24% constant currency). EBITDA (before significant items) was up 15% (up 16% constant currency) compared to the year ended 30 June 2017 ('FY2017').

Profit attributable to the owners of SEEK Limited was $53.2m (30 June 2017: $340.2m).

## Key drivers

- ANZ Employment: revenue growth of 16% and EBITDA growth of 18%;
- Zhaopin: revenue growth of 24% (21% constant currency) and EBITDA growth of 5% (3% constant currency);
- SEEK Asia: revenue growth of 8% (10% constant currency) and EBITDA growth of nil% (3% constant currency);
- Brasil Online: revenue decline of 14% (9% constant currency) and EBITDA decline of 27% (24% constant currency); and
- Total revenue growth as a result of acquisitions was 11% primarily due to consolidation of OES.

Below EBITDA items:

- Depreciation and amortisation increased by 27% largely due to increased capex in product and technology;
- Net interest: higher interest expenses due to OES and Zhaopin transaction related funding; and
- Share-based payments and other LTI: Returning back to normal levels.

## Significant items

FY2018 significant items of $147.0m included the following:

- Fair value gain from SEEK's investment in MaiMai (via Zhaopin) of $35.9m (representing SEEK's share);
- Impairment charge against the carrying value of Brasil Online ($119.0m), OCC ($60.0m, $58.9m SEEK share) and CJOL (subsidiary of Zhaopin) of $1.6m (representing SEEK's share); and
- Other one-off items of $3.4m.

FY2017 significant items of $138.7m included the following:

- Fair value gain from SEEK increasing its ownership stake in OES of $174.3m;
- One-off restructuring costs and write-off of intangibles relating to the cessation of VET sales in SEEK Learning of $15.9m;
- Net one-off tax items of $1.1m comprising of a Zhaopin withholding tax provision ($10.5m) offset by a tax benefit arising from the sale of the investment in JCBNext Berhad ('JCBNext') ($9.4m); and
- Impairment of Babajob and another early stage minority investment of $6.1m and transaction costs related to Zhaopin's privatisation of $12.5m.

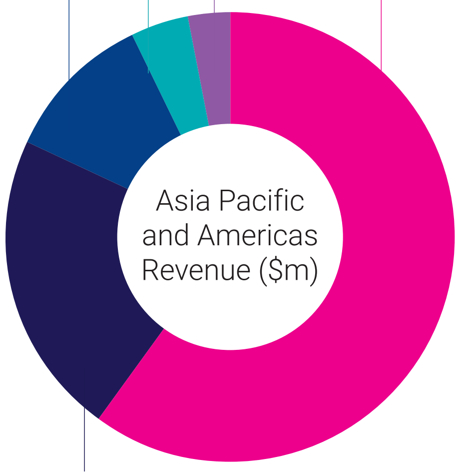
# Directors' Report

## Asia Pacific and Americas (AP&A)

The AP&A segment comprises:

| The Australia and New Zealand (ANZ) business | SEEK Asia | The Latin America businesses of Brasil Online and OCC | Other entities including JobAdder and Jora |
|---|---|---|---|

| | 2018 $m | 2017 $m | Growth % | Constant currency Growth % |
|---|---|---|---|---|
| **Sales revenue (before sig. items)** | **686.2** | **633.4** | **8%** | 9% |
| ANZ | 411.8 | 355.9 | 16% | |
| SEEK Asia | 151.3 | 139.7 | 8% | 10% |
| Brasil Online | 74.9 | 87.3 | (14%) | (9%) |
| OCC | 29.0 | 29.4 | (1%) | (2%) |
| Other | 19.2 | 21.1 | | |
| Items associated with cessation of SEEK Learning | - | (4.5) | | |
| **Reported sales revenue** | **686.2** | **628.9** | **9%** | |
| **EBITDA (before sig. items)** | **337.9** | **312.8** | **8%** | 9% |
| ANZ | 251.8 | 213.3 | 18% | |
| SEEK Asia | 76.3 | 76.0 | 0% | 3% |
| Brasil Online | 22.7 | 31.3 | (27%) | (24%) |
| OCC | 4.9 | 6.7 | (27%) | (28%) |
| Other | (17.8) | (14.5) | | |
| Items associated with cessation of SEEK Learning | - | (13.5) | | |
| **Reported EBITDA** | **337.9** | **299.3** | **13%** | |
| **EBITDA margin (%)** | **49%** | **49%** | | |
| ANZ | 61% | 60% | | |
| SEEK Asia | 50% | 54% | | |
| Brasil Online | 30% | 36% | | |
| OCC | 17% | 23% | | |




**AP&A contributed 53% of Group sales revenue and 78% of EBITDA in FY2018.**

Revenue growth (before significant items) of 8% and EBITDA growth (before significant items) of 8% compared to FY2017 were driven by the following business results:

- ANZ: revenue growth of 16% was driven by growth in ad volumes, price increases and depth products including prominence ads and Premium Talent Search;
- SEEK Asia: pleasing revenue results due to operational improvement and more positive macro-economic conditions in mature markets;
- Latin America: disappointing results in Brasil Online and OCC delivered in challenging conditions; and
- Other: includes Early Stage Ventures such as JobAdder and Jora.

Reported results were adversely impacted by the appreciation of AUD against key currencies. On a constant currency basis, before significant items, AP&A achieved revenue growth of 9% and EBITDA growth of 9%.

## Key drivers

**Australia & New Zealand (ANZ)**

ANZ's strong revenue and earnings result reflects strong market leadership and the benefits of sustained investment. Improved outcomes as a result of investment in product, tech, sales and marketing led to an improvement in operating metrics followed by strong financial results.

Key operational highlights in FY2018 included:

*Growing value to candidates:*

- Approximately 35% of visits is from apps and approximately 65% of total traffic is now via mobile; and
- Relevant search and matching with 5m candidates receiving 35m+ recommendations weekly.

*Growing value to hirers:*

- Prominence ad products (standout & premium) are driving strong growth in candidate reach; and
- Talent search offerings - Premium Talent Search now has 1,100+ clients, representing growth of 41% compared to the prior year period.

SEEK continues to be the market leader with

# 36%

of placements which is a lead of approximately seven times over the nearest competitor.

**SEEK Asia:**

- On a constant currency basis, SEEK Asia achieved revenue growth of 10%;
- Throughout FY2018, SEEK Asia has seen a continuation of improving revenue momentum where H2 FY2018 revenue growth was 11% compared with the prior year period which was an acceleration of the 9% achieved in H1 FY2018 (on a constant currency basis);
- Improving revenue is driven by benefits of strategic investment driving growth in operating metrics and improved macro conditions especially in major markets;
- SEEK Asia is the clear market leader in terms of placements and visits; and
- Expect continued investment and the benefits of AP&A integration.

**Brasil Online:**

- On a constant currency basis, revenue declined 9% and EBITDA declined 24% due to weak macro conditions leading to negative growth in invoiced candidates; and
- Opex was down slightly as costs were managed prudently in light of weak conditions with efficiency gains used to support investment in the strategically important areas of product and technology.

**OCC:**

- On a constant currency basis, revenue declined 2% and EBITDA declined 28%, the latter due to opex growth to bring in new capabilities in product and technology, and marketing; and
- The revenue result was impacted by macro and political uncertainty, competitive intensity and operational issues in education.

**Other (including Early Stage Ventures)**

- Jora now has a presence in 36 countries and is playing a key role in growing ad scale and supporting new product development;
- JobAdder is one of Australia's leading application tracking and client relationship tools which is helping to reduce friction for hirers in the recruitment process; and
- SEEK Learning is incubating a new education business in Australia that will address a large unmet need for independent education and career insight.

# Directors' Report

## SEEK Investments

The SEEK Investments segment comprises:

| Zhaopin | Online Education Services (OES) | Early Stage Ventures (ESV) |
|---|---|---|

SEEK Investments revenue growth of 50% and EBITDA growth of 31% compared to FY2017 were driven by:

- Zhaopin: strong result alongside evolving its business model to grow market share in what is expected to be the world's largest human capital market;
- Online Education Services: underlying revenue growth was broadly in line with student growth. The large increase in reported results was due to consolidation of OES for a full 12 months in FY2018 compared to only three months in FY2017;
- Early Stage Ventures: was favourably impacted by the consolidation of Sidekicker in late FY2017 and underlying business growth; and
- Reported results were favourably impacted by the depreciation of AUD against the Chinese Renminbi. On a constant currency basis, SEEK Investments achieved revenue growth of 47% and EBITDA growth of 29%.

| | 2018 $m | 2017 $m | Growth % | Constant currency Growth % |
|---|---|---|---|---|
| **Sales revenue** | **608.3** | **406.3** | **50%** | **47%** |
| Zhaopin | 461.5 | 372.9 | 24% | 21% |
| OES | 119.4 | 28.0 | | |
| ESV | 27.4 | 5.4 | | |
| **EBITDA** | **111.8** | **85.5** | **31%** | **29%** |
| Zhaopin | 84.0 | 80.0 | 5% | 3% |
| OES | 37.5 | 10.6 | | |
| ESV | (9.7) | (5.1) | | |
| **EBITDA margin (%)** | **18%** | **21%** | | |
| Zhaopin | 18% | 21% | | |
| OES | 31% | 38% | | |
| ESV | (35%) | (94%) | | |

## Key drivers

### Zhaopin

- On a constant currency basis, Zhaopin delivered good revenue growth of 21% and EBITDA growth of 3%;
- The revenue result was driven by online revenue growth of 18% as a result of a change in business model driving strong growth in number of hirers; and
- EBITDA growth was below revenue growth due to a focus on investment to support the business model change. Investment has occurred across sales & marketing and product and technology.

### OES

- Strong underlying result despite negative changes in higher education policy.
- OES continues to deliver strong student outcomes and serve an important community need to Australian students (predominantly working adults).

### Early Stage Ventures

Key characteristics of SEEK Investments ESVs are:

- Strong strategic fit: investments are in SEEK's core area of expertise in online employment and education;
- Robust business models: typically marketplaces with strong network effects or online education models which are highly scalable and have opportunities to deploy capital at high rates of return; and
- Attractive financial characteristics (at maturity): once at scale, they typically generate high margins and high levels of free cash flow.

Some key investments in the portfolio:

- Sidekicker is one of Australia and New Zealand's leading on-demand staffing platforms with exposure to a large and growing contingent labour market;
- Employment Hero is a cloud based platform combining HR software, employee benefits, financial services, compliance and payroll modules;
- G01 helps organisations source, deliver and track employee training; and
- Utel is an online university providing accessible, high-quality education courses for Spanish-speaking students.

# Directors' Report

## Financial position

At 30 June 2018, SEEK had:

- Total assets of $3,785.8m of which 67% related to long-life intangible assets (goodwill, brands and licences) arising from business combinations, with the remainder relating primarily to cash, funds on deposit, equity accounted investments and trade receivables;
- Total liabilities of $2,148.5m of which 60% related to borrowings, with the remainder relating to unearned income, tax, and trade and other payables; and
- SEEK's current liabilities exceed its current assets by $139.1m as at 30 June 2018. This is mainly due to unearned income of $356.8m.

| | 2018 $m | 2017 $m |
|---|---|---|
| Cash and cash equivalents | 361.7 | 652.0 |
| Other current assets | 262.8 | 189.9 |
| Intangible assets | 2,552.6 | 2,672.2 |
| Equity-accounted investments | 130.9 | 45.5 |
| Other non-current assets | 477.8 | 123.4 |
| **Total assets** | 3,785.8 | 3,683.0 |
| | | |
| Current borrowings | 80.5 | 37.8 |
| Non-current borrowings | 1,218.7 | 930.2 |
| Unearned income | 356.8 | 266.3 |
| Current creditors and provisions | 326.3 | 245.9 |
| Non-current creditors and provisions | 166.2 | 162.9 |
| Shareholders equity | 1,637.3 | 2,039.9 |
| **Total liabilities and equity** | 3,785.8 | 3,683.0 |

### Net debt

Net debt at 30 June 2018 was $573.2m ($568.8m net of capitalised borrowing costs) and is further discussed in note 7 to the financial statements.

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

- SEEK Limited has an unsecured syndicated facility comprising two tranches of A$550.0m and US$275.0m, as well as an EMTN issue of A$175.0m;
- Zhaopin Limited has entrusted loan facilities of US$385.0m, and a working capital facility of RMB200.0m.

At 30 June 2018, $1,303.6m of the total available facilities were drawn down, with $354.9m available in undrawn capacity.

## Cash flow

**Cash generated from operations increased 8% to $495.0m and represented an EBITDA conversion ratio(1) of 114%**

(1) EBITDA conversion ratio is calculated as cash generated from operations / EBITDA.

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

| | 2018 $m | 2017 $m |
|---|---|---|
| Cash generated from operations | 495.0 | 456.8 |
| Transaction costs | (19.5) | (3.6) |
| Finance costs and taxes paid | (82.8) | (172.8) |
| **Net cash from operating activities** | 392.7 | 280.4 |
| Disposal of equity accounted investment | 5.2 | - |
| Acquisition of subsidiaries (net of acquired cash) | - | (85.8) |
| Dividends received | 0.7 | 6.3 |
| Capital expenditure (intangible assets and plant and equipment) | (113.6) | (76.7) |
| Acquisition of interests in associates | (97.2) | (5.6) |
| Other investing activities | (64.2) | 7.2 |
| **Net cash from investing activities** | (269.1) | (154.6) |
| Net change in borrowings | 302.6 | 168.9 |
| Dividends paid to shareholders of SEEK Limited | (157.7) | (146.1) |
| Dividends paid to non-controlling interests | (31.7) | (7.0) |
| Net change in deposits to support entrused loan facilities | (302.9) | - |
| Zhaopin privatisation | (152.5) | - |
| Payment for additional interest in subsidiary | (158.5) | 10.2 |
| Other financing activities | 73.4 | 17.9 |
| **Net cash from financing activities** | (427.3) | 43.9 |
| **Net increase in cash and cash equivalents** | (303.7) | 169.7 |

### Key cash flow movements

Net cash from financing activities: outflow of $427.3m primarily due to two significant transactions during the year - the Zhaopin privatisation ($152.5m) and moving to 100% ownership of SEEK Asia ($156.6m).

These transactions also had an impact on the net change in borrowings and net change in deposits to support entrusted loan facilities.

# Directors' Report

## Significant changes in the state of affairs

### Zhaopin Limited

On 29 September 2017, the privatisation transaction was completed.

Zhaopin's ADS were suspended from trading on the New York Stock Exchange and were delisted shortly thereafter.

The privatisation transaction was funded by cash in Zhaopin, contribution from the two private equity firms and new debt facilities.

SEEK received cash proceeds of US$176.4m (A$225.0m) from the transaction, comprising of US$64.2m (A$81.8m) as a special dividend and US$112.2m (A$143.2m) as a return of capital. SEEK retained a controlling interest of 61.1% in Zhaopin post-privatisation, and is in the process of dealing with the last remaining dissenting shareholders.

### Increased stake in SEEK Asia

On 16 March 2018, SEEK invested A$156.6m in SEEK Asia and increased its ownership from 86.25% to 100% by acquiring the remaining shares from News Corporation. The investment was funded by existing debt facilities in SEEK Limited.

### Organisational structure changes

In January 2018, SEEK announced key organisational changes to accelerate long term growth opportunities. Two key changes were announced:

- creation of a larger operating business known as Asia Pacific & Americas ('AP&A'); and
- a dedicated function to manage SEEK's investments for long term capital appreciation.

SEEK has revised its segment reporting structure to align with these changes and it now comprises three main segments: AP&A, SEEK Investments and Corporate Costs.

### Retirement of Director

SEEK announced on 22 March 2018 that Colin Carter had retired from the Board as was foreshadowed at the 2017 Annual General Meeting. Neil Chatfield has succeeded Mr Carter as the Chairman of the Remuneration Committee for a transitional period while the Board completes its succession and renewal planning.

## Principal risks

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

- New disruptive business models or competitors entering the market and/or existing competitors aggressively increasing their market share. To mitigate the impact of this risk we remain vigilant in monitoring local and global competitive trends and operating metrics, focus on ensuring our products and services provide market leading user experience and features for our candidates, hirers and students, and invest in our people and culture to enable us to attract and retain key talent;
- Failure to protect data privacy, resulting in significant legal action, damage to SEEK's reputation and loss of candidate, hirer and student trust. To minimise the impact of these risks we continue to invest in enhancing our cyber security measures and data management practices and procedures, including preventative, detective and responsive capabilities, to respond to the ever-changing threat landscape, changes in laws and community expectations;
- A prolonged interruption to SEEK's IT operations as a result of a natural disaster or other unforeseen event including cyber attacks. To manage this risk we have implemented high availability infrastructure and architectures, continue to enhance our business continuity and disaster recovery capability and procedures, and monitor our systems for signs of poor performance, intrusion or interruption;
- A prolonged decline in job ad volumes, as a result of a downturn in the employment markets in which the Group operates. To mitigate the impact of this risk, we continually develop our business model and products and services and adopt agile development methodologies so we can remain nimble and quickly respond to challenges as well as capitalising on new opportunities as they arise. Our portfolio strategy helps us reduce country specific exposure by generating earnings across a number of different geographies;
- Exposure to regulatory, legal, political and macroeconomic risks in the international markets in which we operate, including China, Asia & the Americas. We mitigate these risks by keeping abreast of international issues, economic and political indicators and changes in legislation, maintaining strong relationships with key stakeholders in these markets and by regularly providing training in key areas to relevant staff; and
- Changes in regulation which adversely impact the provision of education, government supported student funding, or adversely impact the supply of students in the markets in which SEEK's education businesses operate. To mitigate the impact of these risks we monitor policy changes and participate in industry consultation and ensure our operations are sufficiently adaptive to provide different educational courses such as post-graduate education and short-term courses.

## Dividends

Dividends paid or declared by the Company to shareholders during the financial year are set out in note 20 of the Financial Statements on page 98.

## Matters subsequent to the end of the financial year

In July 2018, US$30m of Zhaopin entrusted loan facilities were renewed with a revised maturity date of July 2020.

# Directors' Report

## Sustainability Statement

**SEEK's purpose, to help people live more fulfilling and productive working lives and help organisations succeed, is integrated across all aspects of the business. This includes our sustainability activities as they relate to SEEK's people, the environment, the communities in which SEEK operates and the extended reach of the Company's stakeholders.**

In FY2018, SEEK continued its long-standing efforts and investment to further its core beliefs of having a positive impact on society and creating a community where people are valued. SEEK contributed to the wider community in many ways, including:

- through SEEK Volunteer, the leading volunteer marketplace in Australia and New Zealand;
- uncapped dollar matching of every Australian employee donation through its Small Change workplace giving program;
- various community initiatives across its international businesses that are designed to support better employment and education outcomes, and
- continually aiming to reduce its environmental impact.

In addition, during FY2018, SEEK continued its focus on creating an even more diverse, inclusive and balanced workplace, specifically in the important areas of gender balance and employee wellbeing, as well as providing many opportunities for employees to create and innovate.

SEEK's activities are underpinned by its continued strong safety performance track record, high employee retention rates, strong employee engagement scores, and independent and external endorsement as one of Australia and New Zealand's best employers.

An emphasis on people and culture has consistently helped SEEK to enhance its dynamic high performing culture, which continues to be underpinned by the *This is SEEK* cultural framework.

### People

#### *This is SEEK*

*This is SEEK*, which was introduced in August 2014, aligns the Company's Purpose and Vision with a clearly defined set of Beliefs and Attributes which codify SEEK's culture, how SEEK operates as an organisation, and what it means to be a high performer at SEEK. This provides the right platform for the Company to recruit, reward and enable high performance through ongoing coaching and authentic conversations about performance.

*This is SEEK* is the Company's cultural framework, which has been specifically designed to reinforce the desired behaviours and ways of working at SEEK, which underpin both individual and company success.

### Purpose

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

### Vision

Being the best in the world in online employment by:

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

### Beliefs

At SEEK we believe in…

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

### Attributes

Our best people…

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

## Equal Opportunity

SEEK recognises that an important element of long-term, sustainable business success is a reflection of the quality of its workforce. SEEK is committed to an inclusive culture which values diversity of thought, opinion and background, and where its employees are provided with equal access to opportunities. This diversity enriches the SEEK culture with diversity in all its forms being key to the Company's competitive advantage.

Diversity and inclusion at SEEK means the Company recognises and respects qualities which are unique to individuals such as gender, language, ethnicity, age, religion, disability and sexual orientation. SEEK believes in treating all people with dignity and respect and is committed to employing people with 'best in market' skills that are also the right cultural fit.

SEEK's workplaces are respectful, inclusive and value the diversity of its employees and the communities it operates within. SEEK's approach to diversity and inclusion is one that is genuine and embedded within its culture, which includes the way in which management and employees interact with each other, clients, candidates and suppliers.

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

## Employee Engagement

SEEK's business performance is underpinned by its people and in FY2018, SEEK's focus on engaging its employees continued.

Aon Hewitt named SEEK a Best Employer in Australia and New Zealand, for the eleventh time, a feat achieved by no other company in Australia and New Zealand. Being named an Aon Hewitt Best Employer again recognised SEEK for its leading people practices and sustained high levels of employee engagement. It also underlined SEEK's established reputation as a great place to work with a high performance 'people first' culture, where *This is SEEK* is embedded into day-to-day ways of working.

SEEK's participation in the Aon Hewitt Best Employer program is in addition to SEEK's six monthly internal employee engagement surveys, which in FY2018 again showed consistently high employee engagement, with engagement rates in the top quartile. Both survey results further reinforced SEEK as a place where people feel valued and respected, and are motivated and supported by the Company to perform at their best.

## SEEK Hackathon

Hackathons play a critical role in fostering SEEK's culture of innovation, empowerment and collaboration. Each Hackathon provides employees with opportunities to collaborate cross-functionally and identify creative and innovative solutions to market opportunities, with products developed during Hackathons having potential long-term value to SEEK.

SEEK held two Hackathon events in FY2018, its ninth and tenth overall. Each Hackathon took place over two days. Various ideas that were 'hacked' were developed into prototypes, and then showcased at the conclusion of each event for potential implementation as future SEEK products.

Both FY2018 Hackathons helped build employee engagement and deepened employee understanding of the needs of SEEK's customers. They also generated potential new business products and enhancements, with some ideas from the FY2018 Hackathon having progressed for further development.

## SEEK Culture Ambassadors

Sponsored by two Group Executive Team members, SEEK's Culture Ambassadors are the custodians of the SEEK culture, champion programs that enhance the evolution of SEEK's workplace culture, and drive and nurture an environment of inclusivity and diversity. SEEK believes in creating a community where all employees feel valued and are able to perform to their best ability within the working environment irrespective of their gender, race, sexuality, disability or any other characteristic.

New Culture Ambassadors were added in FY2018, with a total of 45 employees across different levels, departments and locations coming together regularly to discuss important topics. The objective is to ensure SEEK remains an industry leader in providing an inclusive environment, where individuals feel valued for their talent and are free to reach their full potential. As SEEK continues to grow, the Culture Ambassadors play a critical role in ensuring the organisation remains true to the essence of what underpins the Company's culture, whilst also evolving and challenging the status quo.

## Diversity and Inclusion

During FY2018, SEEK refreshed its Diversity and Inclusion strategy to include the Company's aims, objectives and two priority areas of gender diversity and employee inclusion.

### Gender Diversity – A Balanced Workplace

To improve the representation of women at all levels, SEEK focused on attracting, hiring, developing and retaining women through the following initiatives:

*Tracking and improving gender diversity metrics*

In FY2018, in Australia and New Zealand SEEK increased the number of female external hires by 2% from FY2017, to 47% of all total hires. Forty per cent of SEEK's managers in Australia and New Zealand are women, and the voluntary attrition of all women remained lower than voluntary attrition overall and improved by 1%, when compared to FY2017.

*Women in Technology Steering Committee*

SEEK's Women in Technology Steering Committee ('Steering Committee') continued its focus on supporting more women to have careers in the technology industry and attracting them to SEEK to grow their careers. The Steering Committee includes three leadership team executives, and is focused on three priority areas:

- Grow the Pool: Building the external pool of talent of women choosing careers in technology and addressing the shortage of females in the talent pipeline. The key program is Camp SEEK (see below).
- Attract Talent: Making SEEK an even more attractive destination for women to have a career in technology. Key focus areas include targeted mapping of female talent across organisations and the market, and the development of a more compelling Employee Value Proposition.
- Develop and Grow Talent: Developing and growing female talent at SEEK, with Females at SEEK Thrive ('FAST') (see below) the key program. SEEK also sponsored two key external events to support female leadership within the technology industry, enabling strong profiling of SEEK to largely female audiences of high calibre professionals.

With strong leadership commitment and focus, the Steering Committee has proven to be critical to the success of the initiatives to improve gender representation in technology roles at SEEK.

*Unconscious bias and the acquisition of female talent*

In FY2018, SEEK continued to focus on reducing unconscious bias and achieving balance in gender representation throughout the recruitment process.

When sourcing candidates, SEEK's internal Talent Acquisition team aims for a minimum of one female candidate on each shortlist, and internal female representation on each interview panel for external roles. SEEK's hiring practices remain focused on selecting the best person for the job based on merit, and therefore in areas where female candidates are under-represented this often requires additional effort to search broadly and extensively to achieve this goal.

SEEK's focus on improving gender representation in FY2018 also included actively encouraging female candidates to attend SEEK's Software Development Graduate Program assessment days. Sixty per cent of hires across the two assessment days were women, which increased the overall number of women in technology roles across SEEK's ANZ business by 22%.

*Gender neutralising technology*

In FY2018, SEEK's internal Talent Acquisition team continued to use SEEK's Hide Names product (formerly Bias Shield) to help reduce gender unconscious bias in the candidate identification process. Hide Names anonymises candidate names in SEEK's Premium Talent Search product enabling the resume of a candidate to be assessed on the merit and skills of the candidate.

In addition, SEEK's internal Talent Acquisition team continued to use gender neutralising technology to help reduce gender bias in its job advertising. This technology uses artificial intelligence to identify language within position descriptions and job advertisements that may inadvertently dissuade females from applying for roles and suggests alternate gender neutral language.

In FY2018, external female hires increased by 2%, demonstrating that SEEK's focus on various programs and initiatives had a positive impact on achieving greater gender balance at SEEK.

## Sustainability Statement continued

*Increasing female participation in senior roles*

In FY2018, SEEK commenced the second FAST program for high-performing women, encouraging them to progress their careers at SEEK and consider any potential individual career development barriers. The program aims to increase female participation in senior roles and provide organisational learnings about how to improve gender representation at all levels. To achieve this, the program includes:

- CEO and Executive sponsorship;
- Expanding networks within the organisation;
- Exposure to external and internal female role models;
- Coaching circles, which provide targeted education and development; and
- Individual learning and guidance, incorporating strength based psychometric profiling.

The FY2018 program included 14 participants from a range of departments and levels across the organisation. By the end of FY2018, six women within the current program had already been promoted into larger roles or had taken on a new career opportunity. With 43% of the participants taking on expanded roles, this builds further on the success of the FY2017 FAST program which saw 81% of participants experiencing role growth, either through promotion or expansion in role scope during or following their involvement in the FAST program.

*Improving the pipeline through long-term investment in attracting and retaining female talent*

During FY2018, 40 girls in years nine to 11 (up from 13 in FY2017), took part in the third Camp SEEK program. Camp SEEK is a SEEK sponsored event in partnership with Robogals, a female university engineering network, and Switch, the females in IT support network of RMIT. Provided free of charge to participants, Camp SEEK aims to engage and inform teenage girls about technology careers, encourage them to continue their Science, Technology, Engineering and Mathematics ('STEM') studies, and introduce them to female role models.

During the week-long program, participants learn the basics of how to create products for customers and delve into user experience, coding and data science before working on their own product to solve a real-life problem using technology. The program provides a fresh perspective about what it is like to work in the technology industry and challenges some of the stereotypes, which SEEK believes is key to growing female participation rates in technology roles.

Over 50 SEEK employees participated in the program through facilitating sessions, mentoring and providing guidance, and the program culminated in participants presenting the prototypes they developed in a Create-a-Thon to a sizeable audience of SEEK employees.

To further support their ongoing learning and development, a Camp SEEK Alumni and work experience program was formed. This encourages the participants to remain connected to each other and to potentially consider a career at SEEK upon completion of their studies. Feedback from the program has been extremely positive, with several participants sharing that their experience at Camp SEEK specifically influenced their decision to select subjects that support future tertiary education related to technology.

*International Women's Day*

SEEK celebrated International Women's Day with a panel event of three high-achieving and inspirational women with a unique connection to SEEK who shared their workplace insights and personal stories. SEEK employees and key clients were invited to be part of the audience to acknowledge the achievements of women and to pause and reflect on the work still to be done. The panel consisted of:

- Denice Pitt, CEO of Online Education Services;
- Julie Fahey, SEEK Non-Executive Director, who also serves on other boards; and
- Nina Bassat, now retired and who started her own legal practice in the early 1980s, is a member of the Order of Australia for services to the community, and the mother of SEEK co-founder and Group CEO Andrew Bassat.

Hosted by the SEEK Group HR Director, Kathleen McCudden, the topic of discussion was the societal and workplace changes the panellists have seen over the years in the roles women play, and the achievements and learnings throughout each of their career journeys.

*International Business*

SEEK's international businesses are earlier in their development and tracking of Diversity and Inclusion programs, in particular, those related to gender representation. SEEK's ANZ business continues to share knowledge and learnings on the initiatives where success is being achieved in moving towards a more balanced workforce and the international businesses are introducing initiatives that fit their own culture.

For example, during FY2018, Brasil Online introduced the following initiatives to promote the inclusion of females in technology.

- Sponsorship of the Deevas da Tecnologia project promoted by UPWIT ('Unlocking the Power of Women for Innovation and Transformation'). The project involves six career mentoring sessions exclusively for women interested in technology.
- *Women 3.0 at Brasil Online* - a group of female employees formed an official decision-making committee for gender equality programs. This committee organised the following activities:

*Celebration of Women's International Day*

Brasil Online hosted an open debate about gender inequality in technology, with employees participating in the discussion both in person and online.

*Women 3.0 Meetups*

Brasil Online shared knowledge about gender equality within the developer community during 'meetups'. The first meetup, themed: 'Women in technology - uncovering the numbers', occurred in April 2018, and shared insights about the challenges attracting women into technology careers, based on a survey promoted by Brasil Online, UPWIT and Revelo.

*Female speakers at technology events*

To actively promote diversity internally and externally, 50% of Brasil Online's speakers at technology events are now female.

### Inclusion - An Inclusive Workplace

To support employees to live productive and fulfilling working lives, SEEK aims to provide an inclusive and welcoming environment, which caters to individuals' needs at various stages of the employee life cycle.

Initiatives to achieve this included:

*Recognising, appreciating and catering for differences across the employee population*

In FY2018, SEEK conducted its inaugural Life@SEEK survey to develop a deeper understanding of the diversity and demographics of people who work at SEEK and what they value about the people initiatives, policies and practices. Sixty-nine per cent of employees responded and provided the following key insights:

- The SEEK population were comfortable to share personal information about themselves and the survey data confirmed the richness in diversity across many attributes and qualities of our people;
- Wellbeing and belonging is strong at SEEK, with people feeling supported by those around them. Whilst employees believe SEEK genuinely cares about their health and wellbeing, there are opportunities to strengthen this further; and
- Two thirds of people were favourable about flexibility at SEEK, and at the same time, people said they would like more clarity on SEEK's approach to flexible working and how to achieve greater balance across all aspects of their lives.

The Life@SEEK survey feedback was a valuable initiative in FY2018 and will continue to shape employee policies and workplace practices, whilst more closely aligning SEEK with its purpose of helping people live more fulfilling and productive working lives.

*Wellbeing at SEEK*

In FY2016, SEEK concluded a comprehensive study with the Melbourne Business School on Mental Health in the Workplace. Through this study and the subsequent published white paper, there were a number of recommendations put forward to create an environment that supports mental wellbeing, disclosure, and management of mental illness. These included; education of the workforce about mental health, promoting general wellbeing, as well as providing workplace accommodations and flexible working arrangements.

In April 2018, as an outcome of this study and the Life@ SEEK survey, the Wellbeing at SEEK program was launched to provide opportunities for all employees to understand their own mental health and wellbeing, as well as how to support others.

A key component of Wellbeing at SEEK includes building awareness of what wellbeing is. To do this, Wellbeing at SEEK features the Implicit Association Test ('IAT'), which helps employees become more aware of their own individual bias towards mental illness and provided recommendations on how to be more conscious of such bias. The research and design of the IAT was conducted in collaboration with Inspire Learning and a consultant psychologist from Harvard University.

Wellbeing at SEEK also includes:

- A 12-month subscription for every employee to Smiling Mind's Workplace Program, which over 200 employees registered for;
- Ongoing education sessions for all employees with Smiling Mind and lunch and learn sessions;
- Leader workshops to build capability in recognising and supporting mental illness in the workplace; and
- The existing SEEKer Support program which provides employees with access to anonymous mental health services, from a mental health practitioner of their choice.

*Supporting marriage equality and LGBTIQ initiatives*

SEEK has a long and proud history of supporting the Lesbian, Gay, Bisexual, Trans, Intersex and Queer ('LGBTIQ') community through participation in the Pride March, the Midsumma Festival and International Day Against Homophobia and Transphobia ('IDAHOT' Day). In demonstration of SEEK's continued support for LGBTIQ employees, families and friends during the Australian marriage equality plebiscite, SEEK shared a rainbow logo internally and across all its Australian employment, learning, business and volunteer websites and social media channels.

# Directors' Report

## Sustainability Statement continued

SEEK also sponsored Melbourne's LBGTIQ community event, Midsumma, for the fourth year in a row. SEEK's sponsorship centred around the importance of pride and diversity in the workplace and this theme came to life through the following:

- A stall at the Midsumma Carnival Day where SEEK promoted workplace pride and diversity to over 100,000 festival attendees;
- Midsumma CEO Karen Bryant speaking to SEEK employees about the importance of all people being able to be their true selves at work; and
- SEEK employees, family and friends walking with SEEK at Midsumma's Pride March.

*Brazil*

During FY2018, Brasil Online launched an employee wellness zone, a dedicated floor where employees can disconnect from work, relax, read and participate in other recreational activities to support mental wellbeing.

*Mexico*

OCC introduced a health campaign to educate its employees about the risks of sedentary lifestyles. Activities to promote greater physical activity included the introduction of a running club that included employees' families for a three, five or 10 kilometre run, as well as monthly opportunities for employees to have their health checked on site by medical professionals.

### Learning and Development

In FY2018, SEEK continued to expand its Learning and Development Framework with the introduction of the SEEKer to SEEKer Coaching program and the relaunch of the Empower program.

*SEEKer to SEEKer coaching*

Building upon SEEK's strong coaching culture established through the Coaching for SEEKcess program for people leaders, SEEKer to SEEKer Coaching is a peer-to-peer coaching program which aims to build confidence and capability of non-people leaders in both receiving and giving coaching and feedback.

*Empower Program*

SEEK broadened its Empower program in FY2018 to provide all employees with a wide range of opportunities and resources to assist with their career development.

The Empower program included guest speakers and follow-up online modules on topics that align with Life@SEEK survey insights, the Wellbeing at SEEK program, or broader skill development opportunities. Topics covered in FY2018 included communicating with impact, developing a growth mindset, and mindfulness.

*Brazil*

During FY2018, Brasil Online significantly increased its investment in learning and development, doubling the total number of training hours from FY2017. Central to this was the investment in the development of young talent through two programs:

- Programa Semear, a learning program to support 30 young Brasil Online employees from families with low incomes, and;
- Programa de Estágio, Brasil Online's first internship, a one-year training program for young software engineering and tech professionals.

### Workforce Composition and Employee Retention

SEEK's Australian and New Zealand workforce comprises a diverse mix of employees, including:

- 805 permanent employees;
- 76 fixed term employees;
- 17 casual employees; and
- 107 temporary contract staff, as at 30 June 2018.

Overall, 90% of SEEK's Australian and New Zealand workforce are permanent employees, 8% are fixed term employees and 2% are casual employees.

Twenty-seven per cent of roles were filled by internal promotions and transfers, reinforcing the Company's strong focus on career development and succession planning.

SEEK recognises the value brought to it by talented and high performing employees who are aligned to SEEK's Purpose, Vision, Beliefs and Attributes. In FY2018, SEEK retained 92% of high performing employees in Australia and New Zealand and recorded an overall retention rate of 90% of permanent employees. SEEK's low voluntary attrition rate is a testament to the 'people first' culture which the company works hard to achieve. This is also reflected in SEEK continuing to be ranked within the top quartile for employee engagement scores and the adoption and application of *This is SEEK*, which plays a critical role in building a high-performance culture and helps to attract and retain talent within the highly competitive technology industry.

### Collective Bargaining

Collective Bargaining Agreements are not applicable at SEEK as all staff are employed under individual employment contracts. A strong people orientated culture whereby people are recognised and valued for what they bring to SEEK, has held the Company in good stead in regard to employee relations matters. Furthermore, SEEK's employment contracts are designed to attract and retain the very best talent. Collective Bargaining Agreements are not typical in the industry within which SEEK operates.

## Workplace Health and Safety

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

Through the promotion and support of a wide range of health and safety initiatives, SEEK maintained a strong safety record with low lost time injury frequency rates. In recognition that the risk of mental health issues is rising, SEEK's wellbeing program aims to prevent future mental health incidents.

## Safety Performance

In FY2018, SEEK's lost time injury frequency rate and lost time injury incident rate in Australia and New Zealand were both lower than FY2017. In addition, the number of work cover claims decreased year-on-year. These results are pleasing given a 10% increase in the overall number of SEEK employees year-on-year.

SEEK has a comprehensive employee wellness program ('Wellbeing at SEEK'), as outlined above. SEEK also offers specific health and safety programs including complementary flu vaccinations, healthy snacks, onsite yoga and massage services, as well as ergonomic support including stand-up desks.

| Safety performance | 2018 | 2017 |
|---|---|---|
| Lost time injury frequency rate* (per million hours worked) | **1.4** | 2.2 |
| Lost time injury incident rate (per 100 employees) | **0.2** | 0.4 |
| Number of near misses | **-** | - |
| Number of work cover claims | **1** | 3 |

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

Camp SEEK 2017

# Directors' Report

## Sustainability Statement continued

### Community

SEEK's belief of having a positive impact on society extends to making a beneficial contribution to the communities in which it operates. This commitment is demonstrated in many varied ways across the Group, ranging from encouraging employees to give back to the community to supporting better employment and education outcomes.

