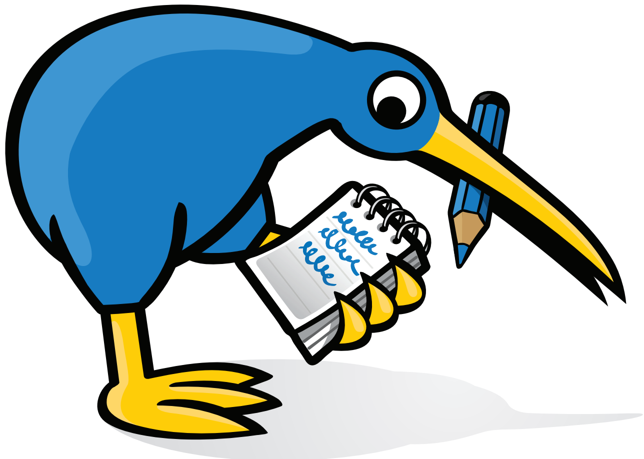


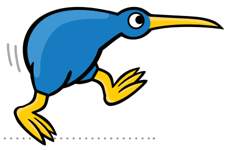
TRADE ME GROUP LIMITED

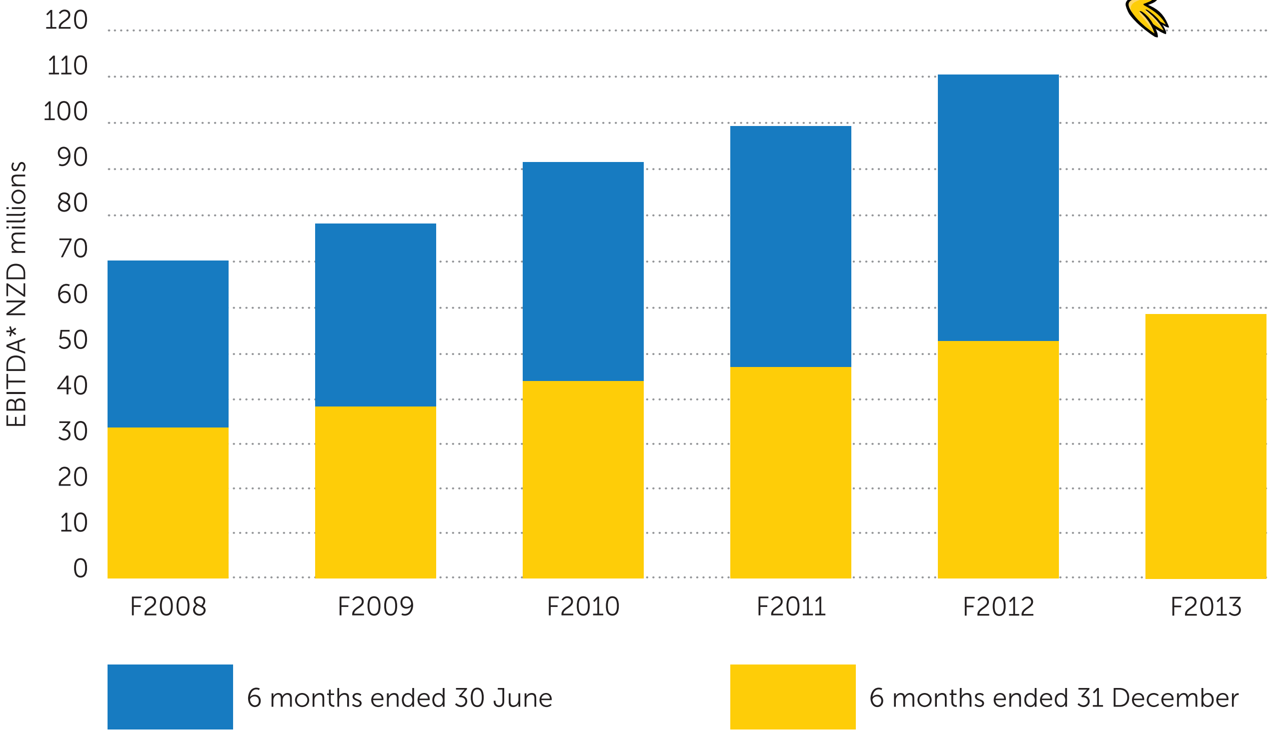
half-year report

FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

- Revenue up 18 per cent year-on-year to $80.4m, and 5 per cent ahead of forecast. Expenses landed 1 per cent over forecast. The AutoBase and Tradevine acquisitions contributed to increased revenue and expenses.
- Continued earnings growth – EBITDA* up 14 per cent year-on-year to a new record of $59.2 million for the six months ended 31 December 2012.
- Net profit after tax of $37.4m, up 3 per cent year-on-year and 7 per cent ahead of forecast.
- A dividend of 7.5 cents per share (7 per cent higher than forecast) will be paid on 26 March, in line with policy of distributing approximately 80 per cent of net profit after tax.
- Achieved the final set of targets set out in IPO prospectus.
- General Items has performed broadly in line with expectations; Classifieds segment is performing strongly; and mixed performances in our Other segment.
- Strong prospects – good opportunities in our classifieds businesses, and a large long-term opportunity in online retail.

Overall Results: Earnings Growth





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

Dear shareholders,

Thank you for your continued support and confidence.

We're pleased to deliver a good half-year result for our shareholders. We continue to grow strongly with revenue up 18 per cent on the same period last year, and EBITDA up 14 per cent on a year ago.

We're also proud to have met our forecast for the period, as set out in our investment statement and prospectus in 2011. This means we have delivered on the overall revenue and earnings forecasts for each of the three half-year periods outlined in the IPO documents. We have taken the commitments we made at IPO time extremely seriously.

In the last six months we saw Fairfax Media sell down its 51 per cent shareholding in Trade Me. We see this development as a positive one for Trade Me shareholders, as it increases the liquidity of our traded shares and improves our overall attractiveness to investors. Trade Me has operated separately from Fairfax since the IPO, so December's sell-down has not had any operational or commercial impact on us.

The numbers

Our earnings before interest, tax, depreciation and amortisation (EBITDA) grew to a record high of $59.2 million, up 14 per cent on the same period the previous year, and 5 per cent ahead of forecast. We delivered net profit after tax (NPAT) of $37.4 million for the half year, up 7 per cent on our forecast. NPAT was up 3 per cent year-on-year which is less than our underlying growth because of the change in our capital structure and debt profile after the IPO.

Resulting earnings per share have increased from 9.19 cents a year ago to 9.43 cents per share.

We intend to pay a dividend of 7.5 cents per share, consistent with our policy of paying dividends based on approximately 80 per cent of profit. We expect the dividend to be paid to shareholders on 26 March 2013.

Operating performance

The performance of the business has been broadly as expected, and in line with the guidance we issued alongside our full year to 30 June 2012 (F12) results and at our annual shareholder meeting in late October.

General Items revenue grew 7.5 per cent year-on-year, but we are seeing varied performance across our different categories. For example, books, music and gaming are hurting with the transition to digital media and the international competition we face, whereas categories like farming and mobile phones are growing well.

The Classifieds businesses – Motors, Property, and Jobs – put in a strong performance during the half-year, and we are confident this will continue through 2013. There have been several contributors to this including stable volumes (and better than anticipated volumes in Jobs), good uptake in premium promotional products, and increases in yield. We also enjoy the revenue benefit from our 100 per cent acquisition of vehicle listing aggregator AutoBase.

In our Other segment, revenue grew 10 per cent