#### Australia

SEEK's workplace giving program, Small Change, has SEEK match employees' pre-tax donations to charities with a dollar-for-dollar corporate donation. Participation in Small Change is 60%, up 2% on FY2017. The combination of employee donations and matched contributions from SEEK resulted in over $347,000 being donated to SEEK's ten partner charities in FY2018, up 29% on FY2017.

SEEK is a member of Workplace Giving Australia's (formerly the Australian Charities Fund) Employer Leadership Group. In this capacity, SEEK provides strategic support and shares its experiences in building a successful workplace giving program with other businesses. In celebration of Workplace Giving Australia's Workplace Giving Month, SEEK launched a campaign to educate and inspire employees to participate in the Small Change program. The campaign, which can be viewed on SEEK's website, *https://www.seek.com.au/about/news/social-impact-of-seeks-workplace-giving-program-small-change* documented five SEEK participants of the Small Change program meeting with people that had been impacted by their donations. The attendees from the five charity partners shared their story and personally thanked SEEK employees for their contribution and the help it has provided. As part of the series, SEEK also developed and donated video content for its charity partners to help them attract corporate donations.

SEEK also encourages employees to give back to the community directly through its internal Volunteering Days program, where employees are provided with one day of paid leave each year to work for a charitable organisation of their choice. Volunteering Days also provides skilled and unskilled volunteering opportunities. In FY2018, in collaboration with The Cathy Freeman Foundation, SEEK employees delivered training workshops to assist indigenous youth build resume writing, interview and job searching skills as they begin their education and careers.

#### Malaysia

In FY2018, JobStreet Malaysia launched its Graduate Employability Program in partnership with public and private universities and government vocational training polytechnic institutes to help improve employability for Malaysia's 200,000 unemployed graduates.

The program consists of the following four key pillars:

1. *Career Services Certification* which aims to train university career services departments on how JobStreet Malaysia's online service works, including how candidates apply for jobs and how employers use the marketplace to process and shortlist applicants.
2. *Student Ambassador Initiative* which trains selected student ambassadors in resume writing, interview tips and skills, who then advise their peers based on the training they have received.
3. *Career Corner*, a JobStreet.com branded physical location on campus to create brand awareness and function as a venue for the student ambassadors to conduct regular resume clinics in their respective universities. The Career Corner contains free job hunting guides and salary reports.
4. *Campus Executive Review* provides insights on various university alumni. Consisting of users inside JobStreet.com's database, universities receive insights including the names of the top employers of their graduates, average salaries based on position levels, and graduate salary comparisons with other universities.

In partnership with the Ministry of Women's Development, Family and Society and a group of strategic partners comprising of foundations, companies and non-government organisations, Jobstreet continued to run Yayasan Chow Kit ('YCK'), a not-for-profit organisation assisting children in need around Chow Kit, Kuala Lumpur. YCK includes two drop-in centres and one safe home for children who are in need of temporary guardianship. YCK aims to provide a safe space and expose children to positive opportunities to allow each child to reach their full potential. The children's centre caters for children aged seven to 12, and the teenage centre welcomes youths aged 13 to 21. Both centres provide food, age-appropriate facilities, and programmes designed for education, psychosocial support, sports and health, spirituality and recreational activities. Tackling issues affecting the local community such as education, foster care, documentation, skill building, adoption, homelessness and abuse, YCK provides an array of activities including games, art classes, psychosocial activities, recreational activities, motivational talks, sports activities and educational programs.

#### Philippines

In its quest to provide every Filipino with a meaningful career, JobStreet Philippines helps the Philippine government by providing a channel for various government agencies and departments to promote employment in the public service. Over 200 government agencies and departments have participated in a program which featured 11,000 unique jobs, covering diverse disciplines and specialisations, all offered free of charge and accessible via *https://www.jobstreet.com.ph/government/*.

Through its continued partnership with the Philippine Overseas Employment Association ('POEA'), SEEK Asia's WorkAbroad site assisted in the implementation of major Philippine government programs, particularly its Anti-Illegal Recruitment/Anti-Trafficking ('AIR'/'ATIP') campaigns. In addition, through the development of the Pre-Employment Seminar ('PEOS') under POEA, WorkAbroad.ph has provided overseas employment information to two million Overseas Foreign Workers ('OFWs') deployed every year, as well as prospective applicants seeking jobs overseas. This partnership has supported 60,000 new Filipino applicants seeking overseas employment every month.

### Singapore

JobStreet.com Singapore embarked on a 12-month joint initiative commencing with Workforce Singapore ('WSG'), a statutory board under the Ministry of Manpower, to address the needs of its mature Singaporean members who are professionals, managers, executives and technicians aged over 40. With the need for jobseekers to adapt to today's changing labour market conditions, develop new skills, and move into new jobs in emerging sectors, the initiative provides these candidates with additional career assistance. This is achieved through career coaching programs and re-skilling opportunities through WSG's professional development programs, short-term career paths and regular engagement opportunities through career networking sessions.

### Indonesia

In FY2018, JobStreet Indonesia provided graduate preparation seminars to approximately 55,000 students at 11 job fairs in six cities across Indonesia. JobStreet Indonesia also continued its 12-year relationship with the Ministry of Manpower ('MoM') to provide job employment market opportunities through employment related events. In addition, the business provided training to MoM officials to enable them to assist candidates to use the JobStreet online employment marketplace to search for jobs.

### Thailand

JobsDB Thailand supported the local community by donating hand painted bags containing diapers, baby powder and clothing to a children's hospital. JobsDB Thailand also donated computers and office furniture to Suan Kaew, one of Thailand's largest foundations providing social services and poverty alleviation programs.

### Brazil

As the only online employment marketplace in Brazil to offer a qualified database of professionals with a disability, Brasil Online continued to invest in this marketplace to help people living with a disability find employment. In Brazil, this market consists of approximately eight million people of working age, however only 400,000 people are formally employed. In FY2018, Brasil Online's talent pool of people living with a disability reached over 100,000, becoming one of the largest in Brazil. In a market where candidates pay for access to jobs, Brasil Online also provided more than 13,000 candidates with a disability with free access to the platform.

In FY2018, Brasil Online continued to support a number of community organisations, including three projects during Kids Week in October 2017. The projects included volunteer clowns that provided cheer to ill children in public hospitals, musical performances by students in socially vulnerable situations, and the promotion of social inclusion for people living with Down Syndrome through martial arts classes.

### Mexico

In September 2017, a magnitude 7.1 earthquake occurred in Mexico City, killing over 350 people, leaving thousands of people homeless, and damaging over 16,000 buildings. OCC supported the recovery effort by developing a webpage where volunteers and donors connected with non-profit associations, including the Red Cross, to provide recovery assistance.

Currently, unemployment for Mexico's 3.1 million university graduates is 41%. In FY2018, OCC provided 650 free face-to-face workshops to approximately 50,000 students, teaching resume and job interview skills.

In FY2018, OCC also supported local non-profit organisation SOS, whose mission is to stop school dropout rates among children. OCC employees gathered toys and gifts that were distributed to families that committed that their children would complete the school year.

### China

In FY2018, Zhaopin released its Working Mothers Career Survey to highlight the challenges working mothers face and to encourage the promotion of more supportive workplaces. Conducted via the Zhaopin platform, the survey revealed that working mothers face significant pressures both within the workplace and in raising their families. The report recommended the protection of rights and interests of working mothers and the improvement of related social infrastructure, including the establishment of better quality mother and baby spaces in both existing and new social infrastructure and commercial buildings. The report also encouraged employers to provide working mothers with more convenient working conditions and opportunities to work more flexibly.

# Directors' Report

## Sustainability Statement continued

### Stakeholder engagement

SEEK uses a combination of internally managed and independent agencies to perform a wide range of stakeholder perception surveys with the purpose of assessing the impacts of its products, services, community involvement and other initiatives on key stakeholders.

Surveys, usability studies and other tests are also conducted with the purpose of providing enhanced products to better assist candidates in their careers and hirers in their talent sourcing needs. The following surveys and research was conducted in FY2018:

- Candidate surveys on usage, attitudes and behaviour in relation to career including career planning and development needs;
- Consumer surveys to assess the impact of, and engagement with SEEK's brand;
- Consumer surveys to understand usage and satisfaction;
- Survey to better understand potential volunteers and the impact of volunteering;
- Usability tests, surveys and other user experience research methods to achieve product improvements across candidates and hirers;
- Qualitative and quantitative research about career-related education needs; and
- Surveys designed to explore hirer needs in detail – both generally in relation to sourcing talent and more specifically in how SEEK can continually improve products and services delivered.

### SEEK Volunteer

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

For the past 18 years, SEEK Volunteer in partnership with Volunteering Australia has created an online meeting place for connecting volunteers to opportunities. In FY2018, SEEK Volunteer in Australia has:

- Helped over 108,500 potential volunteers connect with organisations (up 18% from 92,000[1] in FY2017); and
- Increased the number of registered volunteer involving organisations to over 8,000 (up 9% from 7,300 in FY2017).

As at 30 June 2018, SEEK Volunteer had over 12,500 volunteer opportunities listed in Australia.

SEEK Volunteer continues to be the largest national volunteering marketplace in New Zealand since launching in 2015 and in FY2018:

- Helped over 11,300 potential volunteers connect with organisations (up 2% from 11,000 in FY2017); and
- Increased the number of registered volunteer involving organisations to over 900 (up 20% from 750 in FY2017)

1. This figure was incorrectly stated as 124,000 in FY2017 due to some inaccurate analytics tracking.

As at 30 June 2018, SEEK Volunteer had over 850 volunteer opportunities listed in New Zealand.

To gain a better perspective of the positive impact of SEEK Volunteer and the social impact volunteer contributions make to the community, SEEK Volunteer conducted a survey of people who 'expressed interest' in an opportunity via the marketplace.

The results of the survey continue to demonstrate that SEEK Volunteer delivers a positive impact on the community, as shown by the following participant findings:

- 90% agreed that their volunteering experience had a positive impact on their lives;
- 62% of that group felt their volunteering activity had a social impact;
- 62% of that group also indicated that it 'made them feel that they contributed towards a better community', 46% said it 'gave them a sense of purpose' and 41% indicated that they 'gained valuable experience from it'; and
- 72% indicated that they were either 'very likely' or 'somewhat likely' to apply for another opportunity through SEEK Volunteer in the future.

Further to the development of the Employee Volunteering Portal in FY2017 and the growing trend of employee volunteering, SEEK Volunteer is now set up as a social enterprise. The social enterprise is a separate business and legal entity under the for profit social enterprise model with the purpose of strengthening communities by enabling individuals and businesses to make a difference through volunteering. Under this structure, SEEK Volunteer commits to reinvesting 100% of any profits from the portal license fee ($10,000 per annum for corporate organisations) back into the business to help grow the impact of volunteering in Australia.

In FY2018, SEEK Volunteer entered in to a three year partnership with the New South Wales ('NSW') State Government to build a volunteer recruitment portal specific to their needs. SEEK Volunteer saw this as an opportunity to work collaboratively with the NSW Government to help increase volunteering in this state.

In June 2018, SEEK Volunteer launched a refreshed Australian site with an improved user experience, new features and functionality and a look and feel more aligned to the evolving SEEK brand. The new site was revealed to community organisations at the National Volunteering Conference in June 2018.

### Environment

#### Environmental policy

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

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

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

SEEK's sustainability focus includes:

### Sustainable cleaning, waste and recycling practices

- Commitment to use best practice sustainable cleaning systems and products at the SEEK head office, including the installation and use of aquarius ozone water for cleaning,
- Recycling of waste paper, binding documents and toner cartridges;
- Use of crockery and steel cutlery to reduce disposable consumables; and
- Recycling of all Nespresso coffee pods.

### Energy

- Implementation of 'Follow-me Printing' across Australian offices to help reduce paper and toner usage;
- Ongoing investment in video conferencing facilities to connect SEEK sites and reduce the need to travel;
- Low wattage lighting and low energy, power efficient globes;
- Lighting sensors to ensure lights are turned off when not in use;
- Air conditioning zones to reduce power or switch off outside office hours;
- Promotion of battery and mobile phone recycling to reduce landfill; and
- Reduction of single-use coffee cups through the introduction of reusable BPA free coffee cups.

### Water

- Filtered water taps in all offices to reduce the need for single-use water bottles;
- Water efficient dishwashers service 80% of SEEK employees; and
- Water efficient bathrooms at the SEEK head office save over 100,000 gallons of water per unit per annum.

### SEEK is compliant with environmental legislative requirements

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

SEEK complies with all environmental laws in the countries in which it operates.

## Governance

### Ethical conduct

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

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

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

Australian SEEK employees undertake Work Health Safety and Equal Employment Opportunity training, as well as training regarding Anti-Bribery and Corruption. All new employees are expected to complete this training within three months of joining the organisation and all existing employees are required to undertake refresher training on a regular basis. Anti-Bribery and Corruption training is also undertaken by employees of Seek Asia, Brasil Online, OCC and Zhaopin.

### Corporate governance policies

SEEK is committed to strong and effective governance frameworks. SEEK's Corporate Governance Statement, in addition to its corporate governance policies are available in the Investors section of the Company's website at *https://www.seek.com.au/about/investors/corporate-governance*.

# Directors' Report

## Board of Directors

### Neil Chatfield, age 64

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

**Skills and Experience**

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

**Other listed company directorships**

Aristocrat Leisure Ltd since February 2018.

Costa Group Holdings Ltd since October 2011; Chairman since July 2015.

Transurban Group since February 2009.

Iron Mountain Inc (May 2016 to September 2017).

Recall Holdings Ltd (September 2013 to May 2016).

### Andrew Bassat, age 52

Executive director since September 1997

**Skills and Experience**

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

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

**Other listed company directorships**

None.

### Denise Bradley, age 76

Non-executive director since February 2010

**Skills and Experience**

Emeritus Professor Denise Bradley AC has been extensively involved in national education policy groups for more than two decades. She has had significant roles on government and educational boards and committees involved in higher education and training. Denise is currently a member of the NSW Skills Board and Advisory Board for the NSW Centre for Educational Statistics and Evaluation. She is also deputy chair of the National Schools Resourcing Board.

**Other listed company directorships**

None.

## Graham Goldsmith, age 58
Non-executive director since October 2012

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

### Other listed company directorships
Djerriwarrh Investment Ltd since April 2013.

Zhaopin Ltd (June 2014 to September 2017).

## Julie Fahey, age 61
Non-executive director since July 2014

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

### Other listed company directorships
IRESS Ltd since October 2017.

Vocus Group Ltd since February 2018.

## Vanessa Wallace, age 54
Non-executive director since March 2017

### Skills and Experience
Vanessa Wallace has over 30 years experience in management consulting. Her former roles at Booz & Company (now known as Strategy&) included Executive Chairman of Booz & Company (Japan) Inc, Senior Partner, member of the global Board, lead of the financial services practice in Global Markets and lead of the strategy practice in ANZSEA.

### Other listed company directorships
Wesfarmers Ltd since July 2010.

AMP Ltd (March 2016 to May 2018).

## Retirement during the year
Colin Carter retired as a director on 22 March 2018 (appointed as a director in March 2005).

# Directors' Report

## Meetings of directors

| | Board | | Audit and Risk Management Committee | | Remuneration Committee | | Nomination Committee | | Ad hoc Committee[1] | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Attended | Held | Attended | Held | Attended | Held | Attended | Held | Attended | Held |
| N G Chatfield | 6 | 6 | 5 | 5 | 4 | 4 | 3 | 3 | 2 | 2 |
| A R Bassat | 6 | 6 | 5* | 5 | 4* | 4 | 3* | 3 | 2 | 2 |
| C B Carter [2] | 5 | 6 | 2* | 5 | 3 | 4 | 3 | 3 | - | - |
| D I Bradley | 6 | 6 | 5* | 5 | 4 | 4 | 3 | 3 | - | - |
| G B Goldsmith | 6 | 6 | 5 | 5 | 4* | 4 | 3 | 3 | 2 | 2 |
| J A Fahey | 6 | 6 | 5 | 5 | 3* | 4 | 3 | 3 | - | - |
| V M Wallace[3] | 6 | 6 | 5 | 5 | 3 | 4 | 3 | 3 | - | - |

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

1. Ad hoc committees of the Board were organised during the year in relation to financial results.
2. Colin Carter retired as a director on 22 March 2018.
3. Vanessa Wallace joined the Remuneration Committee from 1 December 2017.

## Interests in shares and options

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

| | Shares in SEEK Limited | Options over SEEK Limited shares |
|---|---|---|
| N G Chatfield | 26,756 | - |
| A R Bassat | 14,443,168 | 536,780 |
| D I Bradley | 10,056 | - |
| G B Goldsmith | 45,000 | - |
| J A Fahey | 4,988 | - |
| V M Wallace | 10,000 | - |

## Retirement, election and continuation in office of directors

Under the SEEK Limited constitution, Graham Goldsmith will seek re-election at the 2018 Annual General Meeting ('AGM').

Under the SEEK Limited constitution, directors cannot serve beyond three years or the third AGM after their appointment, whichever is longer. They may, however, stand for re-election at that time. In addition, the constitution provides that any director appointed by the Board holds office until the next AGM when they are eligible for re-election.

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

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

## Company Secretary

The Company Secretary is Lynne Jensen. Lynne was appointed Company Secretary, effective 22 December 2015. Lynne has 26 years of international and domestic legal and governance experience, including as a partner of Allens Arthur Robinson and as Group General Counsel and Company Secretary of Grocon. Lynne holds a Bachelor of Laws (Honours) and Bachelor of Arts from the University of Melbourne.

## Officers

The names and roles of other Officers of the Company during the year are shown in section 1.1 of the Remuneration Report on page 36 of this report.

## Insurance of officers

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

## Proceedings on behalf of the Company

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

## Auditor

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

## Non-audit services

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

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

Fees that were paid or payable during the financial year for non-audit services provided by the auditor of the parent entity (and its related practices) are disclosed in note 32 of the Financial Statements, on page 114.

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

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

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

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 57.

## Rounding of amounts

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

# Directors' Report

## Letter from Remuneration Committee Chairman

As a Remuneration Committee, we are focused on ensuring that our remuneration structure supports SEEK's business as it evolves globally, and that it appropriately recognises the critical role our people play in SEEK's long-term success.

Dear Shareholder,

On behalf of the Board, I am pleased to present our Remuneration Report for FY2018.

As announced earlier this year, Colin Carter retired from SEEK's Board and his role as Chairman of the Remuneration Committee, effective 22 March 2018. I would like to thank Colin for his intellect, vision and perseverance in guiding SEEK through to our current remuneration strategy, which we believe continues to support our business strategy and our objective of creating sustained, long-term shareholder wealth.

Before going into the detail, I would encourage our shareholders to reflect on SEEK's journey, as it does shape the way we think about remuneration. In SEEK's early years, all of our business was in Australia and our competitors were local print media giants like Fairfax and News Corp. Today, we are a global company with substantial operations in 18 countries, earning more than half of our revenue and profit offshore. Our main competitors are global online giants such as Facebook, Google, Indeed, and LinkedIn – and our industry faces constant 'disruption' from new competitors. In order to better compete with these large global players, during FY2018 we announced significant organisational structure changes, creating an AP&A operating business and SEEK Investments function.

Several years ago, SEEK moved to radically re-design our remuneration approach - to simplify it, make it more transparent and strengthen alignment with our long-term value creation objectives. Most important was the abolition of short-term incentives and replacement of a traditional long-term incentive with a wealth-sharing mechanism that would only pay out to Executives when shareholders were also doing well. Focusing on the long-term, as opposed to short-term financial targets, remains critical to SEEK's ongoing success.

We believe that SEEK's fit-for-purpose remuneration approach has strengthened the alignment between business objectives, shareholder returns and executive remuneration. We are, however, cognisant that aspects of our remuneration strategy may need to evolve as we shift to a more global operating model. We will continue to explore alternatives that may better support SEEK as the business develops and consider valued feedback from our shareholders, proxy advisors and consultants as we do so.

## FY2018 remuneration outcomes

During FY2018, our Executives were advised that the FY2015 Wealth Sharing Plan award (the long-term equity component of SEEK's remuneration) did not vest. This vesting outcome reflected SEEK's share price performance over the three year period to 30 June 2017, which did not meet the share price growth hurdle set at the start of the performance period. As a result, Executives received no value from this component of their remuneration package.

Conversely, the FY2016 Wealth Sharing Plan award vested in full on 1 July 2018. This vesting outcome reflected a Compound Annual Growth Rate ('CAGR') in SEEK's share price of 14.6% over the three year period to 30 June 2018 - against a share price growth hurdle of 4.5% and actual growth in the ASX All Ordinaries index of approximately 5%. Vested FY2016 performance rights are subject to a 12 month exercise restriction period, over which time Executives remain exposed to any further movements in SEEK's share price.

## Our remuneration objectives

In considering our overall strategy, the implications of SEEK's new organisational structure and the competitive landscape, the Remuneration Committee has assessed that our current remuneration approach remains the most appropriate to achieve the following objectives:

1. **The structure aligns with SEEK's strategic intent, with its unique challenges and opportunities**
2. **The structure aligns with attracting, motivating and retaining the talent that SEEK requires to succeed in the long-term, whilst being reasonable and aligned with shareholders**
3. **The structure is simple to understand and transparent**

In light of our organisational structure changes, we have also introduced the following objective from FY2019:

4. **The structure supports SEEK's ability to compete with global business and talent competitors**

We respect and appreciate the feedback provided by shareholders on the various aspects of our remuneration structure, and all views have been carefully considered by the Remuneration Committee during FY2018. With feedback differing at times between shareholder groups, our ask of shareholders and proxy advisors is to assess SEEK's Remuneration Report against the objectives outlined above; and the success of our overall remuneration structure in achieving these. We strongly believe that our structure works well and have outlined our own assessment on the following pages.

## How does the remuneration structure align with our objectives?

### 1. The structure aligns with SEEK's strategic intent, with its unique challenges and opportunities

At SEEK, our Executive team deals with challenges and opportunities, the volume and extent of which are faced by very few global organisations, let alone Australian headquartered companies. The opportunities are enormous for SEEK, particularly internationally and through new investment across the human capital industry. At the same time, we are seeing increasing levels of competition from large, global businesses, through to new, disruptive players – alongside rapid technology developments and shifting labour market trends.

The recent organisational structure changes are about creating the right settings for SEEK to fulfil its purpose, maximise our opportunity set, and act swiftly against an evolving competitor set. Critical to SEEK's success is organisational alignment through a common mindset to make trade-offs that enhance our long-term prospects, rather than maximise short-term profits.

Our remuneration structure supports SEEK's strategy in the following ways:

- We offer our Executives a market competitive fixed amount that reflects both the challenges of the task at hand and our expectation that they will do an exceptional job in all market conditions.
- By not having Short-Term Incentives ('STIs'), with fixed Key Performance Indicators ('KPIs') and complex formulae, we remove any short-term mindset and instead create an environment which encourages bold decision-making from our Executives to position SEEK for sustainable, long-term growth.
- Having 50% of remuneration delivered in equity encourages a long-term mindset, further reinforced through a two year period before Equity Rights are realisable and a four-year period before vested awards granted under SEEK's Wealth Sharing Plan are exercisable.

# Directors Report

## Letter from Remuneration Committee Chairman continued

### 2. The structure aligns with attracting, motivating and retaining the talent required to succeed in the long-term, whilst being reasonable and aligned with shareholders

At SEEK, people are our most important asset and there is a very high correlation between the intellectual capital that they create and shareholder returns. SEEK's Executives are not merely management 'stewards', they are integral to the success of SEEK and the creation of shareholder wealth. Our strong view is that our Executives should share in any wealth created in the business, but only when shareholders also do well.

Attracting, motivating and retaining our talent is achieved through ensuring a competitive annual remuneration component delivered as both cash and equity, alongside a challenging long-term variable component linked to share price performance. It is in these ways we ensure the competitiveness of our remuneration, whilst being strongly aligned with our shareholders:

- We conduct annual benchmarking of SEEK Executive remuneration against local and global peer companies, using market capitalisation as a sizing parameter, but also cross-checking against direct peers to ensure relevance. Our aim is to position total remuneration between the 50th and 80th percentiles of local companies of comparable size. This allows us to pay competitively to attract and retain key talent, and at a level that is also reasonable and justifiable with reference to the external market; and
- All SEEK Executives, including the CEO, have the same remuneration structure with 50% paid in equity and subject to share price movements. This encourages them to think and act like owners. Further, the long-term equity component of SEEK's remuneration has been designed as a 'wealth sharing arrangement', rather than a traditional Long-Term Incentive ('LTI'). This means our Executives are only rewarded if shareholders see significant share price appreciation, unlike many ASX listed company schemes which vest even when the share price falls (due to relative performance metrics).

### 3. Simple to understand and transparent

At SEEK, we like that our structure is simple and easy for both our Executives and shareholders to understand. Together with a clear set of remuneration objectives, it also means our approach can be summarised in less than a page:

**An Executive's Total Remuneration Opportunity is made up of the following components:**

| WHAT | WHY? |
|---|---|
| **Long-term Equity (25%)** | • An annual allocation of **'at risk' performance-based equity**, vesting subject to a challenging three year share price growth hurdle, ensures our Executives are rewarded only when shareholders are also doing well. The additional one year exercise restriction also emphasises our long-term view.<br>• Setting and disclosing an absolute target (rather than assessing our performance against a so called "peer group" or undisclosed internal performance target) makes it clear to Executives and shareholders the performance level that is needed for any equity value to be realised. The nature of our hurdle also means that performance and the likelihood of vesting can be easily assessed throughout the performance period. |
| **Equity Right (25%)** | • Traditional STIs do not always drive our desired outcomes or behaviours. We have seen many STIs result in unintended consequences where an over-focus on short-term financials has come at the expense of long-term value and sustainability.<br>• By replacing STIs with an annual allocation of **'locked-up equity' that is variable in value** (subject to share price movement over a one year qualifying and one year disposal restriction period), our Executives are encouraged to make bold decisions to increase long-term shareholder wealth.<br>• We also remove unnecessary complexity and the lack of transparency that often surrounds STI performance measure selection, target setting and underlying adjustments. |
| **Base Salary & Superannuation (50%)** | • Our Executives know upfront that they are **guaranteed** to receive a market competitive salary in taking on a challenging role at SEEK. Our market competitiveness is particularly important in the current environment, with local and global companies continuing to aggressively pursue people with the same background and skill-set as many of our leaders. |

**Together, SEEK aims to provide a fair, competitive remuneration package that will attract, retain and motivate Executives to successfully drive growth in our challenging and competitive global business.**

## 4. Supporting SEEK's ability to compete with global business and talent competitors

SEEK is a truly global company and our remuneration must be competitive on a global scale. This is the case even more so under our new operating model, which has increased the pressure to continue attracting and retaining global talent.

We remain confident that we have the right Executive and senior leadership teams in place, and our remuneration structure has been key to their ongoing alignment, motivation and retention. The depth of capabilities across our business and relatively low attrition rate have also been pleasing. However, it is important not to become complacent or take our people for granted.

This year, recognising the increasingly competitive talent landscape and the broader roles we have asked our Executives to step into:

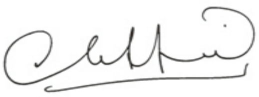
- We supplemented our annual Executive benchmarking with a secondary data set comprising global software and services businesses of a similar size to SEEK; and
- We sought advice from an external adviser on the type of equity arrangements that are prevalent overseas and particularly within US technology companies.

While we determined not to make any significant changes for FY2019, we will continue to critically review the effectiveness of our remuneration structure as we move forward, including consideration of whether a more global approach to remuneration may be needed to ensure SEEK's ongoing market competitiveness.

SEEK's track record since FY2013, when our current remuneration structure was implemented, supports our view that our approach is working. Over the past six years, not only have we seen SEEK's Total Shareholder Return ('TSR') significantly exceed that of the ASX200 index, but we have also made key strategic, structural and investment decisions, and driven high levels of innovation across our products and services – all of which have us well positioned for sustained, long-term growth.


In considering SEEK's Remuneration Report, despite the fact that our approach may be viewed as unconventional by some, we hope that shareholders and proxy advisors will recognise the benefits of our remuneration strategy and structure.

We thank you for your continued support of SEEK.



**Neil Chatfield**

Chair of the Remuneration Committee

# Directors' Report

## Letter from Remuneration Committee Chairman continued

## Q&A

The Board is often asked about aspects of our remuneration approach. What follows is a selection of questions that have arisen over the years, a brief summary of our responses and points of clarification.

### Why doesn't SEEK pay STIs?

Our view is that STIs are flawed and that the main influence of profit in any one period is often due to actions taken by Executives in prior periods; so there can be a disconnect between actions and outcomes achieved over a relatively short-term period. Our firm belief is that if management teams are focused on the long-term strategic best interests of both the company and shareholders, strength in operating metrics and financial results will also follow.

We also operate in an extraordinarily fast-paced environment where priorities can change quickly and fixed targets can be unhelpful. We want our Executives to be able to adapt and respond to new opportunities and challenges as they arise. Emphasising traditional annual scorecard metrics does not align with our focus on sustainable long-term share price growth. At SEEK, we do not believe our most senior Executives need financial incentives to take key outcomes seriously.

### How does SEEK assess Executives' annual performance without STI-related KPIs?

We understand some shareholders may think that the lack of a traditional STI plan means SEEK Executives are not held to account or it has somehow weakened our performance management system. To the contrary, without the fallback of an annual variable remuneration outcome, we truly appreciate the importance of a robust performance management system that drives focus and accountability, alongside regular, quality conversations with all of our senior leaders. All we have done by removing STIs is create a clear distinction between the annual assessment of our Executives' performance and their variable remuneration.

At SEEK, our people are held to an extremely high standard and these expectations are particularly high at the Executive level. While we have a high performing culture and focus on achieving great results for our shareholders, we value the 'how' (behaviours) just as much as the 'what' (outcomes).

Our annual performance assessments consider a mix of quantitative and qualitative factors, along with each Executive's '360 degree' feedback assessment. We also believe SEEK's sustained performance, our trusted brand and reputation in the market (including as an employer of choice and with a lower than industry average turnover) is the best evidence our system is working.

### Is the current design of the Wealth Sharing Plan still right for SEEK?

We understand some shareholders and proxy advisors may not be in favour of every aspect of our remuneration structure, however, we believe that as a whole, it is right for now. During FY2018, SEEK undertook a thorough review and sought external advice on specific design features, as well as the overall structure of our Wealth Sharing Plan, to ensure continued appropriateness. Shareholder and proxy advisor views were also taken into account throughout this review, which included consideration of the following:

- ***Choice of instrument*** – allowing our Executives to choose between Options and Rights provides flexibility for different levels of risk-taking, while ensuring the competitiveness of our remuneration. This is particularly important now, given the global landscape and SEEK's increasing expectations of our Executive team. We consider choice to be a very valuable part of our remuneration offer to Executives so have retained this in the knowledge that individuals will make their decisions based on a variety of factors – not just their individual share price expectations.
- ***Fair value allocation methodology*** – we understand that some shareholders have queries as to the use of fair value to determine the number of Options and Rights to grant our Executives. SEEK's fair value is determined by an independent consultant and takes into consideration factors including our performance hurdle and the probability of this hurdle being achieved. The discount to our share price therefore reflects the particularly challenging nature of our performance hurdle (refer to the following Q&A for further detail).

  While we did consider the merits of a potential move to face value this year, our preference remains to have a consistent allocation methodology for both Options and Rights. It was also evident that the majority of companies transitioning from a fair to face value allocation methodology apply a conversion approach which does not actually change the number of instruments awarded; so in effect, there is no change to what executives actually receive. However, to ensure transparency and reflect the disclosure approach of other organisations, we have disclosed both the fair and face value of our CEO grant.
- ***Cliff vs. sliding scale vesting*** – we believe that having a single absolute share price hurdle and cliff vesting approach more closely aligns with the shareholder experience. A cliff vesting approach also aligns with our principle of simplicity and transparency. Companies often face significant challenges in determining a 'fair' sliding scale vesting schedule and we feel this level of complexity is not warranted.

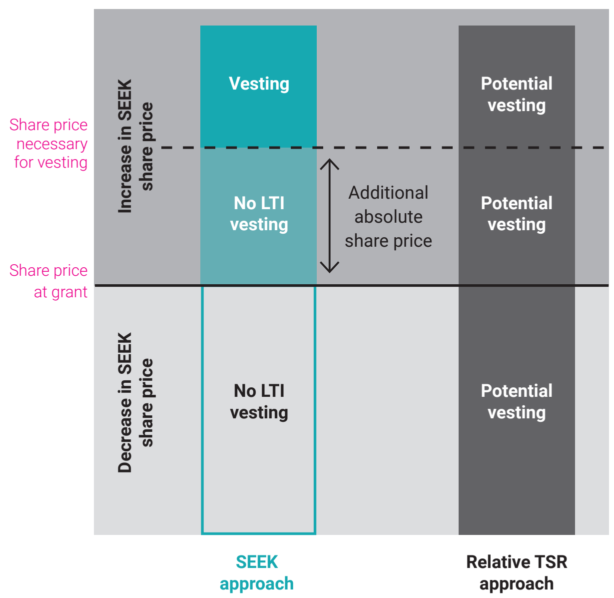
- ***Whether SEEK should introduce additional mechanisms to support longer-term equity holding*** – in combination, our structure being heavily weighted towards equity and having a minimum shareholding policy, means our Executives already have sufficient exposure to SEEK share price movements. Adding any additional mechanisms would bring unnecessary complexity to the plan.
- ***Whether SEEK should adopt an alternative framework*** – having looked at a range of alternative remuneration frameworks used by other companies, we determined that none of these would better support our remuneration objectives at this time. In reflecting on SEEK's performance since our current Executive remuneration structure was introduced, we feel confident that it is driving the right behaviours and outcomes for our business and for shareholders.

## Is the Wealth Sharing Plan hurdle sufficiently challenging?

Unlike other organisations, vesting of SEEK's Wealth Sharing Plan award is based solely on our achievement of an absolute share price hurdle (excluding dividends) over a three year period. We believe the level of growth required to achieve this hurdle is a real challenge as:

- Continually achieving shareholder returns that exceed the share market average is hardly an easy aspiration, particularly in the context of SEEK's focus on re-investment and ongoing global evolution.
- Our share price already has an inbuilt element of high external market expectations – so actual performance needs to be 'above and beyond'.
- Most companies use a relative TSR hurdle which means vesting can occur even when the share price decreases (see diagram below). Dividends are also added on top of any capital return whereas they are excluded by SEEK.

**SEEK's share price hurdle versus Relative TSR**




Our Wealth Sharing Plan also has a higher level of 'risk' associated with it than a typical LTI plan, with only one hurdle and cliff vesting. In contrast, a typical LTI plan will have multiple hurdles (generally relative TSR and an internal financial hurdle) and sliding scale vesting (where some vesting can occur, even if the performance target has not been fully met). Importantly, as our Wealth Sharing Plan hurdle is based on historical performance of the ASX All Ordinaries index, the share price growth target will vary from grant to grant. For the forthcoming FY2019 Wealth Sharing Plan award, a CAGR of 6.1% over the three-year performance period will be required in order for any vesting to occur.

## Is our remuneration quantum reasonable?

We are confident our remuneration quantum appropriately balances business size, role complexity and the competitive talent landscape. By any measure, the total remuneration opportunities for our CEO and Executives are reasonable relative to the market, as well as when considered against our goal of long-term shareholder value creation.

We engage external remuneration consultants to undertake independent CEO and Executive benchmarking using various lenses on an annual basis. Outcomes from the benchmarking undertaken in FY2018 indicate our remuneration quantum strikes a balance between being market competitive in an Australian market context (within our targeted range), while not being excessive. While SEEK has evolved to become a truly international company, our CEO and Executives are positioned at the low end of the market when compared with global technology competitors, where we increasingly expect to be competing for Executive and senior leadership talent.

It is also worth noting that SEEK's business has significantly outperformed the market over the seven years since the CEO took on his current role. Despite his strong track record of performance, changes in our CEO remuneration have primarily reflected SEEK's growing business and increasing size and scale.

## Why does the CEO receive the same remuneration structure as other Executives when he is a founder and significant shareholder?

It is imperative for our entire Executive team, including the CEO, to be aligned in their focus on sustained, long-term shareholder returns; and be equally motivated by a consistent remuneration structure. It simply does not make sense to remunerate the CEO in a different way to the team he leads. We also consider it important to recognise both our CEO's contribution to SEEK in his current role, and commitment to the business (evidenced through the ongoing maintenance of his equity ownership, as opposed to other company CEOs who often elect to 'cash out' their vested equity awards).

Most importantly, SEEK takes pride in being a values-based organisation. We consider it fair and reasonable that the CEO be paid for carrying out his duties on the same basis as other Executives, benchmarked against the remuneration of those in similar positions in other companies. To penalise the CEO by not providing Equity Rights and/or Wealth Sharing Plan awards simply because of his shareholding (largely established when he founded the business) – effectively asking us to 'means-test' our CEO – is unreasonable. His personal circumstances should have no bearing on our remuneration related decisions.

# Directors' Report

## Remuneration Report

### Contents

This Remuneration Report ('Report') contains the following sections:



### 1. Introduction

This Report sets out the remuneration arrangements for the Key Management Personnel ('KMP') of SEEK for the year ended 30 June 2018. All references to Executives in this Report are to SEEK's Group Executives, including those who are not considered Executive KMP. The information in this Report has been prepared based on the requirements of the *Corporations Act 2001* and its Regulations and has been audited.

The Report is designed to provide shareholders with an understanding of SEEK's remuneration principles, policies and programs and their link with SEEK's strategy and financial performance. Individual remuneration outcomes for SEEK's KMP are also provided in this Report.

#### 1.1 Key Management Personnel

The KMP covered in this report are SEEK's Non-Executive Directors, Chief Executive Officer and Managing Director ('CEO and MD' or 'CEO'), CEO Asia Pacific & Americas ('CEO AP&A') and Group Chief Financial Officer ('Group CFO').

| Name | Position |
|---|---|
| **Non-Executive Directors** | |
| N G Chatfield | Chairman, Non-Executive Director |
| C B Carter | Non-Executive Director (retirement effective 22 March 2018) |
| D I Bradley | Non-Executive Director |
| G B Goldsmith | Non-Executive Director |
| J A Fahey | Non-Executive Director |
| V M Wallace | Non-Executive Director |
| **Executive KMP** | |
| A R Bassat | CEO and MD |
| M J Ilczynski(1) | CEO AP&A (appointment effective 5 March 2018) |
| G I Roberts | Group CFO |
| **Former Executive KMP** | |
| I Mazer(2) | Former MD SEEK International (until 5 March 2018) |

1. Prior to 5 March 2018, Michael Ilczynski was MD SEEK ANZ.
2. Effective 5 March 2018, Isar Mazer has moved into a non-KMP Executive role within SEEK Investments.

## 1.2 Changes in KMP

During FY2018, while there were no changes in the composition of the SEEK Group Executive team, SEEK's reorganisation (effective 5 March 2018) resulted in changes to the operating businesses and functional areas that many of the Executive team were responsible for. As a result, there were the following changes in Executive KMP:

- Michael Ilczynski: was promoted to the role of CEO AP&A, effective 5 March 2018, taking on additional responsibility for the SEEK Asia, Brazil and Mexico operating businesses which were previously in the SEEK International portfolio.
- Isar Mazer: with the businesses previously within the SEEK International portfolio moving into the newly created SEEK AP&A operating business or SEEK Investments function, the MD SEEK International role ceased to exist. Effective 5 March 2018, Isar moved into a non-KMP Executive role within SEEK Investments.

There have been no changes in KMP since the end of the reporting period.

## 1.3 Changes to SEEK's Executive equity plans for FY2019

During FY2018, SEEK undertook a review of the Company's Performance Rights and Options Plan ('PROP'), being the governing plan under which Executive Equity Plan and Wealth Sharing Plan grants are made. The focus of this review was to ensure the plan remains contemporary and scalable to support its potential roll-out globally in light of SEEK's organisational structure changes.

Reflecting these aims and external feedback received, the Remuneration Committee ('Committee') determined to make the following amendments, which we hope will be welcomed by shareholders. These changes will apply from FY2019 onwards:

- Introduction of a formal clawback mechanism which enables the Board to make a determination to claw back equity, for example in the event of material misstatement of financial accounts, fraud, gross misconduct or breach of obligations;
- Clarification that in the event of a change of control (or if the Board determines a change of control is likely to occur), the Board may in its absolute discretion determine a treatment for unvested and vested, but not yet exercised, equity; and
- Amendment to the Wealth Sharing Plan cessation terms such that, subject to a 12 month minimum service condition from the start of the relevant performance period, an individual who ceases employment during the performance period will retain only a pro-rata proportion of their award, with vesting subject to the original performance hurdle.

## 1.4 Description of terms

An Executive's Total Remuneration Opportunity comprises: Base Salary and Superannuation, Equity Right, and Options/Rights granted under SEEK's Wealth Sharing Plan (the long-term equity component of SEEK's Executive remuneration). An explanation of each remuneration element is set out below.

**TOTAL REMUNERATION OPPORTUNITY**

| | | |
|---|---|---|
| Performance-linked | **Long-term Equity (25%)** | Executives are issued with long-term equity in the form of **Wealth Sharing Plan Options or Rights**, valued at 25% of their Total Remuneration Opportunity. The Options/Rights may vest upon satisfaction of a performance hurdle. The performance hurdle for the FY2018 Wealth Sharing Plan was set using an indexed share price (refer to section 4.4). Wealth Sharing Plan Options/Rights are issued under the Performance Rights and Options Plan.<br>If an Executive chooses to receive Options and the performance hurdle is met, each Option gives the Executive the right to purchase a SEEK share by paying the exercise price (equivalent to the share price hurdle). If an Executive chooses Rights and the performance hurdle is met, each Right gives the Executive the right to a SEEK share and no exercise price is payable. |
| Variable in value | **Equity Right (25%)** | Executives are issued one **Equity Right**, initially valued at 25% of their Total Remuneration Opportunity, but variable in value depending upon movements in SEEK's share price. The Equity Right converts to a number of shares upon vesting. Equity Rights are also issued under the Performance Rights and Options Plan. |
| Guaranteed / Fixed in value | **Base Salary & Superannuation (50%)** | **Base Salary and Superannuation** for SEEK's Executives is set at 50% of their Total Remuneration Opportunity. |

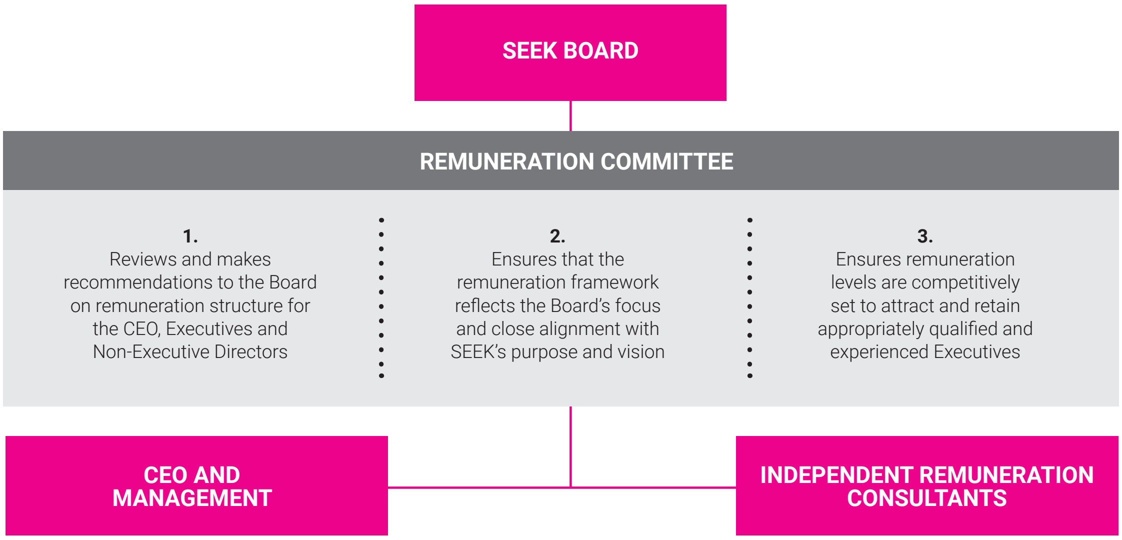
# Directors’ Report

## Remuneration Report continued

## 2. Remuneration governance

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

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




The Committee is comprised entirely of Non-Executive Directors, all of whom are independent: Colin Carter (Committee Chair until retirement on 22 March 2018), Neil Chatfield (Committee Chair from 22 March 2018), Denise Bradley and Vanessa Wallace (from 1 December 2017). Other Non-Executive Directors, who are not Committee members, attend Committee meetings as observers by invitation. The CEO and other Executives attend Committee meetings as required, however they do not participate in decisions regarding their own remuneration arrangements.

Further details regarding the Committee are set out in SEEK’s Corporate Governance Statement, which is available on the Corporate Governance page in the Investors section of the Company’s website at *https://www.seek.com.au/about/investors/corporate-governance.*

### 2.1 Use of remuneration advisors

The Committee engages external remuneration consultants to provide independent benchmarking data and information regarding best practice, trends and regulatory developments. The Committee and the Board consider this input and what is right for SEEK when making decisions regarding remuneration.

In FY2018, the Committee engaged Ernst & Young for assistance in providing Executive benchmarking data and market practice insights in relation to local and global variable reward practices. The Committee is satisfied that no remuneration recommendations (as defined in the *Corporations Act 2001*) were provided by Ernst & Young or any other advisor during FY2018.

### 2.2 Share Trading Policy

SEEK’s Share Trading Policy governs when KMP (and other Executives) are permitted to trade in SEEK securities and when approval to trade needs to be sought. All KMP are prohibited from entering into arrangements which operate to limit the economic risk of security holdings in SEEK over unvested equity incentive entitlements. This helps align the KMP’s interests with those of shareholders. Further, KMP are only permitted to enter into margin loans in respect of SEEK’s securities with the prior written approval of the Chairman. No margin loans were entered into by KMP during FY2018 and none are on foot.

## 2.3 Minimum shareholding requirements

The CEO and Executives are required to hold SEEK equity equivalent to two years and one year of Base Salary and Superannuation respectively. The equity that is taken into account in determining if the requirement is met includes shares, vested Options/Rights and unvested Equity Rights. New Executives are permitted to reach the minimum requirement over a three year period.

All Non-Executive Directors are required to hold a SEEK shareholding equivalent to one year of their base Directors' fee. New Non-Executive Directors are permitted to reach the minimum requirement over a five year period. During this time, they are expected to hold 20% of their annual base Directors' fee in SEEK shares for each year of their directorship until the minimum shareholding requirement is achieved.

In FY2018, all Executives and Non-Executive Directors met the minimum shareholding requirements set out above.

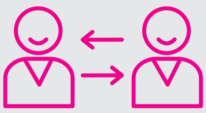
## 3. Executive remuneration strategy and principles

> This section explains SEEK's remuneration strategy and the remuneration principles which underpin the approach to Executive remuneration at SEEK.

SEEK's remuneration strategy is aligned to its purpose, vision and shareholders' interests. The Board recognises that to build sustainable long-term growth in shareholder wealth, SEEK must attract and retain world class people, and align their interests and behaviours with shareholders' interests. The attraction and retention of talent is increasingly important for SEEK given the transition to a global operating model and sophistication of some of the Company's largest competitors.

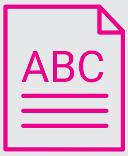
SEEK's approach to remuneration has been tailored to fit the strategy of the business, by rewarding Executives for growing the long-term value of the Group. SEEK places emphasis on the behaviours and actions which focus on generating long-term shareholder wealth, rather than on short-term gains.

**THE PRINCIPLES THAT UNDERPIN SEEK'S REMUNERATION STRATEGY AND FRAMEWORK ARE SET OUT BELOW:**



**1. SHAREHOLDER ALIGNMENT**

We encourage our Executives to think and act like owners. Accordingly, 50% of our Executives' Total Remuneration Opportunity is paid in equity. Executives are subject to the same SEEK share price movements (up or down) as shareholders. The equity is subject to disposal restrictions, which extend the at-risk period and also assists with Executive retention. Unlike most schemes in the market, value is only received from our long-term equity awards (made under SEEK's Wealth Sharing Plan) if the SEEK share price has increased significantly. Furthermore, by removing STIs, we have removed what is invariably a conflict of interest for management when dealing with short-term financial targets which may not align with long-term shareholder wealth. Our Executives are encouraged to focus on actions that will sustainably grow shareholder wealth and not on the impact their management decisions may have on the payment of STIs.




**2. SIMPLICITY AND TRANSPARENCY**

Our approach is relatively simple and easy to explain. We make it clear to our shareholders at the outset how much our Executives will be paid. This is unlike most schemes that have complex STIs, which often result in unintended consequences, and where what is actually delivered to the Executive is not clear until after the end of the year.

**3. COMPETITIVENESS**

We know that our Executive team is highly desirable, both here and overseas, so we need to be competitive and flexible to attract and retain our talent. We spend a great deal of time benchmarking our remuneration against local Australian benchmarks. In recognising that our people are becoming increasingly attractive to large global players, we also ensure global benchmarks are considered for both Executive and selected senior leadership roles.

**4. FAIRNESS AND INTEGRITY**

We take account of shareholder and community concerns about excessive Executive pay. We believe that our pay opportunities are very reasonable based on both Australian and International standards. Our Executive remuneration is targeted at between the 50th and 80th percentiles based on Australian comparators, which equates to much lower rankings against International comparators. Our targeted positioning reflects the importance for SEEK of attracting and retaining exceptional talent, particularly in a globally competitive environment. However, we do not rely on remuneration to direct or drive our Executives' focus. Rather we rely on our robust performance management system, clarity of purpose for each Executive role and ensuring that our values and culture are sustained by our Executive team.

## Remuneration Report continued

### 4. Executive remuneration framework

This section explains SEEK's Executive remuneration framework, how the design reflects the SEEK remuneration strategy and principles and how this drives the right behaviours, decision making and world class performance.

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

i. 50% of Executive remuneration is paid as Base Salary and Superannuation. This is set at levels that are market competitive, reflect the challenging nature of these roles and motivate Executives to do an exceptional job in all market conditions and economic cycles.

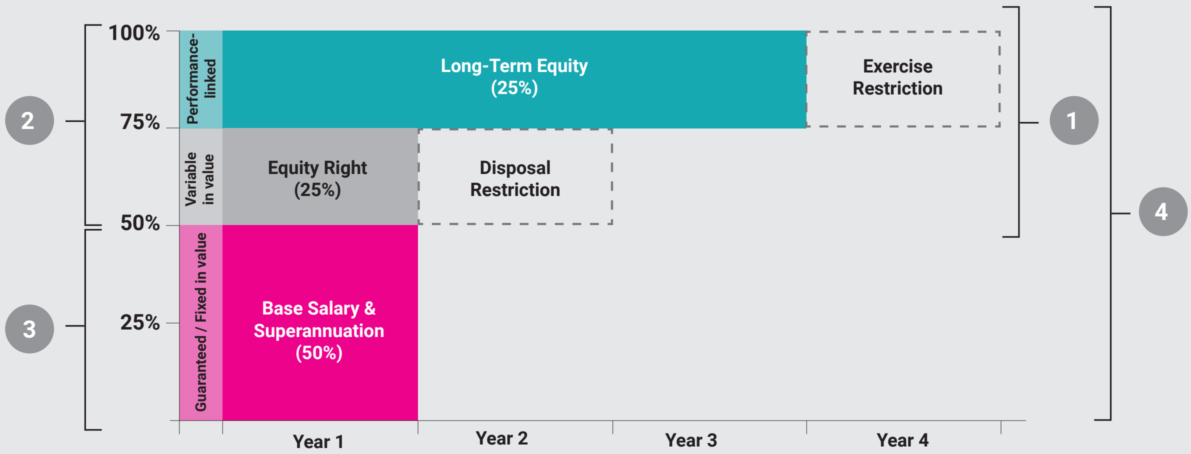
ii. 50% of Executive remuneration opportunity is delivered as equity, with 25% provided by way of an Equity Right and 25% in the form of Options and/or Rights granted under the Wealth Sharing Plan:

- Executives are rewarded with Equity Rights instead of STIs to emphasise a focus on the long-term business strategy. An Executive's Equity Right vests and converts into shares after a 12 month Qualifying Period. The sale of these shares is restricted for a further 12 months, resulting in a total two year lock-up period.
- The long-term equity component of SEEK's remuneration has been designed as a wealth sharing arrangement. SEEK's Wealth Sharing Plan has a three year performance period, with vesting subject to a challenging absolute share price growth hurdle. Vested equity is locked up for another 12 months, so any value to the Executive is deferred for four years in total and will reflect share price movements over that time.

iii. Executives are subject to minimum shareholding requirements. Given the significant emphasis on equity in SEEK Executives' remuneration and the restrictions on both vested and unvested equity, these requirements reinforce the alignment between the Executive team and SEEK shareholders.

**TOTAL REMUNERATION OPPORTUNITY AND ITS LINK TO SEEK'S REMUNERATION PRINCIPLES**

The diagram below provides a summary of SEEK's remuneration framework and its link to SEEK's remuneration principles.




**LINK TO PRINCIPLES**

**(1) Shareholder Alignment**

- 50% of Total Remuneration Opportunity is payable in equity locked up for 2 to 4 years
- Vesting of long-term equity solely linked to absolute share price growth
- Requirement to hold 12 months' base salary and superannuation in equity (two years for the CEO)

**(2) Simplicity & Transparency**

- No complex STIs that are not linked to creation of shareholder wealth
- Long-term equity hurdle (share price) is readily observable

**(3&4) Competitiveness balanced by Fairness & Integrity**

- Need to pay to attract and retain the best (targeting 50th to 80th percentile of our comparator group)
- SEEK's Executives have a lower Total Remuneration Opportunity than global technology comparators despite facing similar challenges and complexities.

## 4.1 SEEK's approach to determining remuneration

### BENCHMARKING TOTAL REMUNERATION

**Context**

SEEK is a complex, global business and the Board must ensure that Executive remuneration is set at a level that is competitive on a global scale, particularly as:

- the number and size of global business competitors (for example, Facebook, Google, Indeed and Microsoft/ LinkedIn) increases; and
- the technology sector continues to attract significant investment and companies (both in the technology sector and other industries) are more aggressively pursuing the best talent available.

Very few Australian companies face the same opportunities and challenges as SEEK. The recent organisational structure changes enable SEEK to take full advantage of growing operational and investment opportunities, and respond to global competitors, through leveraging SEEK's talent pool.

The attraction, retention and motivation of exceptional Executive talent, particularly as their roles expand across geographies, is critical to SEEK's ongoing success.

**Methodology**

- Total Remuneration is targeted between the 50th and 80th percentiles of SEEK's primary comparator group. With increasing competition for talent in the digital space, it has become increasingly important to ensure Executives are positioned well within this range.
- Individual Total Remuneration Opportunities are determined by the Committee, referencing external data from independent remuneration consultants, individual performance, role complexity and scope and the availability of similar talent in the domestic and international marketplace.
- For FY2018 benchmarking purposes, SEEK's primary comparator group comprised 10 ASX listed companies either side of SEEK's 12 month average market capitalisation to 28 February 2018 of $6.163 billion. Two further comparator groups were also included in SEEK's local benchmarking analysis:
  - one group comprising ASX listed companies with a 12 month average market capitalisation to 28 February 2018 within 50% to 200% of SEEK; and
  - another comprising ASX listed companies with international operations and a 12 month average market capitalisation to 28 February 2018 within 50% to 200% of SEEK.
- In recognition that the skills and experience of SEEK's Executives are also in demand by companies based outside of Australia, the Committee also sought data from a global remuneration data provider. This informed and assisted the Committee in reviewing the competitiveness of SEEK's Total Remuneration Opportunity against the global technology market, specifically global software and services businesses with a market capitalisation within 50% to 200% of SEEK.

The Board's objective is to attract and retain Executives who can execute on significant growth opportunities against a backdrop of global challenges and aggressive competition. The FY2018 benchmarking outcomes confirm that SEEK Executives' Total Remuneration Opportunity is positioned competitively against the primary comparator group; however, for some roles, they are positioned at the lower end of the targeted positioning range when compared to local and global headquartered companies with significant international operations. The ongoing competitiveness of remuneration for these roles will remain a focus for the Board going forward.

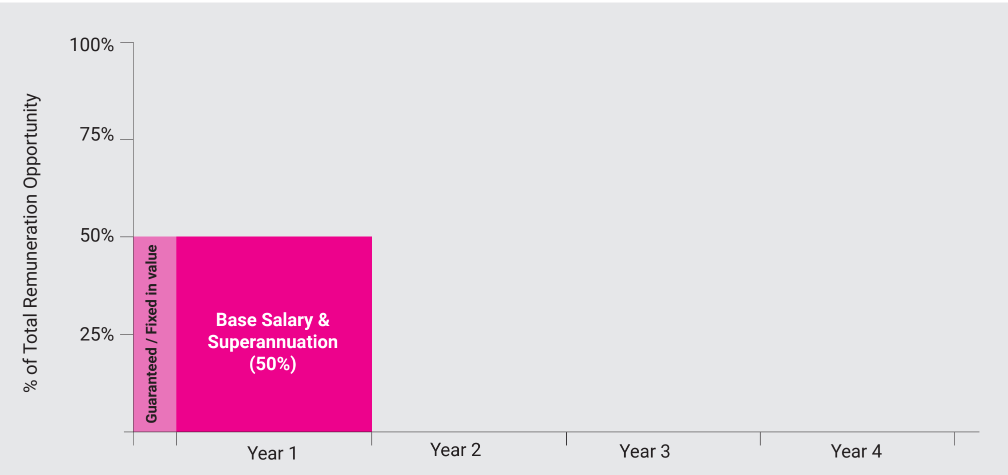
# Directors' Report

## Remuneration Report continued

### 4.2 Base Salary and Superannuation

Base Salary and Superannuation for SEEK's Executives comprises 50% of Total Remuneration Opportunity. Under current legislation, SEEK permits the choice of superannuation funds for all employees. Other retirement benefits for Executives may be provided directly by SEEK if the benefit is within statutory limits or is approved by shareholders.

In addition to Base Salary and Superannuation, Executives receive salary continuance insurance, which is also provided to all SEEK permanent employees, and on-site car parking.

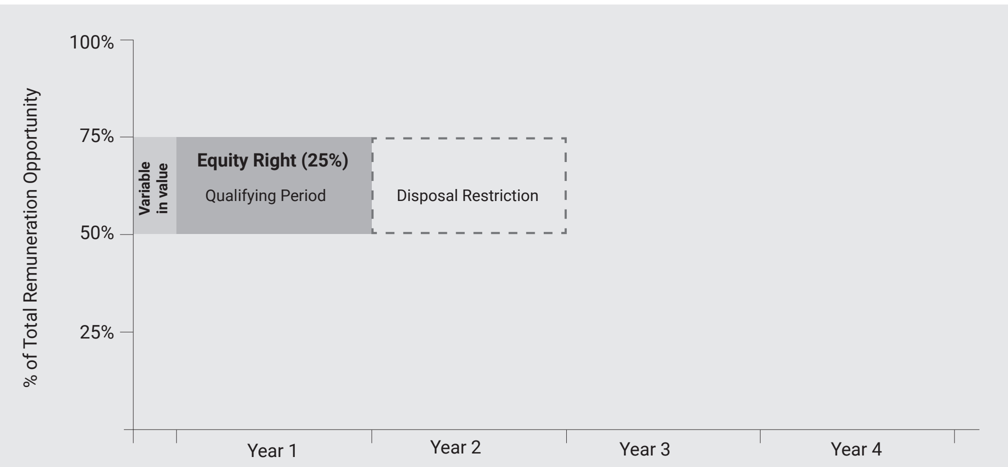



### 4.3 Equity Rights

Equity Rights for SEEK's Executives comprise 25% of Total Remuneration Opportunity. The Equity Rights represent a key element of an Executive's remuneration, to ensure it remains competitive and aligned with SEEK's remuneration principles.

Unlike many other ASX listed companies that provide cash-based annual incentives, this component of remuneration is provided wholly in equity. As a result, the award is variable in value to the Executive during both the Qualifying Period and Disposal Restriction Period (in total, a two year deferral period). Exposure to share price variability is aligned to what is experienced by shareholders and means that if the value of SEEK's shares decreases, SEEK Executives experience the downside and vice versa. The Equity Rights also ensure that Executives hold substantial equity in SEEK and as shareholders, are encouraged to think and act as owners of the business. Unvested equity also contributes towards retention of SEEK Executives through extended holding power.

The Equity Rights operate as outlined below for the FY2018 grant. There has been no change in the design of the Equity Rights from the prior financial year.



## Terms and duration

The terms of the grants made in FY2018 are set out below:

| | Executive Equity Rights |
|---|---|
| **Objective** | Ensuring Executives hold equity in SEEK to create shareholder alignment and encourage retention |
| **Effective date** | 1 July 2017 |
| **Grant date** | Executives: 17 October 2017<br>CEO: 4 December 2017 |
| **Closing share price at 1 July 2017**[1] | $16.91 |
| **Qualifying Period** | 1 July 2017 to 30 June 2018 |
| **Lapsing condition** | Equity Rights will lapse, subject to Board discretion, where the Executive ceases employment before the end of the Qualifying Period.<br>In other circumstances, being good leaver events, the Executive's Equity Right will remain on foot and the number of shares that will be received will be adjusted to take into account the Executive's service period. |
| **Vesting date** | Automatic exercise – vests on 1 July 2018 |
| **Allocation methodology** | Shares allocated using a Volume Weighted Average Price ('VWAP') for the 60 trading days up to and including 30 June 2017, being $17.05. |
| **Exercise price** | $nil |
| **Restriction period** | 1 July 2018 to 1 July 2019<br>Executives are entitled to retain their shares if employment ceases during the restriction period. |
| **Dividend and voting entitlements** | During the restriction period, dividends are received on shares issued on conversion of the Equity Right and the Executive can exercise the voting rights on those shares. |

1. As 1 July 2017 was not a trading day, this is the closing share price on 30 June 2017.

# Directors’ Report

## Remuneration Report continued

### 4.4 Wealth Sharing Plan

Long-term equity awards made to Executives under the SEEK Wealth Sharing Plan comprise 25% of Total Remuneration Opportunity and represent the at-risk, long-term equity component of SEEK Executives’ remuneration packages.

Under the terms of the plan, Executives are offered the choice to receive a grant of Options and/or Rights, with the number of awards granted dependent on this choice (fewer Rights are offered as compared to Options, reflecting the higher fair value of Rights relative to Options). In FY2018, all Executives, including the CEO, chose to receive Rights.

Both Options and Rights are subject to the same share price performance hurdle that aligns Executives with shareholders’ interests. The SEEK share price must outperform the historical growth rate of the market in order for the Wealth Sharing Plan award to vest – and for Executives to receive any value from the plan. If SEEK’s share price does not outperform the growth hurdle set, no vesting occurs even if SEEK has outperformed its peers.

By avoiding relative hurdles, which often deliver returns to traditional LTI plan participants simply when poor performance exceeds even poorer performance within a peer group, wealth is created for both shareholders and Executives as a result of the increase in SEEK’s value as a company. Our vesting approach also eliminates partial vesting where an LTI hurdle has only been partly achieved, as is the case under many other LTIs which have a sliding vesting schedule.

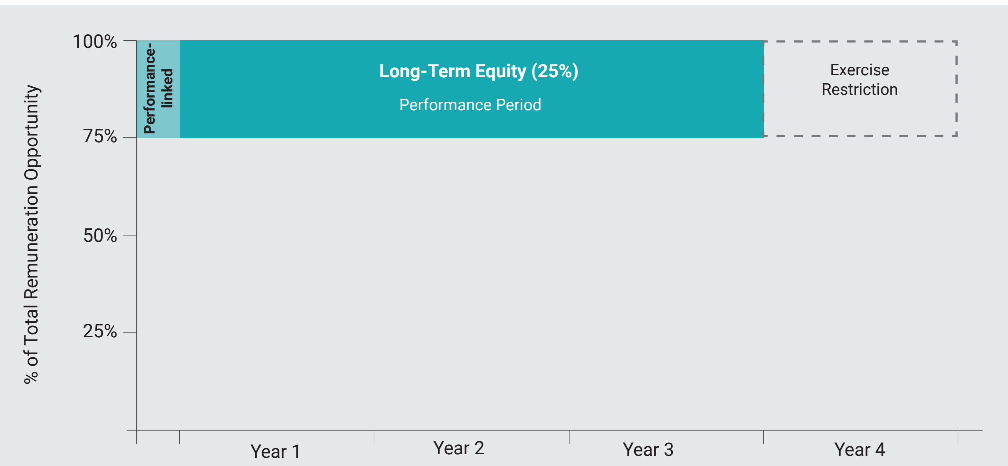
Using the same methodology as in prior years, SEEK’s share price performance hurdle was determined in two steps:

i. First, the ‘return’ was based on the 15 year average return of the ASX All Ordinaries Index; and

ii. Second, the ‘return’ was multiplied over a three year performance period on a compound basis and applied to SEEK’s VWAP at the effective date to create the ‘share price performance hurdle’.

SEEK’s Wealth Sharing Plan hurdle is purely a capital hurdle and dividends earned are not included in the targeted CAGR expected over the three year performance period. By contrast, shareholders receive the benefit of any dividends paid to them in addition to their capital return.

The Wealth Sharing Plan operates as outlined below for the FY2018 grant. There has been no change in the design of the Wealth Sharing Plan from the prior financial year.



## Terms and duration

The terms of the grants in FY2018 are set out below:

| | Wealth Sharing Plan - Options/Rights |
|---|---|
| **Objective** | Ensuring Executives focus on strong (absolute) increase in shareholder value over the long-term |
| **Effective date** | 1 July 2017 |
| **Grant date** | Executives: 17 October 2017<br>CEO: 4 December 2017 |
| **Testing date** | 30 June 2020 |
| **Vesting date** | 1 July 2020 |
| **Exercise restriction period** | 1 July 2020 to 30 June 2021 |
| **Exercise period** | 1 July 2021 to 1 July 2022 |
| **Expiry date** | 1 July 2022 |
| **Fair value at effective date** | Option: $2.20; Right: $6.83 |
| **Closing share price at grant date** | Executives: $18.37 at 17 October 2017<br>CEO: $18.80 at 4 December 2017 |
| **Exercise price** | Option: $19.79; Right: $nil |
| **Fair value at grant date** | Executives: $8.54 at 17 October 2017<br>CEO: $9.00 at 4 December 2017 |
| **Performance conditions** | Vesting is dependent on achieving a share price hurdle of $19.79, calculated as follows:<br>i. The 15 year average growth in the ASX All Ordinaries Index for the FY2018 grant was 5.10%<br>ii. 60 day VWAP up to and not including the effective date was $17.05<br>*Calculation: (1+0.051)^3 year period x $17.05= $19.79* |
| **Lapsing condition** | Options/Rights will lapse, subject to Board discretion, where the Executive ceases employment (i) before the testing date as a result of summary dismissal or (ii) before 1 January 2019.<br>In other circumstances, the Executive's Options/Rights will remain on foot and subject to their original terms, unless the Board determines otherwise. |
| **Vesting schedule** | If SEEK's 60 day VWAP to 30 June 2020 meets or exceeds the share price hurdle, 100% Options/Rights will vest. If SEEK's share price does not meet the share price hurdle, 0% of Options/Rights will vest. |
| **Allocation methodology** | The number of Options/Rights granted to an Executive was determined by dividing the Executive's Wealth Sharing Plan award value by the fair value of the Options/Rights at the effective date, as determined by an independent consultant (Ernst & Young).<br>The fair value was based on the closing share price as at the effective date, and was calculated using a Monte-Carlo simulation model, which takes into consideration factors such as the performance hurdle, probability of the hurdle being achieved, share price volatility, expected life of the award, dividend yield and risk-free rate. |

## Remuneration Report continued

The CEO's FY2018 Wealth Sharing Plan grant was equal to 25% of his Total Remuneration Opportunity. Using a fair value allocation approach, this resulted in 171,941 Rights being allocated following shareholder approval at SEEK's 2017 Annual General Meeting. For allocation purposes, the fair value of the Rights, as determined by Ernst & Young as at the start of the performance period (that is, 1 July 2017), was $6.83. For comparison purposes, the face value of the Rights, based on SEEK's 60 day VWAP up to and including 30 June 2017, was $17.05.

The difference between the fair value and face value of these Rights reflects the degree of difficulty associated with SEEK's long-term, absolute share price performance hurdle. The hurdle requires the Company's share price to grow on a CAGR basis for the duration of the vesting period, regardless of market performance during this performance period. This is in contrast to a relative TSR performance hurdle, where vesting may occur if the Company outperforms its peers, even if their absolute share price decreases. SEEK's more challenging performance hurdle, in conjunction with the all or nothing vesting approach, therefore results in a lower probability of vesting. In addition, SEEK does not account for dividends foregone, which is another factor influencing the fair value of the Rights.

A comparison of the fair value and face value of the Rights granted to the CEO under the Wealth Sharing Plan, as at 1 July 2017 (the effective date) is set out below:

| | Number of Rights | Fair value of Rights | Face value of Rights |
|---|---|---|---|
| Andrew Bassat | 171,941 | $1,174,360 | $2,931,594 |

## 5. Executive contract terms and remuneration

This section sets out key contract terms for SEEK's Executives and details of CEO remuneration in FY2019.

### 5.1 Executive contract terms

Remuneration and other terms of employment for the CEO and other Executives are formalised in employment agreements. Each of these agreements provides for Base Salary and Superannuation, the Equity Right, and Wealth Sharing Plan Options and/or Rights. Each Executive's Total Remuneration Opportunity is reviewed on an annual basis.

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

| Individual | Contract term | Notice period - employer | Notice period - employee | Post-employment restraints |
|---|---|---|---|---|
| CEO and other Executives | Ongoing | Six months | Six months[1] | 12 month non-competition period across all markets in which SEEK operates |

1. SEEK has transitioned Executives (other than the CEO) onto six month notice periods, effective 1 July 2018. The CEO already had a six month notice period.

The Company can terminate employment with a payment in lieu of notice. Any payment in lieu of notice is not to exceed average annual base salary as defined by the *Corporations Act 2001*. The Company may terminate employment immediately for cause, in which case the Executive is not entitled to any payment in lieu of notice.

### 5.2 CEO Remuneration for FY2019

Since the end of the reporting period, the Board has increased the CEO's Total Remuneration Opportunity by 7.0%, effective 1 July 2018.

| | FY2019 package | |
|---|---|---|
| Base Salary and Superannuation | $2,513,130 | 50% |
| Equity Right | $1,256,565 | 25% |
| Options/Rights | $1,256,565 | 25% |
| **Total Remuneration Opportunity** | **$5,026,260** | |

The past year has seen the recent integration of SEEK ANZ, SEEK Asia, OCC and Catho into AP&A, the privatisation of Zhaopin, and the formation of SEEK Investments. Based on the expansion and growth in complexity of the CEO's role and the demands placed on him, the Board determined that the CEO's new Total Remuneration Opportunity appropriately balances his increased role, exceptional track record, the total remuneration packages offered by some of SEEK's direct global business competitors and the local market context.

The new Total Remuneration Opportunity also ensures the CEO remains positioned within SEEK's targeted range of the 50th to 80th percentile of SEEK's primary comparator group (albeit the lower end of this range) and with an increasing focus on global competition, around the median of ASX listed companies with international operations that are of a similar size to SEEK.

At the 2018 SEEK Annual General Meeting ('AGM') on 27 November 2018, shareholders will be asked to approve the grant of an Equity Right and a grant of Wealth Sharing Plan Options and/or Rights to the CEO.

## 5.3 Executive statutory remuneration for FY2018 and FY2017

The following table provides the statutory remuneration disclosures for Executive KMP for FY2018 and is prepared in accordance with Australian Accounting Standards. Note, the statutory remuneration disclosed in this table differs from the Executive KMPs' FY2018 Total Remuneration Opportunity and the elements of the remuneration framework outlined in section 4. Differences arise mainly due to the accounting treatment of long-term benefits (which include annual leave and long service leave) and share-based payments (Equity Rights, Options/Rights granted under the Wealth Sharing Plan). Statutory disclosures include an accounting value for current year Equity Rights and all unvested Wealth Sharing Plan awards. Accounting standards require remuneration in the form of equity awards to be expensed (and therefore included as remuneration) over the performance period of the Option or Right even though an Executive may not realise any benefit from that award.

| | | Short-term benefits | | Post-employment benefits | Termination benefits | Long-term benefits | Share-based payments | | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Cash salary[1] $ | Non-monetary benefits $ | Superannuation[2] $ | $ | Leave[3] $ | Equity Rights[4] $ | Rights[5] $ | Options[5] $ | $ | Performance based equity component[6] % |
| **Executive KMP** | | | | | | | | | | | |
| A R Bassat | **2018** | **2,324,175** | **7,515** | **24,545** | **-** | **206,840** | **1,174,360** | **1,363,115** | **-** | **5,100,550** | **27%** |
| | 2017 | 2,239,296 | 7,915 | 30,000 | - | 249,120 | 1,134,648 | 1,008,876 | 421,420 | 5,091,275 | 28% |
| M J Ilczynski | **2018** | **1,560,298** | **10,921** | **24,545** | **-** | **115,865** | **792,422** | **884,206** | **-** | **3,388,257** | **26%** |
| | 2017 | 1,501,250 | 11,321 | 30,000 | - | 88,193 | 765,625 | 573,381 | 174,900 | 3,144,670 | 24% |
| G I Roberts | **2018** | **1,078,645** | **10,921** | **20,049** | **-** | **(5,375)** | **571,320** | **666,732** | **-** | **2,342,292** | **28%** |
| | 2017 | 1,082,925 | 11,321 | 21,075 | - | (5,889) | 552,000 | 544,239 | - | 2,205,671 | 25% |
| **Former Executive KMP** | | | | | | | | | | | |
| I Mazer[7] | **2018** | **596,414** | **6,902** | **21,361** | **-** | **50,883** | **307,940** | **431,947** | **-** | **1,415,447** | **31%** |
| | 2017 | 377,715 | 6,698 | 19,091 | - | 3,450 | 198,395 | 132,105 | 40,572 | 778,026 | 22% |
| P D Everingham[8] | **2018** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | 2017 | 545,706 | 4,448 | 16,154 | 221,180 | (35,551) | 262,375 | 104,338 | (305,819) | 812,831 | (25%) |
| J S Powell[8] | **2018** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | 2017 | 150,231 | 6,907 | 5,877 | 184,612 | (79,880) | - | (180,276) | (329,343) | (241,872) | n/a |
| Total | **2018** | **5,559,532** | **36,259** | **90,500** | **-** | **368,213** | **2,846,042** | **3,346,000** | **-** | **12,246,546** | |
| | 2017 | 5,897,123 | 48,610 | 122,197 | 405,792 | 219,443 | 2,913,043 | 2,182,663 | 1,730 | 11,790,601 | |

1. Amounts disclosed include base salary and any superannuation amount over the general concessional contributions cap of $25,000 for the 2017-18 income year paid as cash.
2. Superannuation at SEEK is uncapped with any amount earned over the general concessional contributions cap paid as cash and included within 'cash salary'.
3. Amounts disclosed reflect long service leave and annual leave accrued but not taken.
4. Amounts disclosed reflect the accounting expense for the Executives' Equity Right.
5. Amounts disclosed reflect the accounting expense for the Options/Rights granted under the Wealth Sharing Plan. Negative amounts indicate expenses reversed during the year due to termination.
6. Amounts disclosed reflect the expense relating to Wealth Sharing Plan Options/Rights as a percentage of Total Remuneration.
7. Isar Mazer ceased to be KMP on 5 March 2018. The FY2018 amounts reflect his remuneration from 1 July 2017 to 5 March 2018. The FY2017 amounts reflect his remuneration from 1 December 2016 (the date Isar became KMP due to his appointment as MD SEEK International) to 30 June 2017.
8. Joseph Powell and Peter Everingham left the Group effective 5 September 2016 and 31 December 2016 respectively.

# Remuneration Report continued

## 6. Non-Executive Director fees

This section sets out how SEEK's Board members are remunerated and details the actual Non-Executive Director fees paid in FY2018.

### 6.1 Non-Executive Director fee policy

The following table outlines the Non-Executive Director fee policy and terms of the parent entity and the Group:

| | |
|---|---|
| **Aggregate Non-Executive Director fee limit** | Non-Executive Director fees are determined within an aggregate Directors' fee limit.<br>The current aggregate fee limit of $1,800,000 per annum was approved by shareholders at the 2016 AGM. |
| **Non-Executive Director fee reviews** | Non-Executive Directors' fees and payments are reviewed annually by the Committee, and approved by the Board, to ensure fees are appropriately positioned in the market to attract and retain high calibre Non-Executive Directors. |
| **Non-Executive Director fees in FY2018 and FY2019** | In FY2016, independent remuneration consultants (Ernst & Young) provided the Committee with a comparative benchmark analysis of Non-Executive Director fees. Based on this analysis, which highlighted a change in market rates and practices and the increased complexity and time required to fulfil director roles, the Board determined that changes would be made to the Non-Executive Director fee structure. The changes were phased in over a two year period being FY2017 and FY2018.<br>The fee structure for FY2018, effective 1 July 2017, is set out below.<br>Chairman of the Board: $400,000<br>Non-Executive Directors: $150,000<br>Additional fees are paid for the following roles:<br>Chairman of the Audit and Risk Management Committee: $37,000<br>Member of the Audit and Risk Management Committee: $19,000<br>Chairman of the Remuneration Committee: $30,000<br>Member of the Remuneration Committee: $15,000<br>Member of the Nomination Committee: $0<br>In light of modest market movements and the comprehensive FY2016 review, the Committee determined not to undertake a detailed review of Non-Executive Director fees for FY2019. Instead, Board and Committee fees will increase by between 2.5% and 3.0%, reflective of external market movements. This will be the first time that the Non-Executive Director base fee has increased since FY2014 as no adjustment was made as part of the FY2016 review.<br>The fee structure for FY2019, effective 1 July 2018, is set out below.<br>Chairman of the Board: $410,000<br>Non-Executive Directors: $154,000<br>Additional fees are paid for the following roles:<br>Chairman of the Audit and Risk Management Committee: $38,000<br>Member of the Audit and Risk Management Committee: $19,500<br>Chairman of the Remuneration Committee: $31,000<br>Member of the Remuneration Committee: $15,500<br>Member of the Nomination Committee: $0<br>The Chairman's fees are determined as a separate exercise to those of other Non-Executive Directors. The Chairman does not participate in any decision in relation to his own remuneration. The Chairman does not receive any additional Committee fees on top of his fees as Chairman. |
| **Superannuation** | The fees set out above include superannuation payments in accordance with relevant statutory requirements. Superannuation is paid up to the relevant concessional contributions cap. |
| **Non-Executive Director minimum shareholding requirement** | All Non-Executive Directors are required to hold a SEEK shareholding equivalent to one year of their base Directors' fee. Refer to section 2.3. |
| **Performance-based remuneration** | Non-Executive Directors do not receive share options or rights or any performance-based remuneration. |
| **Non-Executive Director fees for international subsidiaries** | Zhaopin Ltd is a subsidiary entity based in China. Zhaopin Ltd was listed on the New York Stock Exchange until October 2017. Consistent with international practice, Zhaopin Ltd's independent Directors were paid Director fees while it was listed. The Zhaopin Ltd Director fees paid in FY2018 in relation to a SEEK Director are disclosed in the table of Director fees in section 6.2. |

## 6.2 Non-Executive Director fees

Details of the actual fees paid to each Non-Executive Director of the parent entity for FY2018 and FY2017 are set out in the following table.

The total Non-Executive Director fees paid for FY2018 were $1,273,142, below the current fee limit of $1,800,000. The increase in total Non-Executive Director fees in FY2018 related to changes to the fee structure that were phased in from 1 July 2016.

| | | Short-term benefits | | | Post-employment benefits | |
|---|---|---|---|---|---|---|
| | | SEEK Limited Director fees $ | Zhaopin Ltd Director fees $ | Non-monetary benefits $ | Superannuation $ | Total $ |
| N G Chatfield | **2018** | **379,950** | **-** | **5,245** | **20,050** | **405,245** |
| | 2017 | 380,384 | - | 5,645 | 19,616 | 405,645 |
| C B Carter[1] | **2018** | **119,073** | **-** | **-** | **11,312** | **130,385** |
| | 2017 | 155,251 | - | - | 14,749 | 170,000 |
| D I Bradley | **2018** | **150,685** | **-** | **-** | **14,315** | **165,000** |
| | 2017 | 143,836 | - | - | 13,664 | 157,500 |
| G B Goldsmith[2] | **2018** | **170,776** | **32,250** | **5,245** | **16,224** | **224,495** |
| | 2017 | 166,324 | 132,630 | 5,645 | 15,801 | 320,400 |
| J A Fahey | **2018** | **154,338** | **-** | **-** | **14,662** | **169,000** |
| | 2017 | 145,662 | - | - | 13,838 | 159,500 |
| V M Wallace[3] | **2018** | **163,486** | **-** | **-** | **15,531** | **179,017** |
| | 2017 | 45,662 | - | - | 4,338 | 50,000 |
| Total | **2018** | **1,138,308** | **32,250** | **10,490** | **92,094** | **1,273,142** |
| | 2017 | 1,037,119 | 132,630 | 11,290 | 82,006 | 1,263,045 |

1. Colin Carter retired as Non-Executive Director effective 22 March 2018.
2. Graham Goldsmith ceased to be a Non-Executive Director of Zhaopin Ltd on 29 September 2017.
3. Vanessa Wallace was appointed a Non-Executive Director on 1 March 2017 and a member of the Remuneration Committee on 1 December 2017.

# 7. Relationship between company performance and remuneration outcomes

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

## 7.1 SEEK's performance

The following table sets out information about the Group's earnings and movements in shareholders' wealth for the past five financial years up to and including FY2018.

| | FY2018 | FY2017 | FY2016 | FY2015 | FY2014 |
|---|---|---|---|---|---|
| Share price at year end ($) | 21.81 | 16.91 | 15.21 | 14.06 | 15.85 |
| Weighted average share price ($) | 18.73 | 15.76 | 14.12 | 16.61 | 13.64 |
| Total dividend (cents per share) | 46.0 | 44.0 | 40.0 | 36.0 | 30.0 |
| | | | | | |
| Sales revenue (excluding significant items)($m) | 1,294.5 | 1,040.9 | 950.4 | 858.4 | 713.3 |
| EBITDA (excluding significant items)($m) | 432.8 | 375.8 | 366.7 | 348.9 | 303.9 |
| NPAT (excluding significant items and early stage ventures) attributable to SEEK ($m)[1] | 229.5 | 220.8 | 198.1 | 193.0 | 179.7 |
| Basic EPS (excluding significant items and early stage ventures) (cents)[1] | 65.5 | 63.5 | 57.6 | 56.3 | 53.0 |

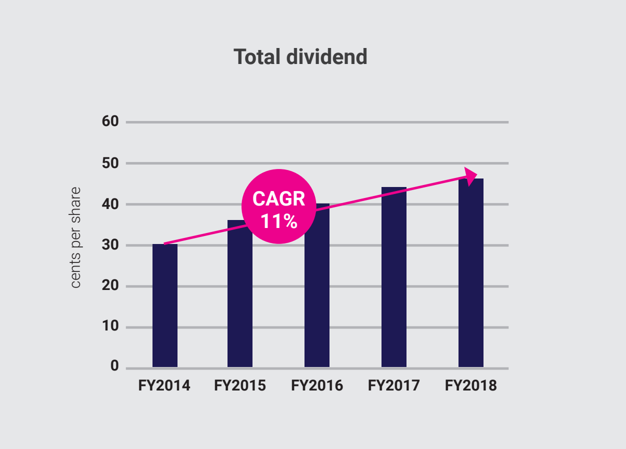
1. Excludes the impact of one-off significant items and early stage ventures in FY2018 and FY2017; refer to the Review of Operations on page 7.

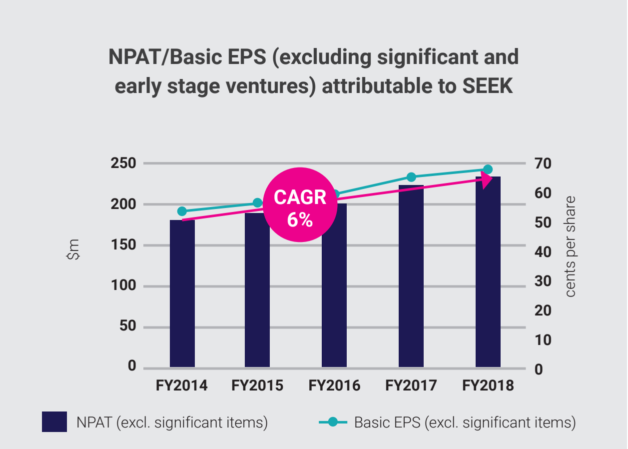
# Directors' Report

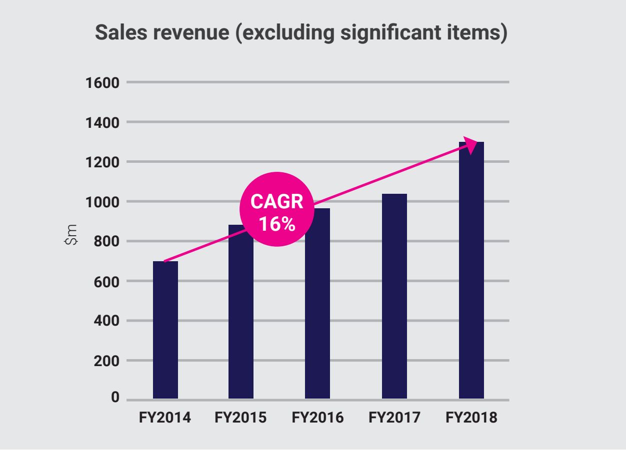
## Remuneration Report continued

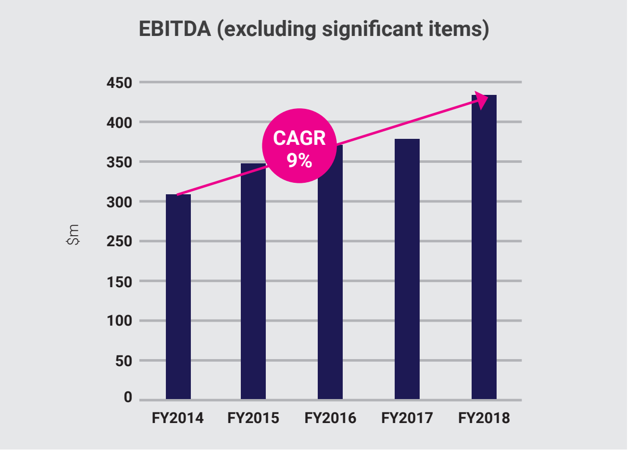
### 7.1 SEEK's performance continued

SEEK's remuneration strategy focuses on continuing to drive long-term growth in shareholder wealth. The charts below set out information about the Group's financial performance for the past five financial years up to and including FY2018[1].




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

## 7.2 Outcome of equity plans

### FY2015 Wealth Sharing Plan – lapsed on 1 July 2017

Options granted under the FY2015 Wealth Sharing Plan lapsed on 1 July 2017. Details of these grants and their vesting outcomes are outlined below.

| Effective date | Grant date | Participants | Performance hurdle | Test date | Vesting date | % Vested | End of disposal restriction |
|---|---|---|---|---|---|---|---|
| 1 July 2014 | 6 August 2014 | Executives | Share price: $19.04 | 30 June 2017 | 1 July 2017 | 0% | n/a |
| 1 July 2014 | 12 December 2014 | CEO | Share price: $19.04 | 30 June 2017 | 1 July 2017 | 0% | n/a |

As a result of these Options lapsing, SEEK Executives did not receive any value from the FY2015 Wealth Sharing Plan, demonstrating the challenging nature of SEEK's performance hurdle.

### FY2016 Wealth Sharing Plan – vested on 1 July 2018

Under the FY2016 Wealth Sharing Plan, Executives were given the choice to receive Options or Rights. In this instance, all Executives elected to receive Rights. Rights granted under the FY2016 Wealth Sharing Plan vested on 1 July 2018. Details of these grants and the vesting outcomes are outlined below.

| Effective date | Grant date | Participants | Performance hurdle | Test date | Vesting date | % Vested | End of disposal restriction |
|---|---|---|---|---|---|---|---|
| 1 July 2015 | 1 October 2015<br>2 November 2015 | Executives | Share price: $16.68 | 30 June 2018 | 1 July 2018 | 100% | 30 June 2019 |
| 1 July 2015 | 7 December 2015 | CEO | Share price: $16.68 | 30 June 2018 | 1 July 2018 | 100% | 30 June 2019 |

Full vesting of the FY2016 Wealth Sharing Plan grant is the result of a significant increase in SEEK's share price over the three-year performance period (from $14.62 to $22.02), representing compound annual growth of 14.6% which well exceeds the target growth hurdle of 4.5% per annum. This vesting outcome is aligned with the objective of rewarding Executives in circumstances where shareholders also see significant share price appreciation.

The vested Rights remain subject to a further 12 month exercise restriction period, meaning Executives will remain exposed to movements in SEEK's share price until 1 July 2019.

### FY2017 Equity Rights – vested on 1 July 2017

In FY2017, each Executive received one Equity Right with an effective date of 1 July 2016. The Equity Rights vested on 1 July 2017 and were automatically exercised for $nil exercise price. The table below details the number of shares issued to Executives in respect of these Equity Rights. For continuing Executives, shares received on exercise of these Equity Rights have a disposal restriction for 12 months until 1 July 2018.

| | Name | Effective date | Date of exercise of Equity Right | Number of shares issued on exercise |
|---|---|---|---|---|
| **Executive KMP** | A R Bassat | 1 July 2016 | 1 July 2017 | 71,496 |
| | M J Ilczynski | 1 July 2016 | 1 July 2017 | 48,243 |
| | G I Roberts | 1 July 2016 | 1 July 2017 | 34,782 |
| **Former Executive KMP** | I Mazer | 1 July 2016 | 1 July 2017 | 20,134 |
| | P D Everingham(1) | 1 July 2016 | 1 July 2017 | 16,532 |

1. As Peter Everingham ceased employment during FY2017, the Equity Right vested on a pro-rata basis.

## Remuneration Report continued

### FY2018 Equity Rights – vested on 1 July 2018

In FY2018, each Executive received one Equity Right with an effective date of 1 July 2017. The Equity Rights vested on 1 July 2018 and were automatically exercised for $nil exercise price. The table below details the number of shares issued to Executives in respect of these Equity Rights. Shares received have a disposal restriction for 12 months until 1 July 2019.

| | Name | Effective date | Date of exercise of Equity Right | Number of shares issued on exercise |
|---|---|---|---|---|
| **Executive KMP** | A R Bassat | 1 July 2017 | 1 July 2018 | 68,877 |
| | M J Ilczynski | 1 July 2017 | 1 July 2018 | 46,476 |
| | G I Roberts | 1 July 2017 | 1 July 2018 | 33,508 |
| **Former Executive KMP** | I Mazer[1] | 1 July 2017 | 1 July 2018 | 18,061 |

1. Isar Mazer's allocation was pro-rated for unpaid leave during FY2018.

## 7.3 Shares provided on exercise of Options

A number of Executive KMP have exercised Options during FY2018 under previous Wealth Sharing Plan grants which have vested in previous financial years. Details of ordinary shares in the Company provided as a result of Executives exercising their Options during FY2018 are set out below.

| | Name | Date of exercise | Number of ordinary shares issued on exercise | Exercise price | Value at exercise date[1] |
|---|---|---|---|---|---|
| **Executive KMP** | M J Ilczynski | 18 August 2017 | 9,900 | $10.38 | $67,419 |
| | M J Ilczynski | 21 August 2017 | 56,000 | $10.38 | $375,200 |
| | M J Ilczynski | 22 August 2017 | 56,000 | $10.38 | $367,920 |
| | M J Ilczynski | 23 August 2017 | 56,000 | $10.38 | $363,440 |
| | M J Ilczynski | 24 August 2017 | 17,968 | $10.38 | $115,534 |
| | M J Ilczynski | 25 August 2017 | 37,041 | $10.38 | $234,840 |
| | A R Bassat[2] | 15 March 2018 | 672,348 | $10.38 | $6,992,419 |
| **Former Executive KMP** | I Mazer | 24 August 2017 | 106,060 | $10.38 | $681,966 |

1. Value at exercise date is calculated as the 5 day VWAP on the exercise date less the exercise price paid, multiplied by the number of options exercised.
2 Options granted under the FY2014 Wealth Sharing Plan that vested on 1 July 2016, and became exercisable between 1 July 2017 and 1 July 2018.

## 8. Other KMP disclosures

This section sets out additional statutory disclosures of KMP remuneration for FY2018.

### 8.1 Ordinary shareholdings – SEEK Limited

The number of ordinary shares in the Company held during FY2018 by each KMP, including their personally related parties, is set out below. No shares were granted during the reporting period as compensation.

| FY2018 - SEEK Limited shares | Balance at the start of the financial year | Received during the year on exercise of Wealth Sharing Plan Options | Received during the year on exercise of Equity Rights[1] | Purchase of shares | Sale of shares | Other changes during the year | Balance at the end of the financial year |
|---|---|---|---|---|---|---|---|
| **Non-Executive Directors** | | | | | | | |
| N G Chatfield | 46,756 | - | - | - | (20,000) | - | 26,756 |
| C B Carter[2] | 64,458 | - | - | - | (15,000) | - | 49,458 |
| D I Bradley | 10,056 | - | - | - | - | - | 10,056 |
| G B Goldsmith | 45,000 | - | - | - | - | - | 45,000 |
| J A Fahey | 3,988 | - | - | 1,000 | - | - | 4,988 |
| V M Wallace | 10,000 | - | - | - | - | - | 10,000 |
| **Executive KMP** | | | | | | | |
| A R Bassat | 14,699,324 | 672,348 | 71,496 | - | (1,000,000) | - | 14,443,168 |
| M J Ilczynski | 79,435 | 232,909 | 48,243 | - | (232,909) | - | 127,678 |
| G I Roberts | 27,395 | - | 34,782 | - | - | - | 62,177 |
| **Former Executive KMP** | | | | | | | |
| I Mazer[3] | 17,983 | 106,060 | 20,134 | - | (124,043) | - | 20,134 |

1. These shares were held in the employee share trust as at the end of the financial year.
2. For Colin Carter, the balance as at the end of the financial year reflects shares held at the date of retirement.
3. For Isar Mazer, the balance reported as at the end of the financial year reflects his shareholding as at the date on which he ceased to be a KMP.

### 8.2 Other equity holdings

The number of Options and Rights over ordinary shares in the Company held during FY2018 by KMP (as a result of Equity Rights grants or awards made under the Wealth Sharing Plan), including their personally related parties, are set out below.

The table includes one Equity Right granted to Executive KMP each financial year. Equity Rights with an effective date of 1 July 2016 vested on 1 July 2017 and converted to a number of ordinary shares. The Equity Rights with an effective date of 1 July 2017 vested on 1 July 2018. Refer to section 7.2 for further details.

| FY2018 | Balance at the start of the financial year | Granted during the financial year as compensation | Exercised during the financial year[1] | Forfeited during the financial year | Balance at the end of the financial year | Vested and exercisable at the end of the financial year[2] | Vested and unexercisable at the end of the financial year | Unvested at the end of the financial year |
|---|---|---|---|---|---|---|---|---|
| **Executive KMP** | | | | | | | | |
| A R Bassat | 1,551,473 | 171,942 | (672,349) | (514,285) | 536,781 | - | - | 536,781 |
| M J Ilczynski | 641,945 | 116,021 | (232,910) | (179,621) | 345,435 | - | - | 345,435 |
| G I Roberts | 181,357 | 83,649 | (1) | - | 265,005 | - | - | 265,005 |
| **Former Executive KMP** | | | | | | | | |
| I Mazer[3] | 273,124 | 56,770 | (106,061) | (71,428) | 152,405 | - | - | 152,405 |

1. Includes one Equity Right exercised during the year.
2. The FY2015 Wealth Sharing Plan Options lapsed during FY2018.
3. For Isar Mazer, the balance as at the end of the financial year reflects the number of Equity Rights and Wealth Sharing Plan Options/Rights as at the date he ceased to be a KMP.

# Directors' Report

## Remuneration Report continued

### 8.3 American Depositary Shares ('ADS') holdings – Zhaopin Ltd

A number of KMP held ADSs in SEEK's subsidiary Zhaopin Ltd during FY2018. The ADSs were disposed of as part of a merger agreement involving SEEK International Investments Pty Ltd and affiliates of Hillhouse Capital Management and FountainVest Partners which resulted in Zhaopin Ltd becoming a privately-held company and the ADSs being de-listed from the New York Stock Exchange.

| FY2018 - Zhaopin Ltd ADSs | Balance at the start of the financial year | Disposal of ADSs | Balance at the end of the financial year |
|---|---|---|---|
| **Non-Executive Directors** | | | |
| N G Chatfield | - | - | - |
| C B Carter | 4,250 | (4,250) | - |
| D I Bradley | - | - | - |
| G B Goldsmith | 18,000 | (18,000) | - |
| J A Fahey | - | - | - |
| V M Wallace | - | - | - |
| **Executive KMP** | | | |
| A R Bassat | 60,000 | (60,000) | - |
| M J Ilczynski | 2,500 | (2,500) | - |
| G I Roberts | - | - | - |
| **Former Executive KMP** | | | |
| I Mazer | 3,700 | (3,700) | - |

## 8.4 Equity grants on foot during FY2018

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

| | Grant date | # of options and rights granted | Vest date | Exercise price | Value of options and rights at grant date[1] | Vested % | Vested # | Forfeited / lapsed % |
|---|---|---|---|---|---|---|---|---|
| **Executive KMP** | | | | | | | | |
| A R Bassat | 4 Dec 2013 | 672,348 | 1 Jul 2016 (2) | $10.38 | $2,783,521 | 100% | 672,348 | 0% |
| | 12 Dec 2014 | 514,285 | 1 Jul 2017 (3) | $19.04 | $1,229,141 | 0% | - | 100% |
| | 7 Dec 2015 | 182,713 | 1 Jul 2018 (4) | $0.00 | $1,037,810 | - | - | - |
| | 19 Dec 2016 | 1 | 1 Jul 2017 | $0.00 | $1,134,648 | 100% | 1 | 0% |
| | 19 Dec 2016 | 182,126 | 1 Jul 2019 | $0.00 | $994,408 | - | - | - |
| | 4 Dec 2017 | 1 | 1 Jul 2018 (4) | $0.00 | $1,174,360 | - | - | - |
| | 4 Dec 2017 | 171,941 | 1 Jul 2020 | $0.00 | $1,547,469 | - | - | - |
| M J Ilczynski | 6 Sep 2013 | 232,909 | 1 Jul 2016 (2) | $10.38 | $649,816 | 100% | 232,909 | 0% |
| | 6 Aug 2014 | 179,621 | 1 Jul 2017 (3) | $19.04 | $510,124 | 0% | - | 100% |
| | 1 Oct 2015 | 106,521 | 1 Jul 2018 (4) | $0.00 | $378,150 | - | - | - |
| | 19 Dec 2016 | 1 | 1 Jul 2017 | $0.00 | $765,625 | 100% | 1 | 0% |
| | 19 Dec 2016 | 122,893 | 1 Jul 2019 | $0.00 | $670,996 | - | - | - |
| | 17 Oct 2017 | 1 | 1 Jul 2018 (4) | $0.00 | $792,422 | - | - | - |
| | 17 Oct 2017 | 116,020 | 1 Jul 2020 | $0.00 | $990,811 | - | - | - |
| G I Roberts | 2 Nov 2015 | 67,088 | 1 Jul 2018 (4) | $0.00 | $295,187 | - | - | - |
| | 30 May 2016 | 25,665 | 1 Jul 2018 (4) | $0.00 | $112,926 | - | - | - |
| | 3 Oct 2016 | 1 | 1 Jul 2017 | $0.00 | $552,000 | 100% | 1 | 0% |
| | 3 Oct 2016 | 88,603 | 1 Jul 2019 | $0.00 | $571,489 | - | - | - |
| | 17 Oct 2017 | 1 | 1 Jul 2018 (4) | $0.00 | $571,320 | - | - | - |
| | 17 Oct 2017 | 83,648 | 1 Jul 2020 | $0.00 | $714,354 | - | - | - |
| **Former Executive KMP** | | | | | | | | |
| I Mazer | 6 Sep 2013 | 106,060 | 1 Jul 2016 (2) | $10.38 | $295,907 | 100% | 106,060 | 0% |
| | 6 Aug 2014 | 71,428 | 1 Jul 2017 (3) | $19.04 | $202,856 | 0% | - | 100% |
| | 1 Oct 2015 | 44,347 | 1 Jul 2018 (4) | $0.00 | $157,432 | - | - | - |
| | 3 Oct 2016 | 1 | 1 Jul 2017 | $0.00 | $319,528 | 100% | 1 | 0% |
| | 3 Oct 2016 | 46,661 | 1 Jul 2019 | $0.00 | $300,963 | - | - | - |
| | 19 Dec 2016 | 4,627 | 1 Jul 2019 | $0.00 | $25,263 | - | - | - |
| | 17 Oct 2017 | 1 | 1 Jul 2018 (4) | $0.00 | $307,940 | - | - | - |
| | 17 Oct 2017 | 56,769 | 1 Jul 2020 | $0.00 | $484,807 | - | - | - |

1. For Equity Rights, value is the allocated value of the Equity Right. For Wealth Sharing Plan Options/Rights, value is the fair value at grant.
2. Exercised in FY2018.
3. 100% lapsed on 1 July 2017.
4. 100% vested on 1 July 2018.

# Directors' Report

## 8.5 Shares under option

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

| Date granted | Expiry date | Exercise price[1] | Number of shares under option |
|---|---|---|---|
| **CEO Options/Rights** | | | |
| 7 December 2015 | 1 July 2020 | $0.00 | 182,713 |
| 19 December 2016 | 1 July 2021 | $0.00 | 182,126 |
| 4 December 2017 | 1 July 2022 | $0.00 | 171,941 |
| **Other Options/Rights** | | | |
| 1 October 2015 | 1 July 2020 | $0.00 | 393,494 |
| 3 October 2016 | 1 July 2021 | $0.00 | 233,617 |
| 19 December 2016 | 1 July 2021 | $0.00 | 127,520 |
| 17 October 2017 | 1 July 2022 | $0.00 | 444,351 |
| **Total shares under option[2]** | | | **1,735,762** |

1. Unlike Options, Rights do not have an Exercise Price.
2. Balance excludes Equity Rights which were automatically exercised on 1 July 2018. Corresponding fulfilment of these shares will occur in August/September 2018.

## 8.6 Shares or options over shares in subsidiaries

KMP do not hold any shares or options over shares in any subsidiaries of SEEK.

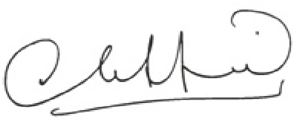
## 8.7 Loans to KMP

There were no loans to KMP during FY2018 (FY2017: $nil).

## 8.8 Other transactions with KMP

There were no other transactions with KMP, apart from related party transactions disclosed in note 31 of the Financial Report, during FY2018.

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



**Neil Chatfield**

Chairman
Melbourne

15 August 2018

# Auditor's Independence Declaration

pwc

## *Auditor's Independence Declaration*

As lead auditor for the audit of SEEK Limited for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Chris Dodd
Partner
PricewaterhouseCoopers

Melbourne
15 August 2018

***PricewaterhouseCoopers, ABN 52 780 433 757***
*2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001*
*T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au*

# Financial Report

## About this Financial Report

The content and structure of the financial report has been reviewed and modified in recent years with the aim of making it less complex and more relevant to users. The report continues to evolve in this context as well as in response to changes in accounting standards. This year, an additional cash flow disclosure has been added owing to an amendment to AASB 107 *Statement of Cash Flows* which was effective from 1 January 2017 (refer note 8 (b)).



## Basis of preparation

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

These financial statements:

- are general purpose financial statements;
- are for the consolidated entity consisting of SEEK Limited and its subsidiaries;
- have been prepared in accordance with Australian Accounting Standards (AASBs) and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*;
- comply with International Financial Reporting Standards as issued by the International Accounting Standards Board;
- have been prepared on a going concern basis notwithstanding that current liabilities exceed current assets by $139.1m as at 30 June 2018. This is mainly due to unearned income of $356.8m;
- have been prepared on a historical cost basis except for the revaluation of financial assets and liabilities (including derivative instruments) measured at fair value through profit and loss;
- are presented in Australian dollars with all values rounded to the nearest hundred thousand dollars, or in certain cases, the nearest dollar, in accordance with the Australian Securities and Investments Commission Corporations Instrument 2016/191; and
- apply significant accounting policies consistently to all periods presented, unless otherwise stated.

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

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

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

# Consolidated Income Statement for the year ended 30 June 2018

| | Notes | 2018 $m | 2017 $m |
|---|---|---|---|
| **Revenue**[1] | 2 | **1,310.2** | 1,052.0 |
| Other income[1] | 3 | **62.9** | 178.5 |
| **Operating expenses** | | | |
| Direct cost of services | | **(130.4)** | (64.3) |
| Employee benefits expenses | | **(447.8)** | (354.7) |
| Marketing related expenses | | **(145.0)** | (110.2) |
| Technology, product & development expenses | | **(30.8)** | (21.3) |
| Operations and administration expenses | | **(136.6)** | (133.4) |
| Depreciation and amortisation expenses | | **(67.6)** | (53.4) |
| Finance costs | 4 | **(43.4)** | (29.3) |
| Transaction costs | | **(8.7)** | (14.8) |
| **Total operating expenses** | | **(1,010.3)** | (781.4) |
| | | | |
| Impairment loss | 13(d) | **(181.7)** | (16.1) |
| Share of results of equity accounted investments | 24(a) | **(6.2)** | 4.3 |
| **Profit before income tax expense** | | **174.9** | 437.3 |
| Income tax expense | 6(a) | **(83.9)** | (75.3) |
| **Profit for the year** | | **91.0** | 362.0 |
| | | | |
| **Profit is attributable to:** | | | |
| Owners of SEEK Limited | | **53.2** | 340.2 |
| Non-controlling interests | | **37.8** | 21.8 |
| | | **91.0** | 362.0 |
| | | | |
| **Earnings per share attributable to the owners of SEEK Limited:** | | Cents | Cents |
| Basic earnings per share | 5 | **15.2** | 97.9 |
| Diluted earnings per share | 5 | **14.1** | 96.6 |

1. Government grant income has been reclassified from sales revenue to other income during the year and FY2017 has been restated to reflect this change.

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

# Consolidated Statement of Comprehensive Income
## for the year ended 30 June 2018

| | Notes | 2018 $m | 2017 $m |
|---|---|---|---|
| **Profit for the year** | | **91.0** | 362.0 |
| | | | |
| **Other comprehensive income** | | | |
| **Items that may be reclassified subsequently to profit or loss:** | | | |
| *Exchange differences on translation of foreign operations* | | | |
| Exchange differences on translation of foreign controlled entities | | **2.1** | (130.3) |
| Exchange differences on translation of foreign associates | | **(1.6)** | (0.1) |
| Net investment hedge of foreign controlled entities | | **(7.6)** | 11.4 |
| Income tax recognised in other comprehensive income | 6(b) | **2.5** | 0.9 |
| Reserves recycled on disposal of equity accounted investment | | **-** | (0.5) |
| | | | |
| *Cash flow hedges* | | | |
| Gains on hedge contracts of controlled entities | | **2.0** | 2.8 |
| Income tax recognised in other comprehensive income | 6(b) | **(0.6)** | (0.9) |
| | | | |
| **Items that will never be reclassified to profit or loss:** | | | |
| | | | |
| *Investment in equity instruments* | | | |
| Change in fair value of financial assets | 11(iv) | **(2.3)** | (5.8) |
| Tax associated with the sale of financial asset | | **-** | 1.3 |
| **Other comprehensive income for the year** | | **(5.5)** | (121.2) |
| **Total comprehensive income for the year** | | **85.5** | 240.8 |
| | | | |
| **Total comprehensive income for the year attributable to:** | | | |
| Owners of SEEK Limited | | **37.3** | 244.8 |
| Non-controlling interests | | **48.2** | (4.0) |
| | | **85.5** | 240.8 |

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

# Consolidated Balance Sheet
as at 30 June 2018

| | Notes | 2018 $m | 2017 $m |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 7 | **361.7** | 652.0 |
| Trade and other receivables | 10 | **169.6** | 111.7 |
| Other financial assets | 11 | **93.2** | 78.2 |
| **Total current assets** | | **624.5** | 841.9 |
| **Non-current assets** | | | |
| Investments accounted for using the equity method | 24 | **130.9** | 45.5 |
| Plant and equipment | | **39.5** | 29.1 |
| Intangible assets | 12 | **2,552.6** | 2,672.2 |
| Other receivables | 10 | **100.3** | 16.7 |
| Other financial assets | 11 | **308.6** | 45.2 |
| Deferred tax assets | 6(c) | **29.4** | 32.4 |
| **Total non-current assets** | | **3,161.3** | 2,841.1 |
| **Total assets** | | **3,785.8** | 3,683.0 |
| **Current liabilities** | | | |
| Trade and other payables | 15 | **244.0** | 192.1 |
| Borrowings | 7(b) | **80.5** | 37.8 |
| Unearned income | | **356.8** | 266.3 |
| Other financial liabilities | 16 | **8.6** | 3.8 |
| Current tax liabilities | 6(a) | **38.4** | 17.9 |
| Provisions | 17 | **35.3** | 32.1 |
| **Total current liabilities** | | **763.6** | 550.0 |
| **Non-current liabilities** | | | |
| Borrowings | 7(b) | **1,218.7** | 930.2 |
| Other financial liabilities | 16 | **18.8** | 18.5 |
| Deferred tax liabilities | 6(c) | **124.2** | 115.3 |
| Provisions | 17 | **23.2** | 29.1 |
| **Total non-current liabilities** | | **1,384.9** | 1,093.1 |
| **Total liabilities** | | **2,148.5** | 1,643.1 |
| **Net assets** | | **1,637.3** | 2,039.9 |
| **Equity** | | | |
| Share capital | 18 | **269.2** | 251.6 |
| Foreign currency translation reserve | | **38.9** | 36.5 |
| Hedging reserve | 19(a) | **(91.9)** | (86.1) |
| Other reserves | 19(b) | **0.2** | 53.7 |
| Retained profits | | **1,123.9** | 1,225.0 |
| Non-controlling interests | 23(c) | **297.0** | 559.2 |
| **Total equity** | | **1,637.3** | 2,039.9 |

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

# Consolidated Statement of Changes in Equity
## for the year ended 30 June 2018

| | Notes | Share capital $m | Foreign currency translation reserve $m | Hedging reserve $m | Other reserves $m | Retained profits $m | Total $m | Non-controlling interests $m | Total equity $m |
|---|---|---|---|---|---|---|---|---|---|
| | | Attributable to equity holders of the parent | | | | | | | |
| **Balance at 1 July 2016** | | 222.9 | 140.5 | (99.4) | 66.3 | 1,024.9 | 1,355.2 | 469.4 | 1,824.6 |
| **Profit for the year** | | - | - | - | - | 340.2 | 340.2 | 21.8 | 362.0 |
| Exchange differences on translation of foreign operations | | - | (104.6) | - | - | - | (104.6) | (25.8) | (130.4) |
| Gains on hedge contracts | | - | - | 14.2 | - | - | 14.2 | - | 14.2 |
| Change in fair value of financial assets | 11(iv) | - | - | - | (5.8) | - | (5.8) | - | (5.8) |
| Tax associated with sale of financial assets | 6(b) | - | - | - | - | 1.3 | 1.3 | - | 1.3 |
| Income tax recognised in other comprehensive income | 6(b) | - | 0.9 | (0.9) | - | - | - | - | - |
| Reserves recycled on disposal of equity accounted investment | | - | (0.5) | - | - | - | (0.5) | - | (0.5) |
| **Total comprehensive income for the year** | | - | (104.2) | 13.3 | (5.8) | 341.5 | 244.8 | (4.0) | 240.8 |
| *Transactions with owners:* | | | | | | | | | |
| Contributions of equity | 18(a) | 28.7 | - | - | - | - | 28.7 | - | 28.7 |
| Dividends provided for or paid | 20 | - | - | - | - | (146.1) | (146.1) | (7.0) | (153.1) |
| Employee share options scheme | | - | - | - | 11.4 | - | 11.4 | 0.5 | 11.9 |
| Tax associated with employee share schemes | 6(b) | - | - | - | (2.3) | 8.0 | 5.7 | - | 5.7 |
| Exercise of share options | | - | 0.2 | - | (1.7) | - | (1.5) | 6.4 | 4.9 |
| Share of reserve movement of associates | 24(a) | - | - | - | 0.6 | - | 0.6 | - | 0.6 |
| Put option to acquire additional interest in subsidiary | | - | - | - | (18.3) | - | (18.3) | - | (18.3) |
| Non-controlling interest recognised on acquisition | | - | - | - | - | - | - | 94.1 | 94.1 |
| Transfer between reserves | | - | - | - | 3.5 | (3.3) | 0.2 | (0.2) | - |
| **Balance at 30 June 2017** | | 251.6 | 36.5 | (86.1) | 53.7 | 1,225.0 | 1,480.7 | 559.2 | 2,039.9 |
| **Profit for the year** | | - | - | - | - | 53.2 | **53.2** | **37.8** | **91.0** |
| Exchange differences on translation of foreign operations | | - | (9.5) | - | - | - | **(9.5)** | **10.0** | **0.5** |
| Gains on hedge contracts | | - | - | (6.0) | - | - | **(6.0)** | **0.4** | **(5.6)** |
| Change in fair value of financial assets | 11(iv) | - | - | - | (2.3) | - | **(2.3)** | **-** | **(2.3)** |
| Income tax recognised in other comprehensive income | 6(b) | - | 1.7 | 0.2 | - | - | **1.9** | **-** | **1.9** |
| **Total comprehensive income for the year** | | - | (7.8) | (5.8) | (2.3) | 53.2 | **37.3** | **48.2** | **85.5** |
| *Transactions with owners:* | | | | | | | | | |
| Contributions of equity | 18(a) | 17.6 | - | - | - | - | **17.6** | **-** | **17.6** |
| Dividends provided for or paid | 20 | - | - | - | - | (157.7) | **(157.7)** | **(51.9)** | **(209.6)** |
| Employee share options scheme | | - | - | - | 18.7 | - | **18.7** | **4.0** | **22.7** |
| Tax associated with employee share schemes | 6(b) | - | - | - | (0.1) | 2.0 | **1.9** | **-** | **1.9** |
| Change in ownership of subsidiaries | | - | 10.0 | - | (37.6) | - | **(27.6)** | **(130.9)** | **(158.5)** |
| Settlement of employee share options | | - | - | - | 6.4 | - | **6.4** | **(14.7)** | **(8.3)** |
| Conversion of equity settled share options | | - | - | - | (3.0) | - | **(3.0)** | **(2.0)** | **(5.0)** |
| Zhaopin privatisation | 22 | - | 0.2 | - | (41.6) | - | **(41.4)** | **(114.5)** | **(155.9)** |
| Share of reserve movement of associates | | - | - | - | 5.6 | 1.4 | **7.0** | **-** | **7.0** |
| Transfer between reserves | | - | - | - | 0.4 | - | **0.4** | **(0.4)** | **-** |
| **Balance at 30 June 2018** | | 269.2 | 38.9 | (91.9) | 0.2 | 1,123.9 | **1,340.3** | **297.0** | **1,637.3** |

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

# Consolidated Statement of Cash Flows
## for the year ended 30 June 2018

| | Notes | 2018 $m | 2017 $m |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers (inclusive of goods and services tax) | | **1,432.3** | 1,165.5 |
| Payments to suppliers and employees (inclusive of goods and services tax) | | **(937.3)** | (708.7) |
| | | **495.0** | 456.8 |
| Interest received | | **17.0** | 17.1 |
| Interest paid | | **(34.7)** | (25.5) |
| Transaction costs | | **(19.5)** | (3.6) |
| Income taxes paid | 6(a) | **(65.1)** | (164.4) |
| **Net cash inflow from operating activities** | 8 | **392.7** | 280.4 |
| **Cash flows from investing activities** | | | |
| Proceeds from disposal of equity accounted investment | | **5.2** | - |
| Payments for acquisition of subsidiary, net of cash acquired | | **-** | (85.8) |
| Proceeds from disposal of financial asset | | **-** | 10.2 |
| Dividends and distributions received from equity accounted investments | 24(a) | **0.7** | 6.3 |
| Return of capital from equity accounted investment | 24(a) | **6.4** | - |
| Payment for additional interest in equity accounted investments | | **(8.0)** | (5.6) |
| Payment for investment in equity accounted investments | | **(89.2)** | - |
| Payment for intangible assets | | **(88.1)** | (62.0) |
| Payment for plant and equipment | | **(25.5)** | (14.7) |
| Payment for investment in financial assets | | **(40.0)** | (3.0) |
| Payment for convertible notes | | **(29.8)** | - |
| (Payments)/proceeds from other investing arrangements | | **(0.8)** | - |
| **Net cash (outflow) from investing activities** | | **(269.1)** | (154.6) |
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings | | **741.7** | 470.0 |
| Repayment of borrowings | | **(439.1)** | (301.1) |
| Transaction costs on establishment of debt facilities | | **(0.4)** | (6.0) |
| Cash placed on deposit to support entrusted loan facilities | | **(302.9)** | - |
| Cash released from short term investments | | **75.4** | 10.2 |
| Proceeds from share options | | **17.6** | 28.7 |
| Proceeds from share options in subsidiaries | | **-** | 5.2 |
| Settlement of share options in subsidiaries | | **(8.3)** | - |
| Zhaopin privatisation | | **(152.5)** | - |
| Dividends paid to members of the parent | 20 | **(157.7)** | (146.1) |
| Dividends paid to non-controlling interests | | **(31.7)** | (7.0) |
| Payment for additional interest in subsidiary | | **(158.5)** | - |
| (Payments)/proceeds from other financing arrangements | | **(10.9)** | (10.0) |
| **Net cash (outflow)/inflow from financing activities** | | **(427.3)** | 43.9 |
| **Net (decrease)/increase in cash and cash equivalents** | | **(303.7)** | 169.7 |
| Cash and cash equivalents at the beginning of the year | | **652.0** | 504.9 |
| Effect of exchange rate changes on cash and cash equivalents | | **13.4** | (22.6) |
| **Cash and cash equivalents at the end of the year** | | **361.7** | 652.0 |

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

# Notes to the financial statements

## For the year ended 30 June 2018

### 1. Segment information

**Accounting Policy**

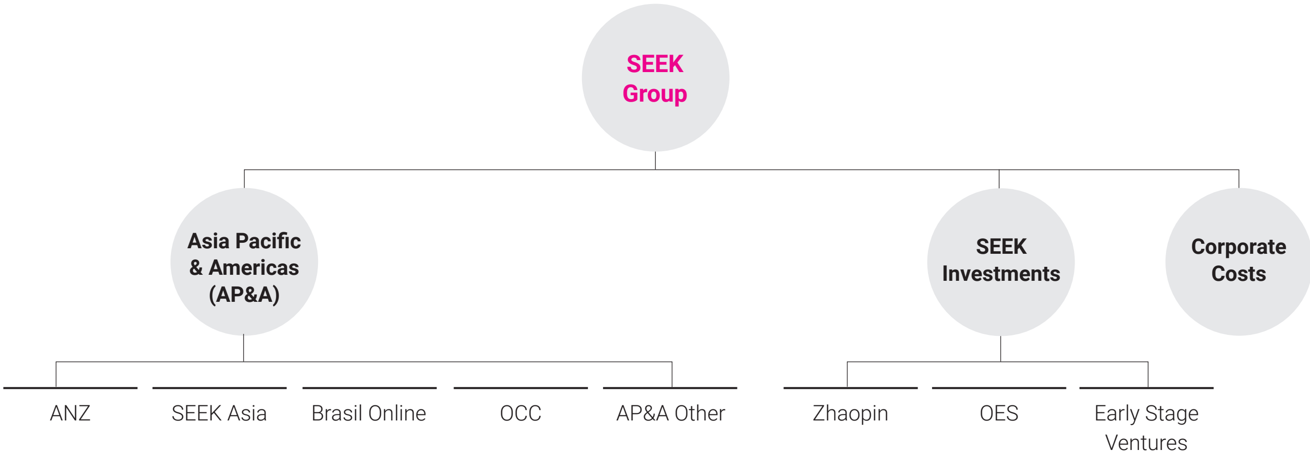
Operating segments, which have not been aggregated, are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ('CODM'). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as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

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

To align with previously announced organisational structure changes, SEEK has made a series of changes to its financial structure. The revised segment reporting will now comprise three main segments:

- SEEK Asia Pacific & Americas ('AP&A'): SEEK ANZ, SEEK Asia, Brasil Online, OCC and AP&A Other (other businesses);
- SEEK Investments: Zhaopin, Online Education Services and Early Stage Ventures ('ESVs'); and
- Corporate Costs: Costs incurred that are not directly attributable to AP&A.

Comparative information for FY2017 has been restated.




| Operating segment | Nature of operations | Primary source of revenue | Geographical location |
|---|---|---|---|
| **ANZ** | Online employment marketplace services | Job advertising | Australia and New Zealand |
| **SEEK Asia** | Online employment marketplace services | Job advertising | Seven countries across South East Asia |
| **Brasil Online** | Online employment marketplace services | Candidate services and job advertising | Brazil |
| **OCC** | Online employment marketplace services | Job advertising | Mexico |
| **AP&A Other** | A portfolio of early stage investments that complement and/or have synergies with the AP&A operating businesses | Various | Various |
| **Zhaopin** | Online employment marketplace services | Job and banner advertising | People's Republic of China |
| **OES** | Provision of Online Higher Education courses | Provision of education services to students | Australia |
| **Early Stage Ventures** | A portfolio of early stage investments which are managed as independent entities | Various | Various |

## (a) Segment information provided to the CODM

| | | Asia Pacific & Americas | | | | | | SEEK Investments | | | | Corporate Costs | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | ANZ | SEEK Asia | Brasil Online | OCC | Other[2] | Total | Zhaopin | OES | ESV[2] | Total | | |
| **Year ended 30 June 2018** | **Notes** | $m | $m | $m | $m | $m | $m | | $m | $m | $m | $m | $m |
| **Sales revenue** | 2 | 411.8 | 151.3 | 74.9 | 29.0 | 19.2 | **686.2** | 461.5 | 119.4 | 27.4 | **608.3** | **-** | **1,294.5** |
| **Segment EBITDA[1]** | | 251.8 | 76.3 | 22.7 | 4.9 | (17.8) | **337.9** | 84.0 | 37.5 | (9.7) | **111.8** | **(16.9)** | **432.8** |
| Depreciation | | (1.5) | (2.3) | (1.4) | (1.2) | (0.1) | **(6.5)** | (5.7) | (0.5) | (0.1) | **(6.3)** | **(1.6)** | **(14.4)** |
| Amortisation | 12 | (26.5) | (3.0) | (3.3) | (1.9) | (4.1) | **(38.8)** | (5.5) | (8.4) | (0.5) | **(14.4)** | **-** | **(53.2)** |
| Impairment loss | 13(d) | - | - | (119.0) | (60.0) | - | **(179.0)** | (2.7) | - | - | **(2.7)** | **-** | **(181.7)** |
| Net interest (expense) / income | | 0.7 | (3.5) | 3.8 | 0.5 | (0.4) | **1.1** | (0.6) | 1.0 | (0.2) | **0.2** | **(27.2)** | **(25.9)** |
| Share-based payments and other LTI | 30(b) | (4.6) | (2.3) | (0.3) | (0.3) | (1.1) | **(8.6)** | (10.2) | - | (1.4) | **(11.6)** | **(6.6)** | **(26.8)** |
| Share of results of equity accounted investments | 24(a) | - | - | - | - | (0.8) | **(0.8)** | - | - | (5.4) | **(5.4)** | **-** | **(6.2)** |
| Gain on disposal of equity accounted investment | 3 | - | - | - | - | - | **-** | - | - | 1.9 | **1.9** | **-** | **1.9** |
| Fair value gain on financial asset | 3 | - | - | - | - | - | **-** | 58.8 | - | - | **58.8** | **-** | **58.8** |
| Transaction costs from investing activities | | - | - | - | - | - | **-** | (6.9) | - | (0.1) | **(7.0)** | **(1.7)** | **(8.7)** |
| Other financing activities / borrowing costs written off | | - | (1.3) | - | 0.8 | - | **(0.5)** | - | - | - | **-** | **(1.2)** | **(1.7)** |
| **Profit before income tax expense** | | 219.9 | 63.9 | (97.5) | (57.2) | (24.3) | **104.8** | 111.2 | 29.6 | (15.5) | **125.3** | **(55.2)** | **174.9** |
| Income tax expense | 6(a) | (62.8) | (17.6) | - | (0.7) | 7.5 | **(73.6)** | (19.0) | (8.8) | 1.2 | **(26.6)** | **16.3** | **(83.9)** |
| **Profit for the year** | | 157.1 | 46.3 | (97.5) | (57.9) | (16.8) | **31.2** | 92.2 | 20.8 | (14.3) | **98.7** | **(38.9)** | **91.0** |
| Non-controlling interest | 23(c) | - | (4.6) | - | 1.1 | 0.4 | **(3.1)** | (32.0) | (4.1) | 1.4 | **(34.7)** | **-** | **(37.8)** |
| **Profit attributable to owners of SEEK Limited** | | 157.1 | 41.7 | (97.5) | (56.8) | (16.4) | **28.1** | 60.2 | 16.7 | (12.9) | **64.0** | **(38.9)** | **53.2** |

1. Segment EBITDA is earnings before interest, tax, depreciation and amortisation and excludes share of results of equity accounted investments, share-based payments expense, gains/losses on investing activities and other non-operating gains/losses.
2. Early Stage Ventures NPAT loss $29.3m per page 7 is made up of AP&A Other $16.4m and SEEK Investment ESV $12.9m.

# 1. Segment information continued

| | | Asia Pacific & Americas | | | | | | | SEEK Investments | | | | Corporate Costs | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | ANZ | SEEK Asia | Brasil Online | OCC | SEEK Learning | Other[3] | Total | Zhaopin | OES | ESV[3] | Total | | |
| Year ended 30 June 2017* | Notes | $m | $m | $m | $m | $m | $m | $m | $m | $m | $m | $m | $m | $m |
| **Sales revenue[4]** | 2 | 355.9 | 139.7 | 87.3 | 29.4 | 2.6 | 14.0 | 628.9 | 372.9 | 28.0 | 5.4 | 406.3 | - | 1,035.2 |
| **Segment EBITDA[1]** | | 213.3 | 76.0 | 31.3 | 6.7 | (14.6) | (13.4) | 299.3 | 80.0 | 10.6 | (5.1) | 85.5 | (22.5) | 362.3 |
| Depreciation | | (1.4) | (2.4) | (1.4) | (1.1) | - | (0.4) | (6.7) | (5.4) | (0.8) | - | (6.2) | (1.3) | (14.2) |
| Amortisation | 12 | (20.2) | (4.8) | (2.6) | (1.4) | (0.5) | (3.9) | (33.4) | (4.0) | (1.7) | (0.1) | (5.8) | - | (39.2) |
| Impairment loss | | - | - | - | - | (7.6) | - | (7.6) | | - | (8.5) | (8.5) | - | (16.1) |
| Net interest (expense) / income | | 0.8 | (5.0) | 4.3 | 0.4 | - | - | 0.5 | 8.6 | 0.2 | (0.2) | 8.6 | (21.0) | (11.9) |
| Share-based payments and other LTI | 30(b) | (3.7) | (1.8) | 2.7 | (0.3) | - | (0.2) | (3.3) | (0.7) | - | - | (0.7) | (6.0) | (10.0) |
| Share of results of equity accounted investments | 24(a) | - | - | - | - | - | - | - | - | 10.4 | (6.5) | 3.9 | 0.4 | 4.3 |
| Gain on step acquisition | 3 | - | - | - | - | - | 1.7 | 1.7 | - | 174.3 | 1.3 | 175.6 | - | 177.3 |
| Transaction costs from investing activities | | - | - | - | - | - | - | - | (14.8) | - | - | (14.8) | - | (14.8) |
| Other financing activities | | - | 0.7 | - | (1.1) | - | - | (0.4) | - | - | - | - | - | (0.4) |
| **Profit before income tax expense** | | 188.8 | 62.7 | 34.3 | 3.2 | (22.7) | (16.2) | 250.1 | 63.7 | 193.0 | (19.1) | 237.6 | (50.4) | 437.3 |
| Income tax expense[2] | 6(a) | (52.8) | (16.5) | (8.6) | (0.7) | 6.0 | 4.8 | (67.8) | (33.0) | (2.0) | 4.0 | (31.0) | 23.5 | (75.3) |
| **Profit for the year** | | 136.0 | 46.2 | 25.7 | 2.5 | (16.7) | (11.4) | 182.3 | 30.7 | 191.0 | (15.1) | 206.6 | (26.9) | 362.0 |
| Non-controlling interest | 23(c) | - | (6.6) | - | - | - | 0.7 | (5.9) | (15.0) | (1.3) | 0.4 | (15.9) | - | (21.8) |
| **Profit attributable to owners of SEEK Limited** | | 136.0 | 39.6 | 25.7 | 2.5 | (16.7) | (10.7) | 176.4 | 15.7 | 189.7 | (14.7) | 190.7 | (26.9) | 340.2 |

* Comparative information has been restated to align with SEEK's new segment structure as outlined on pg64.

1. Segment EBITDA is earnings before interest, tax, depreciation and amortisation and excludes share of results of equity accounted investments, share-based payments expense, gains/losses on investing activities and other non-operating gains/losses.
2. Income tax expense of $33.0m attributable to Zhaopin includes a $17.1m withholding tax provision. Income tax benefit of $24.0m attributable to corporate costs includes a $9.4m tax benefit arising from the sale of the investment in JCBNext Berhad ("JCBNext").
3. Early Stage Ventures NPAT loss $19.3m per page 7 is made up of AP&A Other $10.7m and SEEK Investment ESV $14.7m, which includes impairment of $6.1m.
4. Government grant income has been reclassified from sales revenue to other income during the year and FY2017 has been restated to reflect this change.

## (b) Segment financial position

| | Segment assets | | Segment liabilities | |
|---|---|---|---|---|
| | **2018 $m** | 2017 $m | **2018 $m** | 2017 $m |
| ANZ | **168.7** | 198.2 | **(82.2)** | (77.5) |
| SEEK Asia | **1,213.5** | 1,158.8 | **(85.3)** | (74.2) |
| Brasil Online | **227.1** | 381.2 | **(21.1)** | (29.8) |
| OCC | **93.2** | 158.8 | **(17.2)** | (17.0) |
| AP&A Other | **73.0** | 35.8 | **(13.1)** | (15.3) |
| Zhaopin | **1,373.1** | 1,243.1 | **(412.9)** | (278.0) |
| OES | **420.3** | 405.8 | **(15.0)** | (16.6) |
| ESV | **119.0** | 58.3 | **(9.1)** | (4.0) |
| Corporate costs | **68.5** | 10.6 | **(30.8)** | (29.5) |
| **Total of segments** | **3,756.4** | 3,650.6 | **(686.7)** | (541.9) |
| Deferred tax assets | **29.4** | 32.4 | | |
| **Total assets** | **3,785.8** | 3,683.0 | | |
| Borrowings | | | **(1,299.2)** | (968.0) |
| Current tax liabilities | | | **(38.4)** | (17.9) |
| Deferred tax liabilities | | | **(124.2)** | (115.3) |
| **Total liabilities** | | | **(2,148.5)** | (1,643.1) |

## (c) Geographical information

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

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

Non-current assets are allocated to a country based on the geographical location of the asset. Intangible assets that relate only to one country have been allocated to that country. Intangible assets acquired as part of the JobsDB and JobStreet acquisitions (goodwill, brands and other intangible assets) relate to several countries and have been shown as "South East Asia" as they cannot practically be split between the individual country locations. This is consistent with the approach for impairment testing (refer to note 13).

| | Sales revenue | | Non-current assets (excluding deferred tax assets) | |
|---|---|---|---|---|
| | **2018 $m** | 2017 $m | **2018 $m** | 2017 $m |
| Australia | **528.5** | 365.9 | **556.6** | 496.3 |
| New Zealand | **45.4** | 38.2 | **5.6** | 5.9 |
| China | **461.5** | 372.9 | **1,076.6** | 703.8 |
| South East Asia | **152.0** | 140.2 | **1,135.6** | 1,088.8 |
| Brazil | **76.1** | 88.2 | **175.2** | 327.5 |
| Mexico | **29.0** | 29.4 | **112.4** | 148.5 |
| Africa | **-** | - | **21.0** | 24.7 |
| Rest of the world | **2.0** | 0.4 | **48.9** | 13.2 |
| Total | **1,294.5** | 1,035.2 | **3,131.9** | 2,808.7 |

## 2. Revenue

### Accounting Policy

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

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

| Class of revenue | Recognition criteria |
|---|---|
| **Online employment marketplaces** | |
| Job advertisements | in the period over which the advertisements are placed. |
| CV search/download | in the period over which the searches/downloads occur. |
| CV online | over the period during which the jobseeker can access the services. |
| **Education** | |
| Commission | when the student is registered with the education provider or when the student passes the relevant census date, depending on the arrangement. |
| Provision of education services to students | over the period that a student studies a particular unit. For Higher Education it is typically four months. For Vocational Education (VET), the length of time to complete units can vary so an estimate is made. |
| **Other revenue** | |
| Dividends | when the right to receive payment is established. |
| Interest | on a time proportion basis using the effective interest method. |

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

SEEK Group will be adopting IFRS15 from 1 July 2018. See note 33.

| | 2018 $m | 2017 $m |
|---|---|---|
| Sales revenue | **1,294.5** | 1,035.2 |
| Interest income | **15.7** | 16.8 |
| **Total revenue** | **1,310.2** | 1,052.0 |



## 3. Other income

| | Notes | 2018 $m | 2017 $m |
|---|---|---|---|
| Fair value gain on step acquisitions | | **-** | 177.3 |
| Gain on disposal of equity accounted investments | | **1.9** | - |
| Fair value gain on financial asset | 11(iv) | **58.8** | - |
| Government grants * | | **2.2** | 1.2 |
| **Total other income** | | **62.9** | 178.5 |

*Government grant income has been reclassified from revenue to other income during the year as this presentation is considered to be more relevant.

A fair value gain of $58.8m was recognised during FY2018 in relation to movement in the fair value of an investment in equity instrument. This investment was acquired during the year.

During FY2017, SEEK acquired a controlling interest in Online Education Services ('OES') resulting in a fair value gain of $174.3m as well as an additional $3.0m in relation to step acquisitions of Early Stage Ventures JobAdder and Sidekicker.

## 4. Expenses

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

| | 2018 $m | 2017 $m |
|---|---|---|
| **Specific costs included within 'operations and administration'** | | |
| Minimum lease payments for operating leases | **26.2** | 29.0 |
| Net foreign exchange gains recognised in profit before income tax expense | **(9.3)** | (2.6) |
| | | |
| **Finance costs** | | |
| Interest expense | **41.6** | 28.7 |
| Borrowing costs written off | **1.2** | - |
| Other finance charges paid/payable | **0.6** | 0.6 |
| **Total finance costs** | **43.4** | 29.3 |

## 5. Earnings per share

### Accounting Policy

Diluted Earnings Per Share ('EPS') reflects the following adjustments:

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

| | 2018 Cents | 2017 Cents |
|---|---|---|
| Basic earnings per share | **15.2** | 97.9 |
| Diluted earnings per share | **14.1** | 96.6 |

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

| | 2018 $m | 2017 $m |
|---|---|---|
| Profit attributable to owners of SEEK Limited (for basic EPS) | **53.2** | 340.2 |
| Potential dilutive adjustment for subsidiary option plans | **(3.3)** | (1.9) |
| Adjusted profit attributable to owners of SEEK Limited (for diluted EPS) | **49.9** | 338.3 |

### (b) Weighted average number of shares

| | 2018 number | 2017 number |
|---|---|---|
| Weighted average number of shares used as denominator in calculating basic EPS | **350,366,293** | 347,630,540 |
| Weighted average of potential dilutive ordinary shares: | | |
| - LTI Options | **324,291** | 1,261,401 |
| - LTI Rights | **1,536,071** | 825,308 |
| - Equity Rights and Performance Rights | **412,798** | 439,539 |
| Weighted average number of shares used as the denominator in calculating diluted EPS | **352,639,453** | 350,156,788 |

## 6. Income tax

### Critical accounting estimates and assumptions

**Uncertain tax positions**

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

**Research and development claim**

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

**Tax rate applicable to Beijing Wangpin**

Beijing Wangpin Consulting Co., Ltd (a PRC subsidiary of Zhaopin Ltd) qualifies as a High and New Technology Enterprise (HNTE) and therefore is entitled to enjoy a preferential income tax rate of 15% from 1 January 2017 to 31 December 2019. As such, income tax for the year and deferred tax balances of Beijing Wangpin as at 30 June 2018 have been calculated using a 15% tax rate.

### Accounting Policy

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

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

- the initial recognition of goodwill; and
- any undistributed profits of the Company's subsidiaries, associates or joint ventures where either the distribution of those profits would not give rise to a tax liability or the directors consider they have the ability to control the timing of the reversal of the temporary differences.
- Deferred tax assets:
- are recognised only to the extent that it is probable that there is sufficient future taxable amounts to recover these assets. This assessment is reviewed at each reporting date;
- are offset against deferred tax liabilities in the same tax jurisdiction, when there is a legally enforceable right to do so; and
- acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in profit or loss.

SEEK Limited and its wholly-owned Australian entities formed an income tax consolidated group in 2004. These entities have tax sharing and tax funding agreements in place. Refer to note 26 for further information.

#### Adoption of Voluntary Tax Transparency Code

On 3 May 2016, the Australian Treasurer released a Voluntary Tax Transparency Code (the Voluntary Code). The Voluntary Code recommends additional tax information be publicly disclosed to help educate the public about the corporate sector's compliance with Australia's tax laws. SEEK fully supports and signed up to this Voluntary Code from FY2016. Accordingly, the income tax disclosures in this note include the recommended additional disclosures under Part A of the Voluntary Code.

## (a) Income tax expense

| | 2018 $m | 2017 $m |
|---|---|---|
| Current tax | **81.4** | 67.8 |
| Deferred tax | **2.7** | 9.1 |
| Over provision in prior year | **(0.2)** | (1.6) |
| Income tax expense | **83.9** | 75.3 |
| | | |
| **Deferred income tax expense included in income tax expense comprises:** | | |
| Increase in deferred tax assets | **(4.2)** | (9.6) |
| Increase in deferred tax liabilities | **6.9** | 18.7 |
| | **2.7** | 9.1 |

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

| | | 2018 $m | 2017 $m |
|---|---|---|---|
| **Profit before income tax expense** | | **174.9** | 437.3 |
| Income tax calculated @ 30% (2017: 30%) | | **52.5** | 131.2 |
| Tax effect of amounts that are not deductible/(taxable) in calculating income tax: | | | |
| Fair value gain on financial asset | (a) | **(17.6)** | - |
| Fair value gain on step acquisitions | (b) | **-** | (53.2) |
| Financing, transaction and legal costs | (c) | **6.9** | 14.2 |
| Impairment loss | (d) | **54.5** | 1.7 |
| Post-tax associate earnings | (e) | **1.9** | (1.3) |
| Research and development claim | (f) | **(9.5)** | (6.8) |
| Overseas tax rate differential | (g) | **(8.5)** | (12.1) |
| Over provision in prior year | | **(0.2)** | (1.6) |
| Other | | **3.9** | 3.2 |
| **Income tax expense in the consolidated income statement** | | **83.9** | 75.3 |

## Explanation of key items

a. Non-taxable gain realised from SEEK's investment in Maimai (via Zhaopin).

b. Non-taxable gain realised on the increase in SEEK's ownership in OES, Sidekicker and JobAdder.

c. Non-deductible financing, transaction and legal costs within the Group. For FY2017, this also includes costs and withholding tax relating to the Zhaopin transaction offset by a tax benefit arising from the sale of JCBNext.

d. Non-deductible impairment charges for Brasil Online, OCC and CJOL (via Zhaopin).

e. SEEK's share of associates' results is taken up net of associates' tax expense.

f. Research and development incentives utilised throughout the Group.

g. The Group's international profits are taxed at local, statutory or preferential rates varying from the Australian statutory tax rate (as shown below).

## Local tax rates

| Country (Business) | 2018 | 2017 |
|---|---|---|
| Australia (SEEK Australia and OES) | **30.0%** | 30.0% |
| New Zealand (SEEK NZ) | **28.0%** | 28.0% |
| China (Zhaopin excluding Beijing Wangpin) | **25.0%** | 25.0% |
| China (Beijing Wangpin) | **15.0%** | 15.0% |
| South East Asia (SEEK Asia) | **16.5% - 30.0%** | 16.5% - 30.0% |
| Brazil (Brasil Online) | **34.0%** | 34.0% |
| Mexico (OCC) | **30.0%** | 30.0% |

## 6. Income tax continued

### Effective tax rate

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

| | SEEK Group | | Australian operations | |
|---|---|---|---|---|
| | 2018 $m | 2017 $m | 2018 $m | 2017 $m |
| Profit before income tax expense | **174.9** | 437.3 | **166.6** | 276.4 |
| Add/(subtract): Post-tax share of results of equity accounted investments | **6.2** | (4.3) | **2.7** | (9.1) |
| Subtract: Fair value gain on step acquisitions[1] | **-** | - | **-** | (177.3) |
| (A) Adjusted profit before income tax expense | **181.1** | 433.0 | **169.3** | 90.0 |
| | | | | |
| (B) Income tax expense | **83.9** | 75.3 | **46.3** | 28.3 |
| **Effective tax rate (B/A)** | **46.3%** | 17.4% | **27.3%** | 31.4% |

1. Fair value gain on step acquisitions are removed when calculating profit before income tax expense for Australian operations because they arise from business combinations rather than business operations.

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

| | 2018 $m | 2017 $m |
|---|---|---|
| **Income tax expense in the consolidated income statement** | **83.9** | 75.3 |
| | | |
| Add/(subtract): | | |
| Deferred tax assets charged to income | **4.2** | 9.6 |
| Deferred tax liabilities charged to income | **(6.9)** | (18.7) |
| Over provision in prior years (current and deferred tax) | **0.2** | 1.6 |
| **Current tax included in income tax expense** | **81.4** | 67.8 |
| | | |
| Add/(subtract): | | |
| Net opening balance carried forward | **17.9** | 113.8 |
| Tax payments made to tax authorities[1] | **(65.1)** | (164.4) |
| Over provision in prior years (current tax) | **(1.5)** | (3.9) |
| Items recognised directly in equity | **(2.0)** | (8.0) |
| Acquisition of subsidiary's tax payable | **-** | 1.8 |
| Foreign exchange | **0.8** | (0.9) |
| Transfers from other balance sheet accounts | **7.8** | 11.2 |
| Other | **(0.9)** | 0.5 |
| **Net current tax liability** | **38.4** | 17.9 |

1. FY2017 includes Australian capital gains tax of $84.5m from the disposal of IDP and payment of withholding tax of $11.2m relating to a dividend from China.

## (b) Amounts recognised directly in equity

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

| | 2018 $m | 2017 $m |
|---|---|---|
| **Relating to items of other comprehensive income:** | | |
| Deferred tax credited directly to foreign currency translation reserve | **1.7** | 0.9 |
| Deferred tax debited directly to cash flow hedge reserve | **(0.6)** | (0.9) |
| Deferred tax credited directly to net investment hedge reserve | **0.8** | - |
| Deferred tax credited to retained profits on sale of financial asset | **-** | 1.3 |
| **Total tax recognised in other comprehensive income** | **1.9** | 1.3 |
| | | |
| **Relating to items recognised directly in equity:** | | |
| Deferred tax debited directly to share-based payment reserve | **(0.1)** | (2.3) |
| Current tax credited directly to retained profits on issuance of new shares | **2.0** | 8.0 |
| **Total tax recognised directly in equity** | **1.9** | 5.7 |

## (c) Deferred taxes

### (i) Deferred tax assets

| For the year ended 30 June 2018 | Opening balance $m | Charged to income $m | Charged to OCI/equity $m | Other reserves $m | Exchange differences $m | Closing balance $m |
|---|---|---|---|---|---|---|
| Share-based payments | 2.3 | 6.4 | (0.1) | - | - | 8.6 |
| Other provisions | 14.0 | 3.3 | - | - | 0.2 | 17.5 |
| Employee benefits | 10.5 | 1.2 | - | - | (0.1) | 11.6 |
| Unearned income | 5.8 | 0.2 | - | - | 0.1 | 6.1 |
| Unrealised foreign exchange | (1.8) | - | 1.7 | - | - | (0.1) |
| Research and development offset | (18.1) | (6.1) | - | - | - | (24.2) |
| Tax losses recognised | 14.1 | 0.7 | 0.8 | (7.5) | (0.3) | 7.8 |
| Other | 5.6 | (2.8) | (0.6) | - | (0.1) | 2.1 |
| | 32.4 | 2.9 | 1.8 | (7.5) | (0.2) | 29.4 |

| | |
|---|---|
| Deferred tax assets expected to be recovered within 12 months | 25.8 |
| Deferred tax assets expected to be recovered after more than 12 months | 3.6 |
| **Closing balance at 30 June 2018** | 29.4 |

| For the year ended 30 June 2017 | Opening balance $m | Charged to income $m | Charged to OCI/equity $m | Acquisition of subsidiary $m | Exchange differences $m | Closing balance $m |
|---|---|---|---|---|---|---|
| Share-based payments | 9.3 | (4.4) | (2.3) | - | (0.3) | 2.3 |
| Other provisions | 8.6 | 5.2 | - | 0.5 | (0.3) | 14.0 |
| Employee benefits | 9.3 | 0.6 | - | 0.9 | (0.3) | 10.5 |
| Unearned income | 5.2 | 0.4 | - | 0.4 | (0.2) | 5.8 |
| Unrealised foreign exchange | (2.7) | - | 0.9 | - | - | (1.8) |
| Research and development offset | (13.6) | (4.5) | - | - | - | (18.1) |
| Tax losses recognised | 1.1 | 11.7 | 1.3 | - | - | 14.1 |
| Other | 7.6 | (1.7) | (0.9) | 0.7 | (0.1) | 5.6 |
| | 24.8 | 7.3 | (1.0) | 2.5 | (1.2) | 32.4 |

| | |
|---|---|
| Deferred tax assets expected to be recovered within 12 months | 25.7 |
| Deferred tax assets exepcted to be recovered after more than 12 months | 6.7 |
| Closing balance at 30 June 2017 | 32.4 |

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

### (ii) Deferred tax liabilities

| For the year ended 30 June 2018 | Opening balance $m | Charged to income $m | Acquisition of subsidiary $m | Transfer to current tax liabilities $m | Exchange differences $m | Closing balance $m |
|---|---|---|---|---|---|---|
| Intangible assets | 99.8 | (3.1) | - | - | 1.0 | 97.7 |
| Withholding tax on undistributed profits | 13.8 | 8.3 | - | - | 0.8 | 22.9 |
| Other | 1.7 | 1.7 | - | - | 0.2 | 3.6 |
| | 115.3 | 6.9 | - | - | 2.0 | 124.2 |

| | |
|---|---|
| Deferred tax liabilities expected to be settled within 12 months | 5.2 |
| Deferred tax liabilities expected to be settled after more than 12 months | 119.0 |
| **Closing balance at 30 June 2018** | 124.2 |

| For the year ended 30 June 2017 | Opening balance $m | Charged to income $m | Acquisition of subsidiary $m | Transfer to current tax liabilities $m | Exchange differences $m | Closing balance $m |
|---|---|---|---|---|---|---|
| Intangible assets | 95.1 | (3.0) | 12.8 | - | (5.1) | 99.8 |
| Withholding tax on undistributed profits | 5.0 | 20.3 | - | (11.2) | (0.3) | 13.8 |
| Other | 0.4 | 1.4 | - | - | (0.1) | 1.7 |
| | 100.5 | 18.7 | 12.8 | (11.2) | (5.5) | 115.3 |

| | |
|---|---|
| Deferred tax liabilities expected to be settled within 12 months | 5.0 |
| Deferred tax liabilities expected to be settled after more than 12 months | 110.3 |
| Closing balance at 30 June 2017 | 115.3 |

## 7. Net debt

### Accounting Policy

Borrowings are initially recognised net of transaction costs incurred. Fees paid on the establishment of loan facilities are recognised as transaction costs where it is probable that some or all the facility will be drawn down. The fee is deferred until the drawdown occurs and is amortised on a straight-line basis over the entire life of the facility.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

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

| Year ended 30 June 2018 | Facility limit | Borrowings $m note 7(b) | Cash $m | Short-term investments $m note 11 | Funds on deposit $m note 10(ii) | Net cash/ (debt) $m |
|---|---|---|---|---|---|---|
| SEEK Ltd A$ bank debt | A$550.0m | (489.0) | | | | |
| SEEK Ltd US$ bank debt | US$275.0m | (297.6) | | | | |
| SEEK Ltd A$ EMTN | A$175.0m | (175.0) | | | | |
| **SEEK ANZ** | | (961.6) | 27.7 | - | - | (933.9) |
| Brasil Online | | - | 50.6 | - | - | 50.6 |
| OCC | | - | 8.3 | 0.1 | - | 8.4 |
| SEEK Asia | | - | 65.6 | - | - | 65.6 |
| Other | | - | 2.5 | - | - | 2.5 |
| **SEEK Ltd Borrower Group[1]** | | (961.6) | 154.7 | 0.1 | - | (806.8) |
| Zhaopin | RMB200.0m | (1.3) | | | | |
| Zhaopin | US$385.0m | (340.7) | | | | |
| **Zhaopin total** | | (342.0) | 141.3 | - | 368.6 | 167.9 |
| OES | | - | 62.1 | - | - | 62.1 |
| Other | | - | 3.6 | - | - | 3.6 |
| **Total** | A$1,658.5 | (1,303.6) | 361.7 | 0.1 | 368.6 | (573.2) |
| Unamortised borrowing costs | | 4.4 | | | | |
| **Per balance sheet** | | (1,299.2) | | | | |

| | |
|---|---|
| **Consolidated net interest cover: EBITDA[2] / net interest** | 16.7 |
| **Consolidated net leverage ratio: net debt / EBITDA[2]** | 1.3 |

1. Borrower Group includes SEEK Limited and all subsidiaries in which its ownership is at least 90%. EBITDA (including cash dividends received) for SEEK Limited Borrower Group for the year ended 30 June 2018 is $396.7m, and includes special dividends from the Zhaopin transaction of $81.8m.
2. Consolidated EBITDA is defined and reconciled to consolidated profit before income tax expense in note 1.

| Year ended 30 June 2017 | Facility limit | Borrowings $m note 7(b) | Cash $m | Short-term investments $m note 11 | Funds on deposit $m note 10(ii) | Net cash/ (debt) $m |
|---|---|---|---|---|---|---|
| SEEK Ltd A$ bank debt | A$550.0m | (263.0) | | | | |
| SEEK Ltd US$ bank debt | US$275.0m | (355.5) | | | | |
| SEEK Ltd A$ EMTN | A$175.0m | (175.0) | | | | |
| **SEEK ANZ** | | (793.5) | 62.1 | - | - | (731.4) |
| Brasil Online | | - | 49.6 | - | - | 49.6 |
| OCC | | - | 6.2 | 0.1 | - | 6.3 |
| International Other | | - | 0.6 | - | - | 0.6 |
| **SEEK Ltd Borrower Group[(1)]** | | (793.5) | 118.5 | 0.1 | - | (674.9) |
| SEEK Asia | HK$396.0m | (52.7) | | | | |
| SEEK Asia | SG$109.0m | (95.1) | | | | |
| **SEEK Asia total** | | (147.8) | 57.5 | - | - | (90.3) |
| Zhaopin | US$30.0m | (33.9) | 438.5 | 67.4 | 43.1 | 515.1 |
| OES | | - | 35.9 | 8.0 | - | 43.9 |
| Other | | - | 1.6 | - | - | 1.6 |
| **Total** | A$1,291.4m | (975.2) | 652.0 | 75.5 | 43.1 | (204.6) |
| Unamortised borrowing costs | | 7.2 | | | | |
| **Per balance sheet** | | (968.0) | | | | |
| **Consolidated net interest cover: EBITDA[(2)] / net interest** | | | | | | 30.4 |
| **Consolidated net leverage ratio: net debt / EBITDA[(2)]** | | | | | | 0.6 |

1. Borrower Group includes SEEK Limited and all subsidiaries in which its ownership is at least 90%. EBITDA (including cash dividends received) for SEEK Limited Borrower Group is $240.0m and does not include SEEK's share of the special dividend received from Zhaopin transaction.
2. Consolidated EBITDA is defined and reconciled to consolidated profit before income tax expense in note 1.

## (a) Cash and cash equivalents

Cash and short-term deposits held in certain Asian countries (including China) are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from those countries, other than through normal dividends. Cash and bank balances at 30 June 2018 include RMB33.5m (A$6.8m) held by some subsidiaries in the People's Republic of China, which is not freely convertible into other currencies for transfer around the Group (2017: A$6.9m).

At 30 June 2018, cash and cash equivalents include $105.4m (2017: $102.5m) of short-term deposits and debentures held by Brasil Online (BOL) and OES (2017: BOL, OES and ANZ Employment). These highly liquid deposits and investments are readily convertible into known cash amounts and are subject to insignificant risk of changes of value.

## (b) Borrowings

| | Current | | Non-current | |
|---|---|---|---|---|
| | **2018 $m** | 2017 $m | **2018 $m** | 2017 $m |
| Syndicated facility - SEEK Limited (i) | **-** | - | **786.6** | 618.5 |
| Entrusted loan facilities (ii) | **79.2** | - | **261.5** | 33.9 |
| Loan facility - SEEK Asia (iii) | **-** | 37.8 | **-** | 110.0 |
| Euro Medium Term Note Programme (iv) | **-** | - | **175.0** | 175.0 |
| Onshore working capital facility - RMB | **1.3** | - | **-** | - |
| Less: transaction costs capitalised | **-** | - | **(4.4)** | (7.2) |
| **Total borrowings** | **80.5** | 37.8 | **1,218.7** | 930.2 |

The Group had access to $354.9m in undrawn facilities at 30 June 2018 (2017: $316.2m).

## 7. Net debt continued

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

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

| Facility | Expiry date | Total facility | Drawn down 30 June 2018 | Drawn down 30 June 2017 |
|---|---|---|---|---|
| Tranche A | July 2019 | A$190m | A$190m | A$190m |
| Tranche B | July 2020 | A$360m | A$299m | A$73m |
| | | A$550m | A$489m | A$263m |
| Tranche C | July 2021 | US$275m | US$220m | US$273m |

As at 30 June 2018, A$786.6m principal had been drawn down against this facility, comprising A$489m and US$220m (2017: A$618.5m, comprising A$263.0m and US$273.0m).

### (ii) Loan facilities - Zhaopin Limited

Zhaopin utilises entrusted loan facilities. As announced on 6 October 2017, SEEK Limited received proceeds of US$176.4m in relation to the Zhaopin privatisation transaction, of which US$173.0m was subsequently used to repay existing SEEK Limited bank debt. As part of this transaction, Zhaopin drew down on newly created debt facilities.

The key features of the entrusted loan facilities are as follows:

| Facility expiry date | Total facility | Drawn down 30 June 2018 | Drawn down 30 June 2017 |
|---|---|---|---|
| July 2018 | US$30m | US$30m | US$26m |
| August 2022 | US$70m | US$70m | n/a |
| September 2022 | US$110m | US$110m | n/a |
| October 2022 | US$100m | US$13.5m | n/a |
| January 2020 | US$75m | US$28.6m | n/a |
| Total | US$385m | US$252.1m | US$26m |

The facilities are supported by funds on deposit of A$368.6m within Zhaopin and are non-recourse to the SEEK Limited Borrower Group (2017: A$43.1m)

In January 2018, Zhaopin established an onshore working capital facility of RMB200.0m.

In July 2018, the renewal of the loan facilities of US$30m was completed with a revised maturity date of July 2020.

### (iii) Loan facility – SEEK Asia

The SEEK Asia facility comprised several tranches of SGD and HKD funding, with a combination of amortising and revolving facilities. This facility was repaid on 16 March 2018 as part of the SEEK Asia transaction.

### (iv) Euro Medium Term Note Programme (EMTN)

A Guaranteed Euro Medium Term Note Programme was established in March 2017 with a programme limit of EUR 1 billion. Under the programme the Group may from time to time issue notes denominated in any currency, with funds raised under the programme to be used for general corporate purposes. In April 2017, the Group issued A$175.0m of 5 year A$ Floating Rate Notes. The notes are unsecured and rank equally with SEEK's existing senior unsecured debt.

## Borrowings drawn down at the date of this report

- Syndicated facility - SEEK Limited: A$791.6m comprising A$489.0m and US$220.0m
- EMTN - SEEK Limited: A$175.0m
- Entrusted loan facilities - Zhaopin Limited: A$369.3m, comprising US$268.5m
- Working capital loan - Zhaopin Limited: A$1.2m, comprising RMB6.2m

## 8. Notes to the cash flow statement

### (a) Reconciliation of profit for the year to net cash inflow from operating activities

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

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

| | 2018 $m | 2017 $m |
|---|---|---|
| **Profit for the year** | **91.0** | 362.0 |
| **Non-cash items** | | |
| Depreciation and amortisation | **67.6** | 53.4 |
| Amortisation of share-based payments | **22.7** | 11.1 |
| Aggregated tax amounts arising in the reporting period recognised directly in equity | **(3.8)** | (7.0) |
| Share of results of equity accounted investments | **6.2** | (4.3) |
| Impairment loss | **181.7** | 16.1 |
| Other | **1.2** | 4.3 |
| **Non-operating items** | | |
| Fair value gain on step acquisition | **-** | (177.3) |
| Gain on disposal of equity accounted investment | **(1.9)** | - |
| Fair value gain on financial asset | **(58.8)** | - |
| **Change in operating assets and liabilities:** | | |
| (Increase)/decrease in trade and other receivables | **(25.6)** | 7.2 |
| Decrease in other financial assets | **-** | 0.1 |
| Decrease in deferred tax assets | **2.9** | 2.9 |
| Increase in trade and other payables | **37.4** | 47.1 |
| Increase in deferred income | **90.5** | 37.8 |
| Increase/(decrease) in current tax liability | **20.4** | (98.6) |
| (Decrease)/increase in provisions | **(2.6)** | 3.4 |
| Increase in deferred tax liability | **8.9** | 2.0 |
| Exchange (loss)/gain on translation of foreign operations | **(45.1)** | 20.2 |
| **Net cash inflow from operating activities** | **392.7** | 280.4 |

## 8. Notes to the cash flow statement continued

### (b) Changes in assets / liabilities arising from financing activities

The below table shows cash and non-cash changes in assets and liabilities for which cash flows were, or will be, classified as financing activities in the cash flow statement. This is an additional disclosure this year due to an amendment to AASB 107 *Statement of Cash Flows*.

This additional disclosure allows users to understand changes in the balance of certain liabilities such as borrowings. It can also include assets where cash flows have, or will, be included in cash flows from financing activities. The disclosure identifies changes from cash flows as well as non-cash changes such as acquisitions and exchange differences.

| | | | Cash movements | | | Non-cash movements | | | |
|---|---|---|---|---|---|---|---|---|---|
| 2018 | Notes | Opening $m | Cash placed on deposit / proceeds $m | Cash released from deposit / repaid $m | Debt facilities costs $m | Interest & amort-isation $m | Transfer $m | Foreign exchange movements $m | Closing $m |
| Assets | | | | | | | | | |
| **Trade and other receivables** | | | | | | | | | |
| Funds on deposit for entrusted loan facilities - current | 10 | - | - | - | - | - | 18.3 | 0.1 | 18.4 |
| Funds on deposit for entrusted loan facilities - non-current | 10 | 16.7 | 95.5 | - | - | - | (18.3) | 6.4 | 100.3 |
| **Other financial assets** | | | | | | | | | |
| Short-term investment | 11 | 75.5 | - | (75.4) | - | - | | - | 0.1 |
| Funds on deposit for entrusted loan facilities - current | 11 | - | 66.4 | - | - | - | - | 4.6 | 71.0 |
| Funds on deposit for entrusted loan facilities - non-current | 11 | 26.4 | 167.4 | (26.4) | - | - | - | 11.5 | 178.9 |
| Liabilities | | | | | | | | | |
| **Borrowings** | | | | | | | | | |
| Current borrowings | 7(b) | 37.8 | 38.5 | (58.5) | - | - | 54.8 | 7.9 | 80.5 |
| Non-current borrowings | 7(b) | 930.2 | 703.2 | (380.6) | (0.4) | 3.2 | (54.8) | 17.9 | 1,218.7 |
| **Other financial liabilities** | | | | | | | | | |
| Put option liability | 16 | 18.5 | - | - | - | 0.3 | - | - | 18.8 |

## 9. Financial risk management

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

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

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

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

### Exposure to risks

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

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

### Use of financial instruments

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

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

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

## Accounting Policy

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

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

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

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

The Group designates certain derivatives as either:

| | Cash flow hedge | Net investment hedge |
|---|---|---|
| Risk that is being hedged | The risk of uncertain cash flows attributable to a particular risk associated with an asset, liability or future transaction. | The risk of changes in foreign currency when net assets of a foreign operation are translated from their functional currency to Australian dollars. |
| Treatment of gains or losses on movement in fair value | The effective portion of changes in the fair value is recognised in other comprehensive income and accumulated in reserves in equity.<br>The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within 'operations and administration expenses'. | The effective portion of changes in the fair value is recognised in other comprehensive income and accumulated in reserves in equity.<br>The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within 'operations and administration expenses'. |
| Treatment if the hedge relationship finishes | The hedge relationship will end when the hedging instrument expires or is sold or terminated, or when it no longer meets the criteria for hedge accounting, or when the hedged risk occurs.<br>Gains and losses accumulated in equity remain in equity until the hedged item affects profit or loss. At this time, the accumulated gain or loss is reclassified to profit or loss within:<br>• 'finance costs' for interest rate derivatives hedging variable rate borrowings;<br>• 'operations and administration expenses' for other derivative instruments, where the underlying exposure is not relating to funding the Company.<br>When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss. | The hedge relationship will end when the hedging instrument expires or is sold or terminated, or when it no longer meets the criteria for hedge accounting.<br>Gains and losses accumulated in equity remain in equity until the foreign operation ceases to be consolidated. At this time, the accumulated gain or loss is recognised in profit or loss as part of the gain or loss on disposal. |

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

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

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

| | Current assets | | Current liabilities | |
|---|---|---|---|---|
| Derivative assets and liabilities | 2018 $m | 2017 $m | 2018 $m | 2017 $m |
| Foreign exchange forwards & options - cash flow hedge | 0.1 | - | - | (1.0) |
| Cross currency interest rate swap contracts - net investment hedge | - | - | (2.7) | - |
| Foreign exchange options - net investment hedge | 0.4 | - | (0.2) | - |
| Foreign exchange forward contracts - net investment hedge | 2.7 | - | - | - |
| Foreign exchange forwards & options that are not designated for hedge accounting | 1.1 | 0.1 | (0.3) | (0.4) |
| Cross currency interest rate swap contracts that are not designated for hedge accounting | 4.9 | - | - | (0.5) |
| Interest rate options & swap contracts - cash flow hedge | 1.4 | 2.6 | - | (1.9) |
| Total current derivative financial assets/(liabilities) | 10.6 | 2.7 | (3.2) | (3.8) |

## (a) Foreign exchange risk

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

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

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

### Risk management policy

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

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

Whilst, as noted above, the Group's reported profits are subject to FX translation risk, the current policy is not to specifically hedge reported profits on the basis that:

- there can be significant cost associated with hedging some currencies, particularly in 'emerging markets' where SEEK has significant exposures;
- profits do not always align with cash flow, and to the extent that there is a mismatch between profits and cashflow, hedging can create mismatches; and
- the level of balance sheet (translation) and cash flow (transaction) hedging undertaken already provides a degree of protection against P&L translation risk.

### Material arrangements in place at reporting date

The Group has foreign exchange options in hedging relationships against the USD denominated portion of the Group's syndicated facility intended to limit the cost of making the repayments.

The Group holds foreign exchange forward and option structures to protect against the devaluation of RMB (which are designated as net investment hedges in relation to the Group's investment in Zhaopin Ltd).

The Group has also entered into cross currency interest rate swap contracts (designated as net investment hedges in relation to the Group's investment in SEEK Asia Investments) to create synthetic SGD funding and protect its balance sheet from fluctuations between the AUD and SGD.

- At 30 June 2018, there is a net asset on this derivative of $2.7m (2017: $nil)

In order to repay SEEK Asia's HKD and SGD external borrowings, the Group drew down against its USD borrowing facility and entered HKD/USD and SGD/USD cross currency interest rate swaps to create synthetic HKD and SGD debt to internally fund SEEK Asia.These contracts have not been designated for hedge accounting as the foreign currency revaluation on the USD debt drawn down, the intercompany balances and cross currency interest rate swaps all offset in the income statement.

At 30 June 2018, there is a net asset on these derivatives of $4.9m (2017: $nil).

### Material exposures and sensitivities

As noted above, the Group has significant offshore operations. In addition to the revenue and earnings for these operations as set out in the segment information (note 1) and other related disclosures, there are also significant assets which are subject to foreign exchange fluctuations, as set out in note 12 (intangible assets) and note 23(c) (interests in controlled entities). The method for translating the Group's offshore results, assets and liabilities is described in note 33(b) (foreign currency translation).

A sensitivity analysis has been performed over possible movements in relevant foreign currencies against the underlying functional currencies in the short term subsequent to 30 June 2018. Utilising a range of +5% to -5%, the analysis showed that the impact to the profit and loss would be less than $1.5m for each of the common currency pairings.

At 30 June 2018, the Group's only material exposure to foreign currency exchange risk is in regards to the USD denominated borrowings. This is the largest exposure that the Group has in relation to a foreign currency denominated asset or liability as it is repayable in USD but held by an Australian entity which operates in Australian dollars.

At 30 June 2018, the amount of USD borrowings drawn down on SEEK Ltd's USD bank debt was US$220.0m (2017: US$273.0m). US$100m of this loan has been designated as a net investment hedge for accounting purposes and therefore movements are taken directly to equity, rather than impacting profit or loss. The remaining US$120m of this loan has been economically hedged by cross currency interest rate swap contracts and USD denominated assets.

# 9. Financial risk management continued

## (b) Interest rate risk

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

### Risk management policy

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

### Material arrangements in place at reporting date

The Group has entered into interest rate swaps and options under which it receives interest at variable rates and pays interest at fixed rates. As shown in the table below, swaps and options in place at 30 June 2018 cover approximately 34% (2017: 56%) of the variable loan principal outstanding on the Group's loan facility.

| | 2018 | | 2017 | |
|---|---|---|---|---|
| | Weighted average interest rate % | $m | Weighted average interest rate % | $m |
| **AUD denominated borrowings** | | | | |
| Bank loans - principal | **3.2%** | **489.0** | 3.0% | 263.0 |
| Euro Medium Term Note | **4.1%** | **175.0** | 4.0% | 175.0 |
| Less amounts covered by interest rate swaps | **2.0%** | **(310.0)** | 1.9% | (200.0) |
| | | **354.0** | | 238.0 |
| **USD denominated borrowings** | | | | |
| Bank loan - principal | **3.4%** | **297.6** | 2.2% | 355.5 |
| Entrusted loan facilities | **3.3%** | **340.7** | 1.7% | 33.8 |
| Less amounts covered by interest rate swaps or options | **1.4%** | **(135.2)** | 1.4% | (227.9) |
| | | **503.1** | | 161.4 |
| **HKD denominated borrowings** | | | | |
| Loan facility | **2.6%** | **-** | 2.5% | 52.7 |
| Less amounts covered by interest rate swaps | | **-** | 0.9% | (33.4) |
| | | **-** | | 19.3 |
| **SGD denominated borrowings** | | | | |
| Loan facility | **2.8%** | **-** | 2.6% | 95.2 |
| Less amount covered by interest rate swaps | | **-** | 1.4% | (85.1) |
| | | **-** | | 10.1 |
| **CNY denominated borrowings** | | | | |
| Loan facility | **5.0%** | **1.3** | n/a | - |
| Less amount covered by interest rate swaps | | **-** | n/a | - |
| | | **1.3** | | - |
| **Total Group borrowings** | | | | |
| Total borrowings | **3.4%** | **1,303.6** | 2.8% | 975.2 |
| Less amounts covered by interest rate swaps | **1.8%** | **(445.2)** | 1.5% | (546.4) |
| | | **858.4** | | 428.8 |

As at 30 June 2018, the Group has a net asset on its interest rate swaps and options of $1.4m (2017: net liability $0.7m), meaning that at 30 June 2018 interest rate swaps have fixed the Group interest payments lower than market rates.

### Material exposures and sensitivities

The weighted average interest rate for the year ended 30 June 2018 was 3.4% (2017: 2.8%). If the weighted average interest rate had been 10% higher or 10% lower, interest expense would increase/decrease by $3.6m.

While the Group's bank accounts are predominantly interest bearing accounts, funds that are in excess of short-term liquidity requirements are generally invested in short-term deposits. Where excess funds are significantly in excess of short-term requirements, they are then applied to reduce the syndicated loan facility balance. Given this, at 30 June 2018, there is not a material interest rate risk relating to the Group's cash balances.

## (c) Liquidity risk

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

### Risk management policy

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

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

### Material arrangements in place at reporting date

At 30 June 2018, the Group had access to borrowing facilities totalling $80.5m expiring within one year and $1,578.0m expiring beyond one year (2017: $37.8m expiring within one year and $1,253.6m expiring beyond one year). The table below outlines the level of drawn and undrawn debt at the balance sheet date.

| | Drawn | | Undrawn | | Total | |
|---|---|---|---|---|---|---|
| | **2018 $m** | 2017 $m | **2018 $m** | 2017 $m | **2018 $m** | 2017 $m |
| **Floating rate** | | | | | | |
| Expiring within one year | **80.5** | 37.8 | **-** | - | **80.5** | 37.8 |
| Expiring beyond one year | **1,223.1** | 937.4 | **354.9** | 316.2 | **1,578.0** | 1,253.6 |
| | **1,303.6** | 975.2 | **354.9** | 316.2 | **1,658.5** | 1,291.4 |

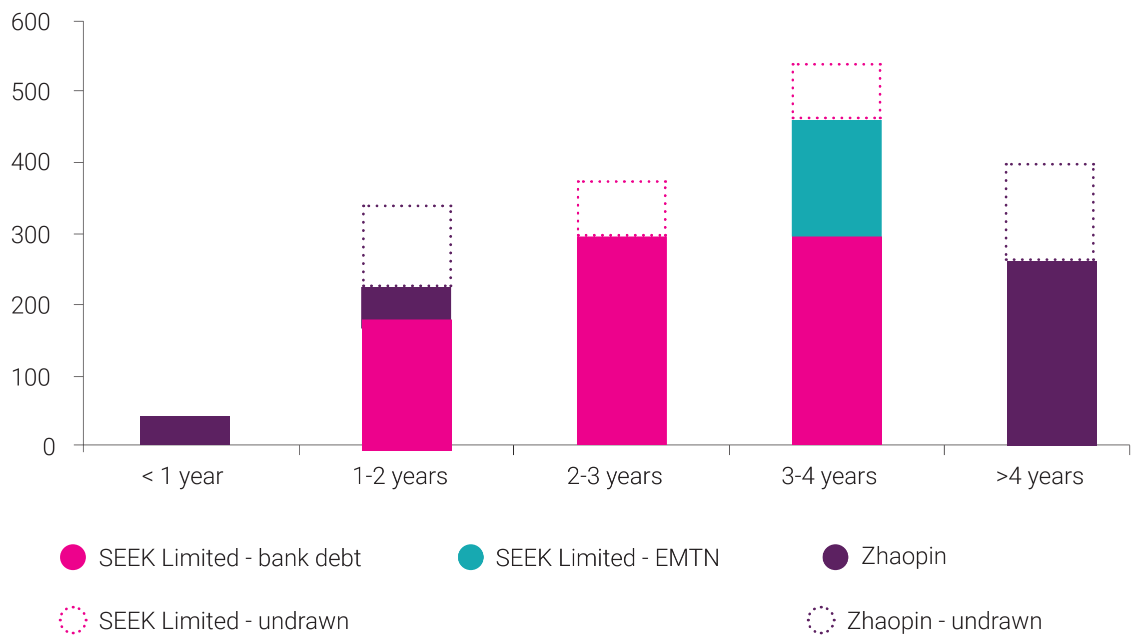
On 17 July 2018, the US$30m entrusted loan facilities utilised by Zhaopin were renewed for a further two years.

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

### Material exposures

As part of managing liquidity risk, the Group monitors the contractual maturities of financial liabilities. At 30 June 2018:

- all trade payables are due within six months of balance date (2017: all were due within six months);
- the majority of the contracted cash flows for the Group's derivatives mature between 2 and 5 years, (2017: majority of outflows matured between 2 and 5 years); and
- the largest contractual outflows relate to borrowings totalling $1,303.9m (2017: $1,088.3m), being the principal plus interest payable of which $1,085.2m is repayable between 2 and 5 years. The below graph outlines the contractual undiscounted maturities of the Group's borrowings portfolio:



# 9. Financial risk management continued

## (d) Credit risk

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

### Risk management policy

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

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

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

### Material exposures

Cash and cash equivalents at 30 June 2018 were $361.7m (2017: $652.0m). All amounts are invested with financial institutions that have an investment grade rating. Funds on deposit to support entrusted loan facilities at 30 June 2018 were $368.6m (2017: $43.1m). All amounts are invested with financial institutions that have an investment grade rating, and are held as security against the borrowing facilities of Zhaopin. Given this, at 30 June 2018, there is not a material credit risk relating to the Group's cash balances.

Trade receivables at 30 June 2018 were $85.3m (2017: $72.1m). The Group does not hold any credit derivatives or collateral to offset its credit exposure. Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value. The exposure to credit risk is relatively low due to the credit terms provided and the large and diverse customer base.

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

## (e) Fair value measurement

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

Level 1: Quoted prices (unadjusted) 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 (as prices) or indirectly (derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

| Financial asset / liability | Fair value approach | Level | 2018 $m | 2017 $m |
|---|---|---|---|---|
| Unquoted equity instruments | Measured at fair value | Level 3 | **103.7** | 17.9 |
| Derivative financial assets | Measured at fair value | Level 2 | **10.6** | 2.7 |
| Other financial assets | Measured at fair value | Level 2 | **5.2** | - |
| Derivative financial liabilities | Measured at fair value | Level 2 | **(3.2)** | (3.8) |
| Other financial liabilities | Measured at fair value | Level 2 | **(5.4)** | |
| Derivative financial liabilities | Measured at fair value | Level 3 | **(18.8)** | (18.5) |

Level 2

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

Other financial assets of $5.2m relates to a commitment to acquire an additional interest in one of the Group's equity accounted investments, Caelum, in December 2018 (note 15). A corresponding financial liability of $5.4m has been recognised in relation to this commitment (see note 16).

Level 3

The derivative financial liabilities balance relates to a put option over shares held by a non-controlling interest in JobAdder (note 16). The unquoted equity instruments relate to an investment in 51 SheBao (Zhonghe Group), MaiMai and other small interests (note 11).

## 10. Trade and other receivables

### Accounting Policy

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

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

| | Current | | Non-current | |
|---|---|---|---|---|
| | **2018 $m** | 2017 $m | **2018 $m** | 2017 $m |
| Trade receivables | **85.3** | 72.1 | **-** | - |
| Less: provisions for impairment of receivables | **(5.6)** | (3.1) | **-** | - |
| **Net trade receivables** | **79.7** | 69.0 | **-** | - |
| Other receivables (i) | **29.4** | 13.8 | **-** | - |
| Funds on deposit for entrusted loan facilities (ii) | **18.4** | - | **100.3** | 16.7 |
| Prepayments | **42.1** | 28.9 | **-** | - |
| **Total trade and other receivables** | **169.6** | 111.7 | **100.3** | 16.7 |

### (i) Other receivables

Included within other receivables at 30 June 2018, Zhaopin has recognised a net receivable of US$8.7m (A$12.7m) from non-controlling shareholders in relation to funds receivable as part of the privatisation transaction.

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

The following table shows the Zhaopin funds on deposit to support entrusted loan facilities:

| | Other Financial Asset current $m note 11 | Other Financial Asset non-current $m note 11 | Other Receivables current $m note 10 | Other Receivables non-current $m note 10 | Total $m |
|---|---|---|---|---|---|
| Opening funds on deposit as at 1 July 2017 | - | 26.4 | - | 16.7 | 43.1 |
| Cash placed on deposit to support entrusted loan facilities | 66.4 | 141.0 | - | 95.5 | 302.9 |
| Transfer between current and non current classification | - | - | 18.3 | (18.3) | - |
| Exchange movement | 4.6 | 11.5 | 0.1 | 6.4 | 22.6 |
| **Closing funds on deposit as at 30 June 2018** | **71.0** | **178.9** | **18.4** | **100.3** | **368.6** |

## 10. Trade and other receivables continued

### Net trade receivables

During the year, a total expense of $2.2m (2017: $1.6m) was recognised in the consolidated income statement in relation to the provision for doubtful debts and credit notes.

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

| | 2018 $m | 2017 $m |
|---|---|---|
| Current - 30 days | **65.2** | 57.2 |
| 30 - 60 days | **6.1** | 6.6 |
| 60 - 90 days | **4.6** | 3.2 |
| 90 - 120 days | **2.3** | 1.0 |
| 120+ days | **1.5** | 1.0 |
| **Closing balance** | **79.7** | 69.0 |

## 11. Other financial assets

| | | Current | | Non-current | |
|---|---|---|---|---|---|
| | Notes | 2018 $m | 2017 $m | 2018 $m | 2017 $m |
| Hedge assets (i) | 9 | **10.6** | 2.7 | **-** | - |
| Short-term investments | 7 | **0.1** | 75.5 | **-** | - |
| Funds on deposit for entrusted loan facilities | 10(ii) | **71.0** | - | **178.9** | 26.4 |
| Non-current prepayments | | **-** | - | **1.1** | 0.9 |
| Convertible loans (ii) | | **6.3** | - | **24.9** | - |
| Additional interest in equity accounted investment (iii) | 16 | **5.2** | - | **-** | - |
| Investment in equity instruments (iv) | | **-** | - | **103.7** | 17.9 |
| **Total other financial assets** | | **93.2** | 78.2 | **308.6** | 45.2 |

### (i) Hedge assets

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

### (ii) Convertible loans

The Group has extended convertible loans to certain early stage entities. These loans are interest-bearing and are subject to variable terms.

### (iii) Additional interest in equity accounted investment

This relates to a commitment to acquire an additional interest in one of the Group's equity accounted investments, Caelum, in December 2018. A corresponding financial liability of $5.4m, which includes accrued interest, has been recognised in relation to this commitment (see note 16).

### (iv) Investment in equity instruments

This balance comprises minority investments in MaiMai, 51 SheBao (Zhonghe Group) and other small investments. The Group classifies these investments as either Fair Value through Profit and Loss ('FVTPL') or Fair Value through Other Comprehensive Income ('FVTOCI'). The following table shows movements during the year:

| | 2018 $m | 2017 $m |
|---|---|---|
| **FVTPL** | | |
| Opening fair value | **11.5** | - |
| Additions | **26.5** | 11.5 |
| Change in fair value | **58.8** | - |
| Exchange differences | **0.9** | - |
| **Closing fair value** | **97.7** | 11.5 |
| | | |
| **FVTOCI** | | |
| Opening fair value | **6.4** | 18.3 |
| Additions | **1.9** | 4.1 |
| Disposal | **0.0** | (10.2) |
| Change in fair value | **(2.3)** | (5.8) |
| **Closing fair value** | **6.0** | 6.4 |
| | | |
| Total | **103.7** | 17.9 |

## 12. Intangible assets

### Critical accounting estimates and assumptions

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

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

### Accounting Policy

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

| Type of intangible asset | Valuation method | Amortisation method | Estimated useful life |
|---|---|---|---|
| Goodwill | Measured as described in note 21 | Not amortised, reviewed for impairment at least annually | n/a |
| Brands and licences | Initially at cost, or fair value if acquired as part of a business combination | Finite life brands, straight-line. Indefinite life brands not amortised, reviewed for impairment at least annually | Specific to circumstances |
| Customer relationships | Initially at fair value at date of business combination | Straight-line | 1 to 5 years |
| Software and website development | Initially at cost, or fair value if acquired as part of a business combination, and subsequently at cost less accumulated amortisation | Straight-line | 3 to 5 years |
| Work in progress | Cost | Not amortised as not ready for use | n/a |

**(i) Goodwill**

Goodwill arises on business combinations as described in note 21. It relates to the portion of amounts paid to acquire other entities which cannot be identified as separate assets but instead represents expected future economic benefits. Goodwill on acquisition of subsidiaries is included in intangible assets whilst goodwill on acquisitions of associates and joint ventures is included in the carrying amount of the investment. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

**(ii) Software and website development**

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

**(iii) Work in progress**

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

## 12. Intangible assets continued

| | Notes | Goodwill $m | Brands and licences $m | Customer relationships $m | Software and website development $m | Work in progress $m | Total $m |
|---|---|---|---|---|---|---|---|
| **2017** | | | | | | | |
| **Cost** | | | | | | | |
| Opening balance at 1 July 2016 | | 1,931.2 | 366.4 | 65.9 | 163.9 | 3.6 | 2,531.0 |
| Additions | | - | 0.9 | - | 6.0 | 54.7 | 61.6 |
| Exchange differences | | (106.0) | (19.3) | (3.3) | (2.8) | (0.5) | (131.9) |
| Impairment loss | 13(d) | (3.7) | - | - | (6.4) | (0.9) | (11.0) |
| Acquisition of subsidiaries | | 350.4 | 5.0 | 31.0 | 9.7 | - | 396.1 |
| Transfers | | - | - | - | 43.6 | (43.6) | - |
| Closing balance at 30 June 2017 | | 2,171.9 | 353.0 | 93.6 | 214.0 | 13.3 | 2,845.8 |
| **Amortisation & Impairment** | | | | | | | |
| Opening balance at 1 July 2016 | | - | (1.0) | (59.8) | (81.9) | - | (142.7) |
| Amortisation charge | | - | - | (4.4) | (34.8) | - | (39.2) |
| Impairment loss | | - | - | - | 3.7 | - | 3.7 |
| Exchange differences | | - | - | 1.4 | 3.2 | - | 4.6 |
| Closing balance at 30 June 2017 | | - | (1.0) | (62.8) | (109.8) | - | (173.6) |
| **Carrying value at 30 June 2017** | | 2,171.9 | 352.0 | 30.8 | 104.2 | 13.3 | 2,672.2 |
| **2018** | | | | | | | |
| **Cost** | | | | | | | |
| Opening balance at 1 July 2017 | | **2,171.9** | **353.0** | **93.6** | **214.0** | **13.3** | **2,845.8** |
| Additions | | **-** | **-** | **-** | **7.2** | **81.5** | **88.7** |
| Exchange differences | | **20.6** | **5.9** | **1.8** | **0.1** | **0.3** | **28.7** |
| Transfers | | **-** | **-** | **-** | **67.2** | **(67.2)** | **-** |
| Closing balance at 30 June 2018 | | **2,192.5** | **358.9** | **95.4** | **288.5** | **27.9** | **2,963.2** |
| **Amortisation & Impairment** | | | | | | | |
| Opening balance at 1 July 2017 | | **-** | **(1.0)** | **(62.8)** | **(109.8)** | **-** | **(173.6)** |
| Amortisation charge | | **-** | **-** | **(8.0)** | **(45.2)** | **-** | **(53.2)** |
| Impairment loss | 13(d) | **(179.0)** | **(2.7)** | **-** | **-** | **-** | **(181.7)** |
| Exchange differences | | **-** | **-** | **(1.9)** | **(0.2)** | **-** | **(2.1)** |
| Closing balance at 30 June 2018 | | **(179.0)** | **(3.7)** | **(72.7)** | **(155.2)** | **-** | **(410.6)** |
| **Carrying value at 30 June 2018** | | **2,013.5** | **355.2** | **22.7** | **133.3** | **27.9** | **2,552.6** |

## 13. Impairment

### Critical accounting estimates and assumptions

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

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

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

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

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

## (a) Cash-generating units

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

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

| | 2018 | | 2017 | |
|---|---|---|---|---|
| CGU / Group of CGUs | Goodwill $m | Intangible assets with indefinite useful lives $m | Goodwill $m | Intangible assets with indefinite useful lives $m |
| SEEK New Zealand | **5.6** | **-** | 5.8 | - |
| Jora | **1.1** | **-** | 1.1 | - |
| SEEK Asia (i) | **974.1** | **136.3** | 947.6 | 132.0 |
| Zhaopin | **518.0** | **146.5** | 487.9 | 140.5 |
| Brasil Online (ii) | **112.7** | **48.5** | 261.1 | 54.6 |
| OCC | **55.5** | **18.9** | 121.9 | 19.9 |
| JobAdder | **12.6** | **5.0** | 12.6 | 5.0 |
| OES | **328.2** | **-** | 328.2 | - |
| Sidekicker | **5.7** | **-** | 5.7 | - |
| | **2,013.5** | **355.2** | 2,171.9 | 352.0 |

### (i) SEEK Asia

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

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

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

### (ii) Brasil Online

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

- Goodwill and Catho Online and Manager Online brands are tested across the group of CGUs that comprise Brasil Online as they contribute to the generation of cash flows across the whole of the businesses.

## (b) Impairment testing and key assumptions

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

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

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

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

## 13. Impairment continued

The cash flow projections have been:

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

### Key assumptions

Key assumptions relating to structural and market factors have been derived under a consistent approach to the prior year impairment assessment, utilising past experience, external data and internal analysis. The key structural and market factors considered in relation to the online employment businesses comprise labour market growth, rising internet penetration, continued structural migration of advertising expenditure from print to online channels and GDP growth.

| CGU / Group of CGUs | Valuation method | Years of cash flow projection | Terminal growth rate | Post-tax discount rate % | |
|---|---|---|---|---|---|
| | | | | 2018 | 2017 |
| SEEK Asia (i) | Fair value less costs of disposal | n/a | n/a | n/a | n/a |
| Zhaopin (ii) | Fair value less costs of disposal | n/a | n/a | n/a | n/a |
| Brasil Online | Fair value less costs of disposal | 10 | 5.25% | 17.0 | 18.0 |
| OCC | Fair value less costs of disposal | 10 | 3.5% | 13.5 | 14.5 |
| JobAdder (iii) | Fair value less costs of disposal | n/a | n/a | n/a | n/a |
| OES (iv) | Fair value less costs of disposal | n/a | n/a | n/a | n/a |
| Sidekicker(v) | Fair value less costs of disposal | n/a | n/a | n/a | n/a |

Management also anticipate growth from increased market penetration and continued evolution of products and services.

### (i) SEEK Asia

In March 2018, SEEK increased its ownership in SEEK Asia from 86.25% to 100% by acquiring the remaining 13.75% shares from News Corporation. At 30 June 2018, the recoverable amount of its assets have been determined based on fair value less cost of disposal, with reference to this transaction. There are no indicators to suggest that the fair value of SEEK Asia has significantly changed since this transaction.

### (ii) Zhaopin

On 29 September 2017, Zhaopin announced the completion of a going private transaction whereby SEEK and two private equity firms, Hillhouse Capital Management and FountainVest Partners, acquired all the outstanding shares of Zhaopin Limited. The recoverable amounts of Zhaopin's assets as at 30 June 2018 have been assessed based on fair value less costs of disposal with reference to the privatisation transaction. There are no indicators to suggest that the fair value of Zhaopin has significantly changed since this transaction.

### (iii) JobAdder

In August 2016, SEEK increased its ownership in JobAdder from 23.3% to 60.0%. JobAdder was consolidated into the SEEK Group from 1 September 2016. As at 30 June 2018, the recoverable amount of its assets have been determined based on a fair value less costs of disposal, with reference to this transaction. There are no indicators to suggest that the fair value of JobAdder has significantly changed since this transaction.

### (iv) OES

In March 2017, SEEK increased its ownership in OES from 50% to 80%. OES was consolidated into the SEEK Group from 1 April 2017. As at 30 June 2018, the recoverable amount of its assets have been determined based on a fair value less costs of disposal, with reference to this transaction. There are no indicators to suggest that the fair value of OES has significantly changed since this transaction as the regulatory risk of Government effecting changes was appropriately priced into the transaction price.

### (v) Sidekicker

In April 2017, SEEK increased its ownership in Sidekicker from 49.9% to 63.4%. Sidekicker was consolidated into the SEEK Group from 1 May 2017. As at 30 June 2018, the recoverable amount of its assets have been determined based on a fair value less costs of disposal, with reference to this transaction. There are no indicators to suggest that the fair value of Sidekicker has significantly changed since this transaction.

## (c) Sensitivity analysis

Future net cash flows of these CGUs are based on the key assumptions noted above, each of which are subject to some uncertainty. Any reasonable change in the key assumptions would not result in the carrying amounts exceeding their recoverable amounts.

## (d) Impairment losses recognised during the year

On 6th August 2018, SEEK Group announced that it had recognised an impairment loss following an impairment review of Brasil Online (BOL) and OCC:

| | 2018 $m | 2017 $m |
|---|---|---|
| Brasil Online (i) | **119.0** | - |
| OCC (ii) | **60.0** | - |
| CJOL (subsidiary of Zhaopin) | **2.7** | - |
| SEEK Learning | **-** | 7.6 |
| Equity accounted investments | **-** | 8.5 |
| **Total impairment loss** | **181.7** | 16.1 |

The impairment charge of $181.7m (SEEK's share $179.5m) is classified as a significant item and disclosed within impairment loss in the Consolidated Income Statement. It has no impact on SEEK's funding covenants. BOL and OCC held net cash balances as at 30 June 2018 and do not require further capital from SEEK.

| | 2018 $m | 2017 $m |
|---|---|---|
| Goodwill | **179.0** | 3.7 |
| Brands and licences | **2.7** | - |
| Software and work in progress | **-** | 3.6 |
| Other assets | **-** | 8.8 |
| **Total impairment loss** | **181.7** | 16.1 |

### (i) Brasil Online

As part of management's impairment review for the year ended 30 June 2018, the carrying value of the goodwill and other indefinite life intangible assets in BOL was compared with fair value less costs of disposal ('FVLCD') discounted cash flow ('DCF') model. As at 30 June 2018, the carrying value of BOL exceeded its FVLCD by $119.0m and an impairment loss of the same amount was recognised in respect of its goodwill.

The decrease in the recoverable amount largely reflects a deterioration in Brasil's economic and political conditions and a delay in the recovery of the candidate pays model, both of which impacted BOL's financial performance.

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

i. The strength and the sustainability of the recovery of the Brazillian economy, which has a significant impact on BOL's revenue growth profile; and

ii. The current macro-economic and political environment (specifically key inputs such as market risk premium, inflation and interest rates) which have an impact on the discount rate.

For the purpose of the DCF modelling exercise, management have assumed the following:

i. BOL's revenue will remain low and gradually recover and return to positive growth in FY2020, then to a more historical growth rate in FY2022, and

ii. Discount rate: A post-tax discount rate of 17.0%.

Notwithstanding the impairment loss recognised, there remains a reasonably possible change in each of these assumptions as follows:

i. Revenue growth profile: BOL does not return to positive revenue growth until FY2022; and

ii. Discount rate: An increase of 1.0% in the post-tax discount rate to 18.0%.

The above changes hold all other assumptions constant. Should either of these possible changes occur, the valuation indicated by the FVLCD DCF model would decrease further by approximately $23m and $16m respectively, below the 30 June 2018 carrying value post impairment charge.

### (ii) OCC

As part of management's impairment review for the year ended 30 June 2018, the carrying value of the goodwill and other indefinite life intangible assets in OCC was compared with fair value less cost of disposal (FVLCD) discounted cash flow (DCF) model. As at 30 June 2018, the carrying value of OCC exceeded its FVLCD by $60.0m and an impairment loss of the same amount was recognised in respect of its goodwill.

## 13. Impairment continued

The decrease in the recoverable amount largely reflects Mexico's macro and political uncertainty, competitive intensity, operational issues in education and the need to reinvest to evolve the business model impacting the outlook for future cashflows.

Key assumptions to which the valuation outcome of the FVLCD DCF model is most sensitive relate to the cyclicality of the Mexican economy and the operational issues that OCC is currently experiencing, which impacts the DCF valuation in two main ways:

i. Timing of recovery from cyclical downturn and operational improvement, which has a significant impact on OCC's revenue growth profile; and
ii. The current macro-economic and political environment (specifically key inputs such as market risk premium, inflation and interest rates) which have an impact on the discount rate.

For the purpose of the DCF modelling exercise, management have assumed the following

i. OCC's revenue will gradually recover and return to positive growth in FY2020, then increase to a low-to-mid double-digit growth rate in FY2022, and
ii. Discount rate: A post-tax discount rate of 13.5%.

Notwithstanding the impairment loss recognised, there remains a reasonably possible change in each of these assumptions as follows::

i. Revenue growth profile: OCC does not return to positive revenue growth until FY2022; and
ii. Discount rate: An increase of 1.0% in the post-tax discount rate to 14.5%.

The above changes hold all other assumptions constant. Should either of these possible changes occur, the valuation indicated by the FVLCD DCF model would decrease further by approximately $7m and $9m respectively, below the 30 June 2018 carrying value post impairment charge.

## 14. Net tangible asset backing

| | **2018 cents per share** | 2017 cents per share |
|---|---|---|
| **Net tangible assets per share** | **(261.36)** | (181.61) |
| **Net assets per share** | **467.41** | 585.89 |

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

## 15. Trade and other payables

| | **2018 $m** | 2017 $m |
|---|---|---|
| Trade payables | **11.5** | 12.1 |
| Accruals | **173.4** | 156.3 |
| GST and other value added taxes payable | **13.2** | 14.8 |
| Other payables (i) | **45.9** | 8.9 |
| **Total trade and other payables** | **244.0** | 192.1 |

### (i) Other payables

Included within other payables at 30 June 2018, Zhaopin has recognised a payable of US$21.2m (A$28.7m) to former shareholders in relation to funds payable as part of the privatisation transaction. These amounts are expected to be settled within the next 12 months.

## 16. Other financial liabilities

| | | Current | | Non-current | |
|---|---|---|---|---|---|
| | Note | 2018 $m | 2017 $m | 2018 $m | 2017 $m |
| Hedge liabilities (i) | | **3.2** | 3.8 | **-** | - |
| Additional interest in equity accounted investment (ii) | 11 | **5.4** | - | **-** | - |
| Put option (iii) | | **-** | - | **18.8** | 18.5 |
| **Total other financial liabilities** | | **8.6** | 3.8 | **18.8** | 18.5 |

### (i) Hedge liabilities

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

### (ii) Additional interest in equity accounted investment

This relates to a commitment to acquire an additional interest in one of the Group's equity accounted investments, Caelum, in December 2018. Interest is payable on this liability. A corresponding financial asset has been recognised in relation to this commitment (see note 11).

### (iii) Put option

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

## 17. Provisions

### Critical accounting estimates and assumptions

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

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

### Accounting Policy

Provisions are recognised when:

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

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

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

## 17. Provisions continued

| | Current | | Non-current | |
|---|---|---|---|---|
| | 2018 $m | 2017 $m | 2018 $m | 2017 $m |
| Employee benefits provision [1] | **21.0** | 18.1 | **10.7** | 8.2 |
| Other provisions | **14.3** | 14.0 | **12.5** | 20.9 |
| Total provisions | **35.3** | 32.1 | **23.2** | 29.1 |

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

### (a) Current provisions

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

| | Lease incentives $m | Make good provision $m | Acquired contingent liabilities (c) $m | Total $m |
|---|---|---|---|---|
| **At 1 July 2016** | 0.2 | 0.2 | 13.8 | 14.2 |
| Additional provision recognised in the year | - | 0.2 | 0.1 | 0.3 |
| Credited to the consolidated income statement | - | - | (1.2) | (1.2) |
| Acquisition of subsidiaries | - | - | 2.0 | 2.0 |
| Transfer to non-current provisions | (0.1) | - | (0.6) | (0.7) |
| Exchange differences | - | - | (0.6) | (0.6) |
| **At 30 June 2017** | 0.1 | 0.4 | 13.5 | 14.0 |
| | | | | |
| Additional provision recognised in the year | **-** | **1.3** | **-** | **1.3** |
| Credited to the consolidated income statement | **(0.1)** | **-** | **(0.4)** | **(0.5)** |
| Transfer to non-current provisions | **-** | **-** | **(0.7)** | **(0.7)** |
| Exchange differences | **-** | **(0.2)** | **0.4** | **0.2** |
| **At 30 June 2018** | **-** | **1.5** | **12.8** | **14.3** |

## (b) Non-current provisions

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

| | Lease incentives $m | Acquired contingent liabilities (c) $m | Tax cases provision (d) $m | Other $m | Total $m |
|---|---|---|---|---|---|
| **At 1 July 2016** | 0.3 | 9.4 | 7.0 | 1.1 | 17.8 |
| Additional provision recognised in the year | - | - | 0.5 | 4.3 | 4.8 |
| Credited to the consolidated income statement | (0.3) | (0.4) | - | (1.4) | (2.1) |
| Acquisition of subsidiaries | 0.7 | - | - | - | 0.7 |
| Transfer from current provisions | 0.1 | 0.6 | - | - | 0.7 |
| Exchange differences | - | (0.4) | (0.5) | (0.1) | (1.0) |
| **At 30 June 2017** | 0.8 | 9.2 | 7.0 | 3.9 | 20.9 |
| Additional provision recognised in the year | **0.2** | **-** | **2.0** | **0.4** | **2.6** |
| Credited to the consolidated income statement | **(0.2)** | **(5.8)** | **(2.4)** | **(1.7)** | **(10.1)** |
| Transfer from current provisions | **-** | **0.7** | **-** | **-** | **0.7** |
| Exchange differences | **(0.1)** | **(0.6)** | **(0.8)** | **(0.1)** | **(1.6)** |
| **At 30 June 2018** | **0.7** | **3.5** | **5.8** | **2.5** | **12.5** |

## (c) Acquired contingent liabilities

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

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

## (d) Tax cases provision

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

## 18. Share capital

### (a) Ordinary share capital

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

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

| Details | Number of Shares | $m |
|---|---|---|
| 1 July 2016 balance (including treasury shares) | 345,455,882 | 222.9 |
| Issue of shares to satisfy future rights and option exercises | 4,450,000 | - |
| Exercise of options - proceeds received | - | 28.7 |
| 30 June 2017 balance (including treasury shares) | 349,905,882 | 251.6 |
| Less: Treasury shares | (1,733,024) | - |
| 30 June 2017 balance (excluding treasury shares) | 348,172,858 | 251.6 |
| | | |
| 1 July 2017 balance (including treasury shares) | **349,905,882** | **251.6** |
| Issue of shares to satisfy future rights and option exercises | **1,150,000** | **-** |
| Exercise of options - proceeds received | **-** | **17.6** |
| **30 June 2018 balance (including treasury shares)** | **351,055,882** | **269.2** |
| Less: Treasury shares | **(790,579)** | **-** |
| **30 June 2018 balance (excluding treasury shares)** | **350,265,303** | **269.2** |

### (b) Treasury shares

Treasury shares are shares in the Company that are held by the Employee Share Trust for the purpose of future allocation to employees under SEEK's Performance Rights and Options Plan ('PROP') and shares held by the Employee Share Trust that have been allocated to employees under the Performance Rights and Options Plan but are subject to a disposal restriction. Treasury shares do not include shares held by the Employee Share Trust on behalf of employees under the general employee share plan offered to Australian tax resident employees on a salary sacrifice basis.

| Details | 2018 Number of Shares | 2017 Number of Shares |
|---|---|---|
| 1 July balance | **1,733,024** | 1,330,751 |
| Release of restricted shares held under PROP | **(396,964)** | (366,809) |
| Acquisition of shares by Employee Share Trust | **1,150,000** | 4,450,000 |
| Exercise of options under PROP | **(1,695,481)** | (3,680,918) |
| **30 June balance** | **790,579** | 1,733,024 |

## 19. Reserves

### Nature and purpose of reserves

**Share-based payments reserve**
The share-based payments reserve is used to recognise the grant date fair value of shares issued to employees.

**Foreign currency translation reserve**
Exchange differences arising on the translation of foreign controlled entities and associates are recognised in the foreign currency translation reserve, as described in note 33(b).

**Cash flow hedge reserve**
The cash flow hedge reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that is recognised directly in equity, as described in note 9. Amounts are recognised in the consolidated income statement when the associated hedged transaction expires, is sold or terminated, is no longer expected to occur or no longer meets the criteria for hedge accounting.

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

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

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

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

### (a) Hedging reserve

| | 2018 $m | 2017 $m |
|---|---|---|
| Cash flow hedge reserve | 1.5 | 0.1 |
| Net investment hedge reserve (i) | (93.4) | (86.2) |
| **Total hedging reserve** | **(91.9)** | (86.1) |

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

#### (i) Net investment hedge reserve

The movement of $7.2m (2017: $11.4m) in the net investment hedge reserve for the year was due to the appreciation of the US dollar against the Australian dollar and its impact on US dollar borrowings designated as a net investment hedge along with the appreciation of the Chinese Renminbi and the Singapore dollar.

### (b) Other reserves

Other reserves comprises the following reserves:

| | | 2018 $m | 2017 $m |
|---|---|---|---|
| Share-based payments reserve | | 83.6 | 72.7 |
| Put option reserve | 16 | (18.3) | (18.3) |
| Investment revaluation reserve | | (2.3) | - |
| Transactions with non-controlling interests (i) | | (61.7) | 0.4 |
| Transfers under common control | | (1.1) | (1.1) |
| **Total other reserves** | | **0.2** | 53.7 |

#### (i) Transactions with non-controlling interests

On the 16th March 2018, SEEK increased its ownership in SEEK Asia from 86.25% to 100% by acquiring the remaining 13.75% shares from News Corporation. This resulted in a debit movement in transactions with non-controlling interest of $36.1m.

The change in ownership of Zhaopin Limited (note 22) has resulted in a debit of $41.6m in the transactions with non-controlling interests reserve.

## 20. Dividends

| | Payment date | Amount per share | Franked amount per share | Total dividend |
|---|---|---|---|---|
| Financial Year 2017 | | | | |
| 2016 final dividend | 14 October 2016 | 19.0 cents | 19.0 cents | $66.1m |
| 2017 interim dividend | 19 April 2017 | 23.0 cents | 23.0 cents | $80.0m |
| Total dividends paid for the year ended 30 June 2017 | | | | $146.1m |
| | | | | |
| **Financial Year 2018** | | | | |
| 2017 final dividend | **13 October 2017** | **21.0 cents** | **21.0 cents** | **$73.5m** |
| 2018 interim dividend | **13 April 2018** | **24.0 cents** | **24.0 cents** | **$84.2m** |
| **Total dividends paid for the year ended 30 June 2018** | | | | **$157.7m** |

Dividends paid or declared by the Company after the year-end (to be paid out of retained profits at 30 June 2018):

| | | | | |
|---|---|---|---|---|
| **2018 final dividend** | **4 October 2018** | **22.0 cents** | **22.0 cents** | **$77.2m** |

The balance of the franking account of the Australian consolidated tax group, adjusted for franking credits that will arise from the payment of the current tax liability, is $91.0m at 30 June 2018 (2017: $123.2m) based on a tax rate of 30% (2017: 30%).

The dividend payment on 4 October 2018 will be fully franked using this balance, and will reduce the franking credits available by $33.1m for the consolidated Group.

## 21. Business combinations

### Critical accounting estimates and assumptions

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

**(i) Intangible assets**

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

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

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

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

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

## Accounting Policy

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

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

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

Acquisition-related costs are expensed as incurred.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at fair value.

## Online Education Services Pty Ltd (OES)

On 31 March 2017, the Group, through its ultimate parent, SEEK Limited, completed a transaction with Swinburne University of Technology acquiring an additional 30% interest in OES, taking its ownership to 80% for a total consideration of A$119.6m. The details of this transaction were disclosed in the SEEK FY2017 annual report. There have been no changes to the final net asset values or allocation of purchase price during FY2018.

## 22. Zhaopin privatisation

In April 2017, SEEK formed a consortium with leading private equity firms Hillhouse Capital Group and FountainVest Partners ('consortium'), for the purpose of the privatisation of Zhaopin Limited. The consortium signed a merger agreement to acquire all of the outstanding shares of Zhaopin for a purchase price of US$18.20 per American Depositary Share ('ADS').

On 29 September 2017, the merger was completed and Zhaopin's ADS were subsequently suspended from trading on the New York Stock Exchange ('NYSE'). As a result of this transaction, SEEK's interest in Zhaopin Limited increased from 60.9% to 61.1%. The remaining shares of Zhaopin Limited are held by Hillhouse Capital Group and FountainVest Partners. The consortium is in the process of dealing with the last remaining dissenting shareholders which may result in the valuation of their shareholding being tested in the Cayman Islands court system.

The change in ownership of Zhaopin Limited has resulted in a debit of $41.6m in the transactions with non-controlling interests reserve and a decrease in non-controlling interests of $114.5m.

## 23. Interests in controlled entities

### (a) Material subsidiaries

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

The Group has fully consolidated a number of entities in the SEEK Asia group despite not holding the majority of equity. SEEK has also consolidated a number of Special Purpose Entities ('SPEs') which Zhaopin controls despite not holding a direct ownership interest. A list of these entities is shown below in section (b).

Unless otherwise stated, the following subsidiaries have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights of the Group.

| Name of entity | Country of incorporation | Equity holding 2018 % | Equity holding 2017 % |
|---|---|---|---|
| SEEK (NZ) Limited | New Zealand | **100** | 100 |
| SEEK Learning Pty Ltd | Australia | **100** | 100 |
| Online Education Services Pty Ltd[1] | Australia | **80** | 80 |
| Online Career Center Mexico, S.A.P.I de CV (together with its consolidated subsidiaries, 'OCC') | Mexico | **98.2** | 98.2 |
| Brasil Online Holdings Cooperatief U.A.[2] (together with its consolidated subsidiaries, 'Brasil Online') | Netherlands | **100** | 100 |
| Catho Online, Ltda | Brazil | **100** | 100 |
| Manager Online Servicos de Internet, Ltda | Brazil | **100** | 100 |
| SEEKAsia Ltd[3] (together with its consolidated subsidiaries, 'SEEK Asia') | Cayman Islands | **100** | 86.3 |
| Jobs DB Hong Kong Limited | Hong Kong | **100** | 100 |
| Jobs DB Singapore Pte Limited | Singapore | **100** | 100 |
| Jobs DB Recruitment (Thailand) Limited | Thailand | **100** | 100 |
| PT Jobs DB Indonesia | Indonesia | **90** | 90 |
| Jobs DB Philippines Inc. | Philippines | **100** | 100 |
| SEEK Asia Investments Pte. Ltd. | Singapore | **100** | 100 |
| JobStreet.com Pte Ltd | Singapore | **100** | 100 |
| JobStreet.com Shared Services Sdn. Bhd. | Malaysia | **100** | 100 |
| JobStreet.com Philippines, Inc | Philippines | **100** | 100 |
| PT. JobStreet Indonesia | Indonesia | **100** | 100 |
| JobStreet Company Limited | Vietnam | **100** | 100 |
| Zhaopin Limited[3](together with its consolidated subsidiaries, 'Zhaopin') | Cayman Islands | **61.1** | 60.9 |
| Beijing Wangpin Consulting Co., Ltd | P.R. China | **90** | 90 |
| Shenzhen Xijier Human Resources Co., Ltd (CJOL) | P.R. China | **75.6** | 75.6 |

1. SEEK had a 50% equity holding in OES until 1 April 2017 when it acquired an additional 30% and it became a subsidiary of the Group.
2. This is a Cooperative entity registered in the Netherlands; SEEK's investment is in the form of a Member Contribution, rather than shares.
3. Certain entities in these groups are fully consolidated despite not holding the majority of equity. See section (b) for further details.

## (b) Entities fully consolidated despite not holding majority of equity

The Group has fully consolidated a number of entities in the SEEK Asia group and Zhaopin despite not holding the majority of equity or direct ownership interest. Through existing contractual agreements, the Group is able to exercise effective control over the financial and operating policies of these businesses and receive substantially all of the economic benefits and returns.

| SEEK Asia entities | | Zhaopin entities | |
|---|---|---|---|
| Jobs DB Malaysia Sdn. Bhd. | Jobs DB Assets (Thailand) Ltd | Beijing Zhilian Sanke Human Resources Service Co., Ltd. | Wuhan Zhilian Rencai Advertising Co., Ltd. |
| 88 Karat Sdn. Bhd. | Jobs DB Prestige Inc | Guangzhou HouBo Information Technology Co., Ltd. | Shenyang Zhilian Wangpin Advertising Co., Ltd. |
| JobStreet.com Sdn. Bhd. | PT Prestige Indonesia | Harbin Zhilian Wangcai Advertising Co., Ltd. | Shenyang Zhilian Recruitment Service Co., Ltd. |
| Agensi Pekerjaan JS Staffing Services Sdn. Bhd. | | | |

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

| For the year ended 30 June 2018 | Zhaopin $m | SEEK Asia[4] $m | OES[1] $m | Other[2] $m | Total $m |
|---|---|---|---|---|---|
| **Non-controlling interests percentage** | 38.9% | 0.0% | 20.0% | | |
| Non-current assets | 1,090.2 | 1,138.6 | 358.8 | | |
| Current assets | 296.5 | 78.3 | 64.3 | | |
| Non-current liabilities | (322.8) | (37.5) | (8.0) | | |
| Current liabilities | (504.8) | (197.0) | (13.2) | | |
| Net assets | 559.1 | 982.4 | 401.9 | | |
| Net assets attributable to non-controlling interests | 194.2 | - | 80.4 | | |
| Net assets attributable to vested share options[3] | 8.7 | - | - | | |
| **Carrying amount of non-controlling interests** | 202.9 | - | 80.4 | 13.7 | 297.0 |
| | | | | | |
| Revenue | 461.5 | 151.3 | 119.4 | | |
| Profit | 92.1 | 46.3 | 20.8 | | |
| Other comprehensive income | 21.7 | 28.0 | - | | |
| **Total comprehensive income** | 113.8 | 74.3 | 20.8 | | |
| Profit allocated to non-controlling interests | 32.0 | 4.6 | 4.1 | (2.9) | 37.8 |
| Other comprehensive income allocated to non-controlling interests | 8.6 | 1.8 | - | - | 10.4 |
| | | | | | |
| Cash flows from operating activities | 107.3 | 63.7 | 22.7 | | |
| Cash flows from investing activities | (40.4) | (20.9) | (4.4) | | |
| Cash flows from financing activities | (444.1) | (36.2) | - | | |
| Net increase/(decrease) in cash and cash equivalents | (377.2) | 6.6 | 18.3 | | |
| | | | | | |
| **Dividends paid to non-controlling interests** | 51.9 | - | - | - | 51.9 |

1. OES was equity accounted until 31 March 2017, when SEEK acquired a controlling interest. Its results have been consolidated from 1 April 2017.
2. 'Other' represents other individually immaterial non-controlling interests.
3. Non-controlling interest reserve includes the fair value of unexercised share options of the subsidiary that were vested at the date the Group obtained a controlling interest.
4. SEEK's interest in SEEK Asia included non-controlling interests of 13.7% until 16 March 2018 when SEEK Asia became a wholly owned subsidiary.

| For the year ended 30 June 2017 | Zhaopin $m | SEEK Asia $m | OES[1] $m | Other[2] $m | Total $m |
|---|---|---|---|---|---|
| **Non-controlling interests percentage** | 39.1% | 13.7% | 20.0% | | |
| Non-current assets | 713.0 | 1,092.7 | 362.1 | | |
| Current assets | 539.4 | 70.2 | 44.8 | | |
| Non-current liabilities | (83.3) | (143.5) | (9.9) | | |
| Current liabilities | (287.5) | (112.0) | (15.9) | | |
| Net assets | 881.6 | 907.4 | 381.1 | | |
| Net assets attributable to non-controlling interests | 321.7 | 124.7 | 76.2 | | |
| Net assets attributable to vested share options [3] | 19.7 | - | - | | |
| Carrying amount of non-controlling interests | 341.4 | 124.7 | 76.2 | 16.9 | 559.2 |
| | | | | | |
| Revenue | 372.9 | 139.7 | 29.2 | | |
| Profit[4] | 30.7 | 46.2 | 6.4 | | |
| Other comprehensive income | (43.5) | (63.9) | - | | |
| **Total comprehensive income** | (12.8) | (17.7) | 6.4 | | |
| Profit allocated to non-controlling interests | 15.0 | 6.6 | 1.3 | (1.1) | 21.8 |
| Other comprehensive income allocated to non-controlling interests | (16.8) | (8.9) | - | (0.1) | (25.8) |
| | | | | | |
| Cash flows from operating activities | 111.4 | 49.7 | 27.6 | | |
| Cash flows from investing activities | (6.9) | (7.1) | (2.2) | | |
| Cash flows from financing activities | 4.1 | (60.3) | (35.9) | | |
| Net increase/(decrease) in cash and cash equivalents | 108.6 | (17.7) | (10.5) | | |
| | | | | | |
| **Dividends paid to non-controlling interests** | - | 2.2 | 4.8 | - | 7.0 |

1. OES was equity accounted until 31 March 2017, when SEEK acquired a controlling interest. Its results have been consolidated from 1 April 2017.
2. 'Other' represents other individually immaterial non-controlling interests.
3. Non-controlling interest reserve includes the fair value of unexercised share options of the subsidiary that were vested at the date the Group obtained a controlling interest.
4. The profit shown for OES represents the three month period during which it was consolidated, from 1 April 2017 to 30 June 2017.

## 24. Interests in equity accounted investments

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

Investments in associate valuations require significant estimates and judgements. As required by current Accounting Standards, the Group has evaluated, among other factors, the financial health of and business outlook for its associates and assessed the carrying value of its investments against current estimated fair value.

Where an impairment indicator exists due to the current economic climate, an impairment test has been performed.

Set out below are the associates and joint arrangements of the Group as at 30 June 2018 which, in the opinion of the directors, are material to the Group.

| Joint ventures / Associates | Country of Incorporation | Ownership interest % 2018 | Ownership interest % 2017 | Principal activities |
|---|---|---|---|---|
| Framework Computer Consultants Limited ('Digitary') | Ireland | **42.8** | - | Provides an online platform for education institutions to issue secure, shareable academic documents such as transcripts and testamurs |
| Educalcp II, S.A. de C.V. ('UTEL') | Mexico | **36.1** | - | A private online university in Mexico that provides online higher education, predominantly to working adults |
| Bdjobs.com Limited ('Bdjobs') | Bangladesh | **35.0** | 25.0 | Online employment focussed business that helps job seekers manage their career more efficiently, including job search, training and assessment |
| One Africa Media (Pty) Ltd ('OAM') | South Africa | **34.6** | 34.6 | Owns, operates and invests in a portfolio of African market-leading online marketplaces in the segments of jobs, cars and real estate |

### (a) Summarised financial information recognised by SEEK

| | Associates | | | | Joint ventures | | | |
|---|---|---|---|---|---|---|---|---|
| | Digitary $m | UTEL[1] $m | Bdjobs $m | Other individually immaterial associates $m | OAM $m | OES[2] $m | Babajob[3] $m | Total $m |
| **Carrying amount as at 30 June 2016** | - | - | 7.5 | 18.2 | 26.1 | 20.6 | 8.6 | 81.0 |
| Dividends received | - | - | (0.4) | - | - | (5.9) | - | (6.3) |
| Share of net profits/(losses) | - | - | 0.5 | (3.0) | (2.0) | 10.4 | (1.6) | 4.3 |
| Share of other comprehensive income | - | - | (0.4) | (0.5) | 0.5 | - | (0.2) | (0.6) |
| Share of movement in other reserves | - | - | - | - | 0.2 | - | 0.4 | 0.6 |
| Acquisition of additional interest | - | - | - | 5.6 | - | - | - | 5.6 |
| Acquisition of controlling interest | - | - | - | (4.5) | - | (25.1) | - | (29.6) |
| Impairment of equity accounted investment | - | - | - | (2.3) | - | - | (6.2) | (8.5) |
| Disposal of interest | - | - | - | - | - | - | (1.0) | (1.0) |
| **Carrying amount as at 30 June 2017** | - | - | 7.2 | 13.5 | 24.8 | - | - | 45.5 |
| Dividends received | **-** | **-** | **(0.7)** | **-** | **-** | **-** | **-** | **(0.7)** |
| Return of capital from associate | **-** | **-** | **-** | **-** | **(6.4)** | **-** | **-** | **(6.4)** |
| Share of net profits/(losses) | **(0.8)** | **-** | **0.5** | **(2.9)** | **(3.0)** | **-** | **-** | **(6.2)** |
| Share of other comprehensive income | **-** | **-** | **-** | **(0.4)** | **(1.2)** | **-** | **-** | **(1.6)** |
| Share of movement in other reserves | **-** | **-** | **-** | **0.1** | **6.9** | **-** | **-** | **7.0** |
| Acquisition of interest | **24.8** | **32.2** | **-** | **32.2** | **-** | **-** | **-** | **89.2** |
| Acquisition of additional interest | **-** | **-** | **4.8** | **3.2** | **-** | **-** | **-** | **8.0** |
| Disposal of interest | **-** | **-** | **-** | **(3.9)** | **-** | **-** | **-** | **(3.9)** |
| **Carrying amount as at 30 June 2018** | **24.0** | **32.2** | **11.8** | **41.8** | **21.1** | **-** | **-** | **130.9** |

1. SEEK acquired a 36.1% interest in UTEL on 19 June 2018. Additional financial information has not been included in note 24 (b) due to the very recent timing of this transaction.
2. OES was equity accounted until 31 March 2017 when SEEK acquired a controlling interest. Its results have been consolidated from 1 April 2017.
3. SEEK's interest in Babajob was disposed of during FY2017.

## 24. Interests in equity accounted investments continued

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

| Summarised balance sheet (100%) | Digitary 2018 $m | Digitary 2017 $m | BDJobs 2018 $m | BDJobs 2017 $m | OAM 2018 $m | OAM 2017 $m |
|---|---|---|---|---|---|---|
| Current assets | 5.6 | - | 3.0 | 3.9 | 7.6 | 9.2 |
| Non-current assets | 8.4 | - | 0.2 | 0.1 | 23.0 | 17.6 |
| Current liabilities | (1.3) | - | (0.5) | (0.5) | (5.2) | (17.6) |
| Non-current liabilities | (2.5) | - | - | - | (9.9) | - |
| NCI share of net assets | - | - | - | - | (3.5) | - |
| **Net assets/(liabilities)** | 10.2 | - | 2.7 | 3.5 | 12.0 | 9.2 |
| *Assets and liabilities above include:* | | | | | | |
| Cash and cash equivalents | 5.2 | - | 1.8 | 3.0 | 2.5 | 6.0 |
| Current financial liabilities (excluding trade and other payables and provisions) | (0.5) | - | - | - | - | - |
| **Group interest** | | | | | | |
| Group's share in % | 42.8% | 0.0% | 35.0% | 25.0% | 34.6% | 34.6% |
| Group's share in $ | 4.3 | - | 0.9 | - | 4.2 | 3.3 |
| Goodwill | 19.7 | - | 10.9 | - | 16.9 | 21.5 |
| **Carrying amount** | 24.0 | - | 11.8 | 7.2 | 21.1 | 24.8 |

| Summarised statement of comprehensive income (100%) | Digitary 2018 $m | Digitary 2017 $m | BDJobs 2018 $m | BDJobs 2017 $m | OAM 2018 $m | OAM 2017 $m |
|---|---|---|---|---|---|---|
| Revenue | 0.7 | - | 3.9 | 3.6 | 14.1 | 14.7 |
| Interest income | - | - | 0.2 | 0.2 | 0.6 | 0.7 |
| Other operating costs | (2.0) | - | (1.8) | (1.7) | (20.2) | (18.4) |
| Depreciation and amortisation | (0.8) | - | - | - | (3.6) | (1.9) |
| Income tax benefit/(expense) | 0.2 | - | (0.2) | (0.2) | (0.8) | (0.8) |
| **Profit/(loss) for the period** | (1.9) | - | 2.1 | 1.9 | (9.9) | (5.7) |
| Other comprehensive income | - | - | - | - | (12.4) | 0.5 |
| **Total comprehensive income** | (1.9) | - | 2.1 | 1.9 | (22.3) | (5.2) |

## 25. Deed of Cross Guarantee

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

| Company | Financial year entered into agreement |
|---|---|
| SEEK Limited | 30 June 2006 |
| SEEK Learning Pty Ltd | 30 June 2006 |
| SEEK Campus Pty Ltd | 30 June 2006 |
| SEEK Business Pty Ltd | 30 June 2007 |
| Talent Solutions Pty Ltd (formerly SEEK Investments Pty Ltd) | 30 June 2007 |
| SEEK International Investments Pty Ltd * | 30 June 2007 |
| Job Seeker Pty Ltd | 30 June 2014 |
| HS Holdco Pty Ltd | 30 June 2015 |

* This entity is not required to prepare and lodge a financial report and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission.

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

### (a) Income statement and other comprehensive income of the Closed Group for Deed of Cross Guarantee purposes

| Statement of comprehensive income | 2018 $m | 2017 $m |
|---|---|---|
| **Income statement** | | |
| Revenue | **464.6** | 364.6 |
| Other income | **1.9** | 177.3 |
| **Operating expenses** | | |
| Direct cost of services | **(2.4)** | (3.4) |
| Employee benefits expenses | **(113.8)** | (115.9) |
| Marketing related expenses | **(38.6)** | (29.9) |
| Technology, product and development expenses | **(20.8)** | (13.1) |
| Operations and administration expenses | **(3.8)** | (16.5) |
| Depreciation and amortisation expense | **(32.5)** | (26.2) |
| Finance costs | **(29.1)** | (21.4) |
| Transaction costs | **7.5** | (8.8) |
| **Total operating expenses** | **(233.5)** | (235.2) |
| Impairment | **-** | (16.1) |
| Share of results of equity accounted investments | **(4.3)** | 3.9 |
| **Profit before income tax expense** | **228.7** | 294.5 |
| Income tax expense | **(46.2)** | (15.7) |
| **Profit for the year of the Closed Group** | **182.5** | 278.8 |
| | | |
| **Other comprehensive income** | | |
| Exchange differences on translation of foreign associates | **(1.0)** | 0.4 |
| Tax associated with sale of financial asset | **-** | 1.3 |
| Reserve recycled on disposal of equity accounted investments | **-** | (0.5) |
| Gains/(losses) on hedge contracts of controlled entities | **(6.9)** | 14.3 |
| Change in fair value of financial assets | **(2.3)** | (5.7) |
| Income tax relating to other comprehensive income | **1.9** | - |
| **Other comprehensive income for the year** | **(8.3)** | 9.8 |
| **Total comprehensive income for the year of the Closed Group** | **174.2** | 288.6 |

## 25. Deed of Cross Guarantee continued

### (b) Summary of movements in consolidated retained profits of the Closed Group for Deed of Cross Guarantee purposes

| Summary of movements in consolidated retained profits | 2018 $m | 2017 $m |
|---|---|---|
| Retained profits at 1 July | **880.5** | 742.2 |
| Profit for the year | **182.5** | 278.8 |
| Tax credited directly to retained profits - share-based payments | **2.0** | 8.1 |
| Transfer between reserves | **1.4** | (3.8) |
| Tax associated with the sale of financial asset | **-** | 1.3 |
| Dividends paid | **(157.7)** | (146.1) |
| **Retained profits at 30 June of the Closed Group** | **908.7** | 880.5 |

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

| Consolidated balance sheet | 2018 $m | 2017 $m |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | **25.2** | 60.0 |
| Trade and other receivables | **53.7** | 43.3 |
| Other financial assets | **14.8** | 2.7 |
| **Total current assets** | **93.7** | 106.0 |
| **Non-current assets** | | |
| Investments in controlled entities | **1,772.9** | 1,749.4 |
| Investments accounted for using the equity method | **76.1** | 38.3 |
| Plant and equipment | **12.1** | 7.5 |
| Intangible assets | **113.1** | 87.6 |
| Other financial assets | **30.8** | 6.3 |
| Deferred tax assets | **0.7** | 7.0 |
| Loans with controlled entities | **129.1** | - |
| **Total non-current assets** | **2,134.8** | 1,896.1 |
| **Total assets** | **2,228.5** | 2,002.1 |
| **Current liabilities** | | |
| Trade and other payables | **40.3** | 46.4 |
| Unearned income | **37.2** | 28.4 |
| Other financial liabilities | **3.2** | 3.5 |
| Current tax liabilities | **22.0** | 2.6 |
| Provisions | **13.3** | 12.0 |
| **Total current liabilities** | **116.0** | 92.9 |
| **Non-current liabilities** | | |
| Borrowings | **957.3** | 788.0 |
| Other financial liabilities | **18.8** | 18.5 |
| Provisions | **4.8** | 5.2 |
| Loans with controlled entities | **-** | 20.1 |
| **Total non-current liabilities** | **980.9** | 831.8 |
| **Total liabilities** | **1,096.9** | 924.7 |
| **Net assets** | **1,131.6** | 1,077.4 |
| **Equity** | | |
| Contributed equity | **269.2** | 251.6 |
| Reserves | **(46.3)** | (54.7) |
| Retained profits | **908.7** | 880.5 |
| **Total equity** | **1,131.6** | 1,077.4 |

## 26. Parent entity financial information

### Accounting Policy

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

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

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

**(ii) Income tax consolidation legislation**

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

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

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

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

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

**(iii) Financial guarantees**

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

### (a) Summary financial information

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

| | 2018 $m | 2017 $m |
|---|---|---|
| **Balance sheet** | | |
| Current assets | 77.0 | 101.1 |
| Total assets | 1,912.6 | 1,728.2 |
| Current liabilities | (111.3) | (88.2) |
| Total liabilities | (1,090.3) | (896.8) |
| **Net assets** | 822.3 | 831.4 |
| **Equity** | | |
| Issued capital | 269.2 | 251.6 |
| Reserves | | |
| Cash flow hedge reserve | 1.4 | 0.3 |
| Net investment hedge reserve | (75.8) | (75.3) |
| Put option reserve | (18.3) | (18.3) |
| Foreign currency translation reserve | (0.2) | (2.0) |
| Share-based payments reserve | 69.5 | 58.5 |
| Transactions with non-controlling interests | (3.6) | (3.6) |
| Retained earnings | 580.1 | 620.2 |
| | 822.3 | 831.4 |
| **Profit or loss for the year** | 115.6 | 580.7 |
| **Total comprehensive income** | 118.0 | 575.8 |

## 26. Parent entity financial information continued

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

The parent entity and certain subsidiaries have given unsecured guarantees in respect of the syndicated loan facility of A$550.0m and US$275.0m of which a total of A$786.6m has been drawn down at 30 June 2018. Refer to note 7.

In addition, there are cross guarantees given by SEEK Limited and certain subsidiaries, as described in note 25.

The parent entity is also the guarantor in respect of a number of subsidiaries' operating leases.

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

The parent entity did not have any contingent liabilities as at 30 June 2018 (2017: nil).

### (d) Contractual commitments

As at 30 June 2018, the parent entity had contractual commitments for minimum lease payments in relation to non-cancellable operating leases totalling $291.3m (2017: $20.6m).

Other commitments for the payment of IT services, advertising and promotions under long-term contracts in existence totalled $7.0m (2017: $2.4m).

## 27. Contingent liabilities

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

In addition to the provisions recognised (refer to note 17), the Group has $3.3m of unrecognised contingent liabilities at 30 June 2018 (2017: $4.2m) which relate to labour and civil cases in Brasil Online and its subsidiaries.

## 28. Commitments for expenditure

| | Lease commitments (a) | | Other commitments (b) | |
|---|---|---|---|---|
| | **2018 $m** | 2017 $m | **2018 $m** | 2017 $m |
| Within one year | **27.0** | 24.7 | **9.9** | 9.2 |
| Later than one year but not later than five years | **87.5** | 39.4 | **4.1** | 0.2 |
| More than five years | **242.2** | 0.1 | **-** | - |
| **Total** | **356.7** | 64.2 | **14.0** | 9.4 |

### (a) Lease commitments

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

In June 2018, council approval was granted for the contruction of the Group's new headquarters in Melbourne. Lease commitments which were subject to this approval have now been recognised.

### (b) Other commitments

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

## 29. Events occurring after the balance sheet date

In July 2018, US$30m of Zhaopin entrusted loan facilities were renewed with a revised maturity date of July 2020.

## 30. Share-based payments

### Accounting Policy

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

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

**Calculating the fair value**

Calculating the fair value of share-based payments can be complex. Independent consultants use Black-Scholes or similar option pricing models to value options and rights. This calculation includes any market performance conditions and the impact of any non-vesting conditions. Once the fair value has been determined (at grant date), it is not revised.

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

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

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

- **SEEK Limited**: share-based benefits are provided to certain employees via Performance Rights, and to SEEK Limited Executives via Equity Rights and Wealth Sharing Plan Options/Rights.
- **Zhaopin**: during the year, certain vested options were cash-settled as a result of the privatisation transaction. Unvested options were also converted to restricted cash awards at that time. A new equity-settled share option plan was established during the year.
- **SEEK Asia**: a share option plan was established in SEEK Asia in 2014. The options are held over the ordinary share capital of SeekAsia Limited.
- **OCC**: on acquisition of OCC in FY2012, its share option plan was not replaced. The options are held over the ordinary share capital of Online Career Centre Mexico, S.A.P.I de CV.
- **Sidekicker**: a share option plan was established during 2018. The options are held over the ordinary share capital of Sidekicker Pty Limited.

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

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

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefits expense were $26.8m (2017: $10.0m) including:

- Equity settled share-based payment plans:
  – SEEK Limited Performance Rights and Options Plan: $11.2m (2017: $9.2m)
  – Subsidiary share option plans: $11.5m (2017: $1.9m)
- Cash settled share-based payment plans: $2.8m (2017: credit $1.7m).

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

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

As noted above, certain employees also receive a Performance Right as part of their remuneration each year under the Performance Rights and Options Plan. Performance Rights convert to a number of shares at the end of the financial year based on the SEEK Limited share price and the performance of the individual. Shares are restricted for a further 12 months from vesting. There have been no changes to the Performance Rights and Options Plan in FY2018.

| 2018 | | | Number of options or rights | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Grant date | Expiry date (years) | Exercise price | Opening balance | Granted during the year | Exercised during the year | Lapsed during the year | Forfeited during the year | Closing balance | Vested and exercisable at 30 June |
| **Wealth Sharing Plan Options** | | | | | | | | | |
| 6 September 2013 | 5 | $10.38 | 1,023,133 | - | (1,023,133) | - | - | - | - |
| 4 December 2013 | 5 | $10.38 | 672,348 | - | (672,348) | - | - | - | - |
| 6 August 2014 | 5 | $19.04 | 275,810 | - | - | (275,810) | - | - | - |
| 12 December 2014 | 5 | $19.04 | 514,285 | - | - | (514,285) | - | - | - |
| **Total** | | | 2,485,576 | - | (1,695,481) | (790,095) | - | - | - |
| **Wealth Sharing Plan Rights** | | | | | | | | | |
| 1 October 2015 | 5 | $0.00 | 297,011 | - | - | - | - | 297,011 | - |
| 2 November 2015 | 5 | $0.00 | 67,088 | - | - | - | - | 67,088 | - |
| 7 December 2015 | 5 | $0.00 | 182,713 | - | - | - | - | 182,713 | - |
| 30 May 2016 | 5 | $0.00 | 29,395 | - | - | - | - | 29,395 | - |
| 3 October 2016 | 5 | $0.00 | 233,617 | - | - | - | - | 233,617 | - |
| 19 December 2016 | 5 | $0.00 | 309,646 | - | - | - | - | 309,646 | - |
| 17 October 2017 | 5 | $0.00 | - | 456,064 | - | - | (11,713) | 444,351 | - |
| 4 December 2017 | 5 | $0.00 | - | 171,941 | - | - | - | 171,941 | - |
| **Total** | | | 1,119,470 | 628,005 | - | - | (11,713) | 1,735,762 | - |
| **Equity Rights** | | | | | | | | | |
| Oct - Dec 2016 | 2 | $0.00 | 8 | - | (8) | - | - | - | - |
| 17 October 2017 | 2 | $0.00 | - | 6 | - | - | - | 6 | - |
| 4 December 2017 | 2 | $0.00 | - | 1 | - | - | - | 1 | - |
| **Total** | | | 8 | 7 | (8) | - | - | 7 | - |
| **Performance Rights** | | | | | | | | | |
| Oct 2016 - May 2017 | 2 | $0.00 | 56 | - | (56) | - | - | - | - |
| 17 October 2017 | 2 | $0.00 | - | 58 | - | - | (4) | 54 | - |
| 18 December 2017 | 2 | $0.00 | - | 1 | - | - | - | 1 | - |
| 9 March 2018 | 2 | $0.00 | - | 1 | - | - | - | 1 | - |
| 10 May 2018 | 2 | $0.00 | - | 2 | - | - | - | 2 | - |
| **Total** | | | 56 | 62 | (56) | - | (4) | 58 | - |
| **Total All Plans** | | | 3,605,110 | 628,074 | (1,695,545) | (790,095) | (11,717) | 1,735,827 | - |
| **2017** | | | | | | | | | |
| **Wealth Sharing Plan Options** | | | | | | | | | |
| 7 September 2012 | 5 | $7.43 | 2,129,277 | - | (2,129,277) | - | - | - | - |
| 3 December 2012 | 5 | $7.43 | 1,085,526 | - | (1,085,526) | - | - | - | - |
| 6 September 2013 | 5 | $10.38 | 1,489,248 | - | (466,115) | - | - | 1,023,133 | 1,023,133 |
| 4 December 2013 | 5 | $10.38 | 672,348 | - | - | - | - | 672,348 | 672,348 |
| 6 August 2014 | 5 | $19.04 | 616,145 | - | - | - | (340,335) | 275,810 | - |
| 12 December 2014 | 5 | $19.04 | 514,285 | - | - | - | - | 514,285 | - |
| **Total** | | | 6,506,829 | - | (3,680,918) | - | (340,335) | 2,485,576 | 1,695,481 |
| **Wealth Sharing Plan Rights** | | | | | | | | | |
| 1 October 2015 | 5 | $0.00 | 373,184 | - | - | - | (76,173) | 297,011 | - |
| 2 November 2015 | 5 | $0.00 | 67,088 | - | - | - | - | 67,088 | - |
| 7 December 2015 | 5 | $0.00 | 182,713 | - | - | - | - | 182,713 | - |
| 30 May 2016 | 5 | $0.00 | 29,395 | - | - | - | - | 29,395 | - |
| 3 October 2016 | 5 | $0.00 | - | 317,846 | - | - | (84,229) | 233,617 | - |
| 19 December 2016 | 5 | $0.00 | - | 309,646 | - | - | - | 309,646 | - |
| **Total** | | | 652,380 | 627,492 | - | - | (160,402) | 1,119,470 | - |
| **Equity Rights** | | | | | | | | | |
| Oct - Dec 2015 | 2 | $0.00 | 11 | - | (11) | - | - | - | - |
| Oct - Dec 2016 | 2 | $0.00 | - | 8 | - | - | - | 8 | - |
| **Total** | | | 11 | 8 | (11) | - | - | 8 | - |
| **Performance Rights** | | | | | | | | | |
| 24 March 2016 | 2 | $0.00 | 52 | - | (52) | - | - | - | - |
| Oct 2016 - May 2017 | 2 | $0.00 | - | 57 | - | - | (1) | 56 | - |
| **Total** | | | 52 | 57 | (52) | - | (1) | 56 | - |
| **Total All Plans** | | | 7,159,272 | 627,557 | (3,680,981) | - | (500,738) | 3,605,110 | 1,695,481 |

The following table summarises the weighted average exercise price for the SEEK Limited plans:

| 2018 - SEEK Limited | Opening balance | Granted during the year | Exercised during the year | Lapsed during the year | Forfeited during the year | Closing balance | Vested and exercisable at 30 June |
|---|---|---|---|---|---|---|---|
| **Weighted average exercise price** | **$9.05** | **$0.00** | **$10.38** | **$19.04** | **$0.00** | **$0.00** | **$0.00** |

| 2017 - SEEK Limited | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Weighted average exercise price** | $9.48 | $0.00 | $7.80 | $12.94 | $12.94 | $9.05 | $10.38 |

The weighted average share price at the date of exercise of options exercised during the year ended 30 June 2018 was $18.74 (2017: $16.31).

The weighted average remaining contractual life of share options outstanding at the end of the year was 4 years (2017: 3 years).

## (d) Share option plans - Zhaopin

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

| 2018 - Zhaopin | | | Number of options | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Grant date | Expiry date (years) | Exercise price (US$) | Opening balance | Granted during the year | Exercised during the year | Forfeited during the year | Expired/ lapsed during the year | Cash-settled during the year | Closing balance | Vested and exercisable at balance date |
| Schemes issued prior to FY2014 | | | **4,383,654** | **-** | **(3,320)** | **-** | **(500,000)** | **(286,234)** | **3,594,100** | **3,594,100** |
| 31 March 2014 | 6 | **$5.00** | **19,200** | **-** | **-** | **-** | **-** | **-** | **19,200** | **4,800** |
| 31 March 2014 | 6 | **$4.00** | **433,392** | **-** | **(1,200)** | **(14,112)** | **-** | **-** | **418,080** | **183,360** |
| 31 March 2014 | 6 | **$4.50** | **40,800** | **-** | **-** | **-** | **-** | **-** | **40,800** | **10,200** |
| 1 March 2016 | 6 | **$7.42** | **50,000** | **-** | **-** | **-** | **-** | **-** | **50,000** | **10,000** |
| 14 June 2018 | 5 | **$7.91** | **-** | **7,141,849** | **-** | **-** | **-** | **-** | **7,141,849** | **-** |
| **Balance at 30 June 2018** | | | **4,927,046** | **7,141,849** | **(4,520)** | **(14,112)** | **(500,000)** | **(286,234)** | **11,264,029** | **3,802,460** |
| **Weighted average exercise price** | | | **$2.74** | **$7.91** | **$3.03** | **$4.00** | **$0.51** | **$1.84** | **$6.14** | **$2.94** |

| 2017 - Zhaopin | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Schemes issued prior to FY2014 | | | 5,402,446 | - | (906,406) | (112,386) | - | - | 4,383,654 | 3,923,654 |
| 31 March 2014 | 6 | $5.00 | 24,000 | - | (4,800) | - | - | - | 19,200 | - |
| 31 March 2014 | 6 | $4.00 | 773,636 | - | (203,024) | (137,220) | - | - | 433,392 | 67,200 |
| 31 March 2014 | 6 | $4.50 | 57,000 | - | (11,400) | (4,800) | - | - | 40,800 | - |
| 1 March 2016 | 6 | $7.42 | 50,000 | - | - | - | - | - | 50,000 | - |
| **Balance at 30 June 2017** | | | 6,307,082 | - | (1,125,630) | (254,406) | - | - | 4,927,046 | 3,990,854 |
| **Weighted average exercise price** | | | $2.84 | n/a | $3.27 | $3.05 | n/a | n/a | $2.74 | $2.38 |

The weighted average share price at the date of exercise of options exercised during the year ended 30 June 2018 was US$18.25 (2017: US$16.81).

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.7 years (2017: 1.0 years).

## (e) Share option plans - SEEK Asia

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

| 2018 - SEEK Asia | | | Number of options | | | | | |
|---|---|---|---|---|---|---|---|---|
| Grant date | Expiry date (years) | Exercise price (US$) | Opening balance | Granted during the year | Exercised during the year | Modified/ cancelled during the year | Closing balance | Vested and exercisable at balance date |
| 31 December 2014 | 5 | $1.29 | **9,500,000** | **-** | **-** | **-** | **9,500,000** | **-** |
| **Balance at 30 June 2018** | | | **9,500,000** | **-** | **-** | **-** | **9,500,000** | **-** |
| **Weighted average exercise price** | | | **$1.29** | **n/a** | **n/a** | **n/a** | **$1.29** | **n/a** |
| **2017 - SEEK Asia** | | | | | | | | |
| 20 November 2014 | 5 | $1.29 | 14,008,910 | - | - | (14,008,910) | - | - |
| 31 December 2014 | 5 | $1.29 | - | 9,500,000 | - | - | 9,500,000 | - |
| **Balance at 30 June 2017** | | | 14,008,910 | 9,500,000 | - | (14,008,910) | 9,500,000 | - |
| **Weighted average exercise price** | | | $1.29 | $1.29 | n/a | $1.29 | $1.29 | n/a |

The weighted average remaining contractual life of share options outstanding at the end of the year was 1.5 years (2017: 2.5 years).

## (f) Share option plans - OCC

The table below summarises the movements in options over shares of Online Career Centre Mexico, S.A.P.I de CV.

| 2018 - OCC | | | Number of options | | | | | |
|---|---|---|---|---|---|---|---|---|
| Grant date | Expiry date (years) | Exercise price (US$) | Opening balance | Granted during the year | Exercised during the year | Forfeited during the year | Closing balance | Vested and exercisable at balance date |
| Schemes issued prior to FY2014 | | | **10,960** | **-** | **(4,500)** | **-** | **6,460** | **6,460** |
| 12 May 2014 | 10 | $145.00 | **2,951** | **-** | **-** | **-** | **2,951** | **2,951** |
| 1 June 2015 | 14 | $168.20 | **52,725** | **-** | **-** | **-** | **52,725** | **-** |
| **Balance at 30 June 2018** | | | **66,636** | **-** | **(4,500)** | **-** | **62,136** | **9,411** |
| **Weighted average exercise price** | | | **$157.54** | **n/a** | **$101.87** | **n/a** | **$161.57** | **$124.44** |
| **2017 - OCC** | | | | | | | | |
| Schemes issued prior to FY2014 | | | 10,960 | - | - | - | 10,960 | 10,960 |
| 12 May 2014 | 10 | $145.00 | 2,951 | - | - | - | 2,951 | 2,951 |
| 1 June 2015 | 14 | $168.20 | 52,725 | - | - | - | 52,725 | - |
| **Balance at 30 June 2017** | | | 66,636 | - | - | - | 66,636 | 13,911 |
| **Weighted average exercise price** | | | $157.54 | n/a | n/a | n/a | $157.54 | $117.14 |

The weighted average remaining contractual life of share options outstanding at the end of the year was 9.9 years (2017: 10.4 years).

## (g) Share option plans - Sidekicker

The table below summarises the movements in options over shares of Sidekicker Pty Ltd.

| 2018 - Sidekicker | | | Number of options | | | | | |
|---|---|---|---|---|---|---|---|---|
| Grant date | Expiry date (years) | Exercise price (AUD) | Opening balance | Granted during the year | Exercised during the year | Forfeited during the year | Closing balance | Vested and exercisable at balance date |
| 1 January 2018 | 6 | $612.79 | **-** | **3,460** | **-** | **-** | **3,460** | **-** |
| **Balance at 30 June 2018** | | | **-** | **3,460** | **-** | **-** | **3,460** | **-** |
| **Weighted average exercise price** | | | **n/a** | **$612.79** | **n/a** | **n/a** | **$612.79** | **n/a** |

The weighted average remaining contractual life of share options outstanding at the end of the year was 5.5 years.

## 31. Related party transactions

The Group has identified the parties it considers to be related and the transactions conducted with those parties. Other than those disclosed below, no other related party transactions have been identified.

### (a) Transactions with equity accounted investments

| | 2018 $ | 2017 $ |
|---|---|---|
| Dividends and distributions received from equity accounted investments | **662,156** | 6,319,979 |
| Convertible loans advanced to equity accounted investments (i) | **13,730,584** | - |
| Sales commission received from equity accounted investments | **-** | 1,651,866 |
| Interest payable to equity accounted investments | **166,034** | - |
| Interest received from equity accounted investments | **167,746** | 23,338 |

**(i) Convertible loans advanced to equity accounted investments**

Convertible loans have been advanced to certain equity accounted investments in the Group. These loans are interest-bearing and will convert to additional equity interests in existing investments.

### (b) Transactions with key management personnel

| | 2018 $ | 2017 $ |
|---|---|---|
| Short-term employee benefits | **6,776,839** | 7,126,772 |
| Post-employment benefits | **182,594** | 204,203 |
| Share-based employee benefits | **6,192,042** | 5,097,436 |
| Termination benefits | **-** | 405,792 |
| Other long-term benefits | **368,213** | 219,443 |
| | **13,519,688** | 13,053,646 |

### (c) Amounts outstanding

| | 2018 $ | 2017 $ |
|---|---|---|
| Amounts receivable from equity accounted investments | **14,585,708** | - |
| Amounts payable to equity accounted investments | **5,403,185** | - |

### (d) Transactions with Director related parties

Some of the Non-Executive Directors hold directorships or positions in other companies or organisations. From time to time, SEEK may provide or receive services from these companies or organisations on arm's length terms. None of the Non-Executive Directors were, or are, involved in any procurement or Board decision-making regarding the companies or organisations with which they have an association.

## 32. Remuneration of auditors

The parent entity and its subsidiaries have been audited by PricewaterhouseCoopers Australia and related practices of PricewaterhouseCoopers Australia. During the year the following fees were paid for services provided by the auditor of the parent entity and its related practices:

| | PricewaterhouseCoopers Australia | | Related practices of PricewaterhouseCoopers Australia | | Total | |
|---|---|---|---|---|---|---|
| | **2018 $** | 2017 $ | **2018 $** | 2017 $ | **2018 $** | 2017 $ |
| **Audit services** | | | | | | |
| Audit and review of financial reports | **895,000** | 857,620 | **1,849,900** | 2,135,462 | **2,744,900** | 2,993,082 |
| **Other assurance services** | | | | | | |
| Bank covenant, acquisition and statutory reporting | **20,000** | 69,360 | **-** | - | **20,000** | 69,360 |
| Other non-audit services | **75,100** | 122,400 | **-** | 65,065 | **75,100** | 187,465 |
| **Total other assurance services** | **95,100** | 191,760 | **-** | 65,065 | **95,100** | 256,825 |
| **Non-assurance services** | | | | | | |
| Due diligence services | **559,305** | 274,191 | **194,123** | 271,853 | **753,428** | 546,044 |
| Tax compliance services | **55,853** | 13,330 | **16,744** | 39,317 | **72,597** | 52,647 |
| Tax consulting | **7,400** | 116,533 | **14,004** | 58,481 | **21,404** | 175,014 |
| Other non-assurance services | **-** | 102,822 | **116,350** | - | **116,350** | 102,822 |
| **Total non-assurance services** | **622,558** | 506,876 | **341,221** | 369,651 | **963,779** | 876,527 |
| **Total non-audit services** | **717,658** | 698,636 | **341,221** | 434,716 | **1,058,879** | 1,133,352 |
| **Total remuneration** | **1,612,658** | 1,556,256 | **2,191,121** | 2,570,178 | **3,803,779** | 4,126,434 |

## 33. Other significant accounting policies

### (a) Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Joint ventures are all entities over which the Group has joint control with one or more other investors. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint ventures are accounted for using the equity method of accounting, after initially being recognised at cost. Under the equity method, the investment is shown in one line on the balance sheet, with the Group's share of post-acquisition profits or losses recognised in profit or loss.

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are also accounted for using the equity method.

Accounting policies of subsidiaries, associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

### (b) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is SEEK Limited's functional and presentation currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate on that day. Non-monetary assets and liabilities are maintained at the exchange rate on the date of the transaction. Monetary assets and liabilities are translated into the functional currency at the year end exchange rate.

## 33. Other significant accounting policies continued

### (b) Foreign currency translation continued

Where there is a movement in the exchange rate between the date of the transaction and the date of settlement or the year end, a foreign exchange gain or loss may arise.  This is recognised in the income statement (within "finance costs"), unless the asset or liability is a qualifying cash flow hedge or net investment hedge, in which case it is deferred in equity.

#### (iii) Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented (including goodwill and other fair value adjustments arising on acquisition) are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement and statement of comprehensive income are translated using monthly average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

### (c) Goods and Services Tax (GST) and Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of associated GST and VAT, unless the GST and VAT incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST and VAT receivable or payable. The net amount of GST and VAT recoverable from, or payable to, the taxation authority is included within 'trade and other receivables' or 'trade and other payables' in the consolidated balance sheet.

### (d) Impairment of assets

Assets other than goodwill and intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the asset's fair value less costs of disposal and value in use).

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

### (e) New and amended Accounting Standards and Interpretations

#### (i) New and amended Accounting Standards and Interpretations issued and effective

The Group has not adopted any new or amended Accounting Standards and Interpretations this year that have had a material impact on the Group or the Company.

## (ii) Accounting standards issued but not yet effective

Certain new Accounting Standards and Interpretations have been published that will apply to future periods. The Group's interpretation of the impact of these new Standards is set out below:

| Summary | Application date of standard | Application date for Group |
|---|---|---|
| **AASB 9** *Financial Instruments (2014)*<br>On 1 July 2014 the SEEK Group adopted an earlier version of AASB 9 Financial Instruments (2013) which included new requirements around classification of financial assets and hedging. Effective 1 July 2018 the SEEK Group will adopt the updated version of AASB 9 which introduces an expected credit loss model when assessing impairment of financial instruments.<br><br>The Group will apply the simplified impairment approach of AASB 9 and thus record lifetime expected credit losses on all trade receivables and contract assets. For bank balances, debt investments, and loans and other financial receivables not classified as Fair Value through Profit & Loss, the Group will apply the general AASB 9 impairment approach.<br><br>Recognition and measurement<br>The Group has now completed its detailed assessment of the impairment of trade receivables, which had a gross carrying amount of \$85.3m at 30 June 2018 (\$72.1m at 30 June 2017).<br><br>The Group has concluded that the existing provision for impairment of receivables of \$5.6m at 30 June 2018 (\$3.1m at 30 June 2017) is sufficient when compared against the new model, and will not need to be adjusted for the change in policy.<br><br>The Group has further assessed its other financial assets, such as other receivables, funds on deposit for entrusted loan facilities and short term investments, and has concluded that no additional provision for impairment will be required in respect of these balances.<br><br>Disclosure<br>The Group is in the process of identifying any gaps between the existing disclosures of impairment of financial assets and the requirements introduced on adoption of AASB 9. | 1 January 2018 | 1 July 2018 |
| **AASB 15** *Revenue from Contracts with Customers*<br>AASB 15 introduces a new five step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when or as an entity transfers control of goods and services to a customer at the amount to which the entity expects to be entitled.<br><br>Accounting policy<br>In preparing for the adoption of AASB 15, the Group has produced a new AASB 15 based revenue recognition policy and adjusted relevant business processes to align with the new policy.<br><br>Transition<br>AASB 15 permits two possible transition methods for the adoption of the new guidance: (1) retrospectively to each prior reporting period presented in accordance with AASB 108 – Accounting Policies, Changes in Accounting Estimates and Errors (full retrospective approach), or (2) retrospectively with the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance of retained earnings on the date of the initial application (cumulative catch-up approach).<br><br>Effective 1 July 2018, the Group has started to apply the new standard using the full retrospective approach.<br><br>Recognition and measurement<br>The Group has analysed the impact of each of the five steps on the Group's existing revenue recognition. The first three steps (identify the contract, identify the performance obligations and determine the transaction price) have been determined to be consistent with the Group's current methodology.<br><br>The majority of the Group's effort has been focused on the fourth step, being the allocation of the transaction price between different performance obligations in the contract. For each business, evidence has been gathered regarding the standalone selling prices of the various products and simulations have been prepared to demonstrate that there is no material difference to the Group's revenue for FY2018, nor to the balance of unearned income at 1 July 2017 or 30 June 2018, resulting from the revised methodology.<br><br>The fifth step requires that revenue is recognised as or when the entity transfers control of the goods or services to the customer. The Group has reviewed the nature of the products sold and when the control of each is transferred to the customer.<br><br>For the majority of the Group's products, under AASB 15 control is transferred over a period of time; this is consistent with the Group's current policy. For a small number of products, the Group's assessment has led to a change in which measure of progress is most appropriate for determining the pattern of revenue recognition within that time period. This change will increase unearned income at 1 July 2017 by \$15m, decrease revenue recognised in FY2018 by \$2m and increase unearned income at 30 June 2018 by \$17m, with a small movement in foreign currency translation reserve. AASB 15 requires that all incremental costs of obtaining a customer contract, that are expected to be recovered, are capitalised as incurred and expensed in a pattern consistent with the related revenue. | 1 January 2018 | 1 July 2018 |

### (ii) Accounting standards issued but not yet effective continued

Certain new Accounting Standards and Interpretations have been published that will apply to future periods. The Group's interpretation of the impact of these new Standards is set out below:

| Summary | Application date of standard | Application date for Group |
|---|---|---|
| The majority of the Group's contracts have an expected duration of less than 12 months. As a result, the Group will apply the practical expedient to expense as incurred contract costs relating to contracts with an expected duration of less than 12 months.<br><br>Presentation<br>Consistent with the Group's existing policy, customer contracts will be presented as either unearned income (contract liability) or accrued revenue (contract asset) once either party to the contract has started to perform their obligations. Rights to consideration from customers are only presented as trade receivables if the rights are unconditional.<br><br>The Group does not expect to recognise, neither in the opening statement of financial position for 1 July 2017 nor at 30 June 2018, material accrued revenue.<br><br>Disclosure<br>From 1 July 2018, the total revenue from contracts with customers will be broken down into the following categories:<br>• Online employment marketplace;<br>• Education; and<br>• Other.<br><br>These categories depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors and are consistent with how revenue is reviewed internally. This information will be provided by operating segment.<br><br>It is not practicable to estimate whether any of the additional disclosures that will be provided under AASB 15 could be material to readers of the financial statements. | | |
| **AASB 16** *Leases*<br>AASB 16 will affect the accounting by lessees and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts.<br><br>Transition<br>There are three transition options available upon adopting the new standard – the 'full retrospective' approach and two 'modified retrospective' approaches. The Group has not yet determined which transition approach to apply.<br><br>Recognition and measurement<br>The Group will be required to recognise an asset and a financial liability for the majority of its property leases, as well as some IT equipment. In addition, the operating lease rental associated with these leases will no longer be recognised in the income statement, instead being replaced by depreciation of the lease asset and interest expense on the lease liability.<br><br>This is not expected to materially change the profit after tax over the duration of most leases, but will change the segment EBITDA (which is the measure utilised by the CODM to measure profitability) because the current operating lease expense is recorded within EBITDA, whereas depreciation and interest are excluded.<br><br>Due to the nature of the Group's operations, the Group does not have significant leased assets. As a result, the Group's activity to date has focused on:<br>• Quantifying the number and size of property leases affected;<br>• Quantifying the potential impact on the Group's two largest property leases; and<br>• Reviewing material IT service contracts to assess for embedded leases.<br><br>The next phase of the Group's implementation project will focus on extending the scope of the review of IT service contracts and gathering the required data for all property leases.<br><br>Based on the current assessment, the Group plans to use practical expedients offered by the standard such as the exemption for short-term leases and low-value leases.<br><br>The Group is in the process of implementing new processes/controls and a lease management system that will be necessary from the date of adoption to calculate the lease assets and lease liabilities, as well as providing the required disclosures where they are material. | 1 January 2019 | 1 July 2019 |

There are other new accounting standards issued but not yet effective. However these are not expected to have a material impact on the financial statements of the Group or the Company.

# Directors' Declaration

In the directors' opinion:

a. the financial statements and notes set out on pages 58 to 117 are in accordance with the *Corporations Act 2001,* including:

   i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and

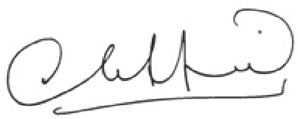
b. there are reasonable grounds to believe that SEEK Limited will be able to pay its debts as and when they become due and payable; and

c. at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 25 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in note 25.

Page 58 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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



**Neil Chatfield**
Chairman

Melbourne
15 August 2018

# Independent Auditor's Report

## *Independent auditor's report*

To the members of SEEK Limited

## *Report on the audit of the financial report*

### *Our opinion*

In our opinion:

The accompanying financial report of SEEK Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

***What we have audited***

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2018
- the consolidated income statement for the year then ended
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

### *Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

***Independence***

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### *Our audit approach*

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if

***PricewaterhouseCoopers, ABN 52 780 433 757***
*2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001*
*T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au*

individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.


***Materiality***

- For the purpose of our audit we used overall Group materiality of $16.2 million, which represents approximately 5% of the Group's profit before tax and individually significant items including impairment and fair value gains.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group profit before tax because, in our professional view, it is the metric against which the performance of the Group is most commonly measured, and is a generally accepted benchmark.
- We selected 5% of Group profit before tax and individually significant items including impairment and fair value gains, because, in our professional judgement, this is within the range of commonly acceptable profit related thresholds.

***Audit Scope***

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events including intangible assets, provisions, business combinations and tax.
- We conducted an audit of the most financially significant operations being, SEEK Employment Australia, Zhaopin and SEEK Asia.
- We conducted specified audit procedures over Brasil Online and OCC.
- Where audit work was performed by auditors operating under our instruction (component auditors), we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion. This included active dialogue throughout the year through phone calls, discussions and written instructions. We visit the significant operations on a rotational basis and this year we met with management and local audit teams of SEEK Asia (Kuala Lumpur), Zhaopin (Beijing), Brasil Online (São Paulo) and OCC (Mexico City).We tailored our audit approach accordingly, considering factors such as differing regulations, compliance and tax regimes and sovereign risks in relation to foreign ownership.

## *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

| ***Key audit matter*** | ***How our audit addressed the key audit matter*** |
|---|---|
| ***Valuation of goodwill and indefinite lived intangible assets***<br>*(Refer to note 12 - intangible assets and note 13 - impairment)*<br><br>**Result**<br>During the year, the Group recognised an impairment charge of \$119m for Brasil Online and \$60m for OCC in relation to goodwill and indefinite lived intangible assets.<br><br>For all other cash generating units the Group's valuations exceeded the carrying value. No further impairment charges were recognised during the year in relation to goodwill or indefinite lived intangible assets.<br><br>**Summary**<br>The year end Group balance sheet includes \$2,013.5m of goodwill and \$355.2m of indefinite lived intangible assets that are subject to an annual impairment assessment by the Group.<br><br>The Group's annual impairment assessment is performed at the lowest level at which the Group could allocate the goodwill of an asset which generates cash flows that are largely independent of cash flows from other assets, which is referred to as a cash generating unit (CGU). The annual impairment assessment is also carried out on indefinite lived intangible assets.<br><br>The valuation models used by the Group to perform the impairment assessment are based on cash flow forecasts obtained from internal board approved budgets and long term management forecasts. Compiled using a combination of past experience, current performance and market position as well as structural changes and economic factors which have been derived based on external data and internal analysis, terminal growth rates and capital expenditure assumptions. | We evaluated whether the allocation of the Group into CGUs was consistent with our knowledge of the Group's operations and internal Group reporting.<br><br>For the SEEK ASIA and Online Education Services CGUs, we compared the carrying value of the CGUs to recent arm's length transactions, which increased the Group's ownership in these subsidiaries. For the Zhaopin CGU, we compared the carrying value of the CGU to the recent arm's length transaction with cornerstone investors as part of the privitisation in October 2017. We considered external data sources including broker reports and the economic forecasts.<br><br>For the remaining CGUs, which are valued by the Group using fair value less costs of disposal models, our audit procedures included, amongst others:<br>• Testing the mathematical accuracy and integrity of the calculations in the models.<br>• Considering recent transactions as an indicator of fair value.<br>• Considering the historical accuracy of the Group's forecasts by comparing the forecasts used in the prior year models to the actual performance in the current year.<br>• Comparing the forecast growth rates (used to estimate future cash flows) and the post tax discount rates used in the models to independent external market data collated by PwC valuation experts.<br>• Performing sensitivity analyses on the models to identify if a reasonably possible change in the key assumptions would cause goodwill and indefinite lived intangible assets to be impaired. Key assumptions included post tax discount rates, terminal growth rates and cash flows, revenue growth rates and operating and capital expenditure assumptions. |

Future cash flows are discounted using a post tax discount rate specific to the individual CGU, which is calculated using external market data with the assistance of external valuation experts.

We considered the valuation of goodwill and indefinite lived intangible assets to be a key audit matter due to the size of the balances and because:

- Significant judgement is required by the Group in estimating future cash flows and the post tax discount rates applied.
- Small subjective changes in key assumptions, such as terminal growth rates and post tax discount rates can have a material impact on the valuation of goodwill and indefinite lived intangible assets, which may influence the likelihood of an impairment charge.

As discussed in note 13, the Brasil Online impairment was recognised due to the deterioration in Brazil's economic and political conditions impacting Brasil Online's financial performance. The OCC impairment was recognised largely due to Mexico's macro economic and political uncertainty, competitive intensity, operational issues in education and the need to reinvest to evolve the business model impacting the outlook for future cashflows.

- To assess the impairment charge for Brasil Online and OCC respectively, we considered the carrying value and the fair value less costs to dispose valuation of the CGUs. We considered the Group's assumptions used in the revised cash flow forecasts, noting that a reasonably possible change in key assumptions including post tax discount rates, terminal growth rates and the recovery of the business and revenue growth profile could result in a further impairment. We considered the current year performance and the ability of management to achieve forecasts which resulted in a discount of circa 10% being applied to management's budgets and forecasts. We considered external data sources including broker reports, economic forecasts, the current external economic environment and comparable companies when assessing the post tax discount rate.
- Evaluating the adequacy of disclosures in the financial report in light of the requirements of Australian Accounting Standards

***Revenue Recognition - Online employment marketplaces***
*(Refer to note 2 - revenue)*

Total sales revenue for the year ended 30 June 2018 was $1,294.5m. The Group's most significant revenue stream is *Online employment marketplaces* ($900m) ("online revenue") which is derived from a high volume of transactions. Online revenue is recognised in accordance with the Group's policy as set out in note 2 and is measured at the fair value of the consideration received or to be received.

At the year-end, services sold to customers in advance (i.e. which are yet to be received) are recognised as a liability and classified as unearned income ($356.8m).

From 1 July 2018, the Group will be transitioning to AASB 15 *Revenue from Contracts with Customers* which will replace AASB 118 *Revenue*. As a result, the Group expects to change their revenue accounting policy in future reporting periods. In accordance with Australian Accounting Standards, the Group is required to disclose the impact of accounting standards issued but not yet applied.

Our audit procedures over online revenue included, amongst others:

- Assessing the design, implementation and operating effectiveness of relevant key internal controls over the recognition of online revenue.
- Testing a sample of manual journal entries impacting revenue to assess whether they had been recorded in accordance with the Group's accounting policy.
- Evaluating whether online revenue had been recognised in accordance with Australian Accounting Standards and the Group's accounting policy.
- Analysing the expected flows of online revenue transactions and performing testing over a sample of transactions that deviated from our expectations.
- Agreeing a sample of online revenue transactions invoiced by the Group during the year to the relevant settlement and sales order supporting documents.

Accordingly, the Group has disclosed information relevant to the possible impacts of AASB 15 ("impacts") from 1 July 2018 within Note 33.

We considered revenue recognition a key audit matter due to the value of online revenue recognised during the year, the high volume of online revenue transactions recorded across multiple locations and judgement required by the Group in assessing each material revenue stream and contract type under AASB 15 to prepare the necessary disclosures.

- Testing the amounts recognised as unearned income at 30 June 2018 by assessing the amount recognised against the historical consumption of the goods and services provided and the value of open contracts at 30 June 2018.
- Evaluating the adequacy of disclosures in the financial report in light of the requirements of Australian Accounting Standards.

To evaluate the disclosures about the possible impact of AASB 15, we performed the following procedures amongst others:

- Developed an understanding and evaluated the Group's assessment of the revenue streams' contract types in line with the 5 step model required by AASB 15 (the "assessment").
- Agreed a sample of revenue contracts to the 5 step model in the assessment to evaluate whether the assessment was complete and accurate.

***Valuation of, and accounting for, equity accounted investments and other unlisted equity instruments***
*(Refer to note 11 – other financial assets and note 24 - interests in equity accounted investments)*

As at 30 June 2018 the Group's Consolidated Statement of Financial Position included investments accounted for under the equity method amounting to $130.9m, and investments in equity instruments amounting to $103.7m.

Investments in unlisted equity instruments are held at fair value which is determined using a range on inputs including:

- Recent transaction activity
- Review of contract terms and conditions

For unlisted equity instruments inputs that are not based on observable market data (level 3 financial assets), the Group is required to make judgements in selecting the valuation technique to estimate the fair value of these assets.

Associates are entities over which the Group has significant influence or joint control, but not control, and are accounted for under the equity method. These investments are assessed on an annual basis for impairment.

Our audit procedures over the carrying valuation and accounting of investments in unlisted equity securities and equity accounted investments included:

- Considering the appropriateness of the Group's valuation methodology against the requirements of Australian Accounting Standards.
- Inspecting a sample of the signed shareholder agreements to develop an understanding of the underlying terms, arrangements and the appropriate accounting treatment.
- Assessing, for a sample of equity accounted investments acquired during the period, the Group's determination of whether it has significant influence or joint control.
- In circumstances where control was contingent on the exercise of options in the future, we evaluated the substantive rights of the Group to exercise these options and whether these options were likely to give the Group control if exercised.
- Assessed the valuation techniques used, to ensure they were in accordance with Australian Accounting Standards and the Group's accounting policy.
- Evaluating the adequacy of disclosures in the financial report in light of the requirements of Australian Accounting Standards.

pwc

We considered investments a key audit matter due to:

- Increasing size of the balances.
- Large number of investments held by the Group, each with varying terms, which creates complexity in determining the appropriate accounting treatment.
- Variety of methods in which the Group acquires investments, including potential future options.

## *Other information*

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Directors' Report. We expect the remaining other information to be made available to us after the date of this auditor's report, including Message from the Chairman and CEO, Shareholder Information, Five Year Financial Summary, and Corporate Director.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received as identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

## *Responsibilities of the directors for the financial report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### *Auditor's responsibilities for the audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

## *Report on the remuneration report*

### *Our opinion on the remuneration report*

We have audited the remuneration report included in pages 42 to 62 of the directors' report for the year ended 30 June 2018.

In our opinion, the remuneration report of SEEK Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Chris Dodd
Partner

Melbourne
15 August 2018

## Directors

Neil G Chatfield
*Chairman*

Andrew R Bassat
*Managing Director and Chief Executive Officer*

Denise I Bradley

Graham B Goldsmith

Julie A Fahey

Vanessa M Wallace

Lynne Jensen
*Secretary*

## Principal registered office in Australia

Level 6
541 St Kilda Road
MELBOURNE VIC 3004
AUSTRALIA
Ph: +61 3 8517 4100

## Share register

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

## Auditor

PricewaterhouseCoopers
2 Riverside Quay
SOUTHBANK VIC 3006

## Stock exchange listing

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

## Website

www.seek.com.au

## ABN

46 080 075 314

seek

ABN 46 080 075 314

seek.com.au
seek.com.au/learning
seekvolunteer.com.au
seekbusiness.com.au
seek.co.nz
jobsdb.com
jobstreet.com
zhaopin.com
cjol.com
catho.com.br
manager.com.br
occ.com.mx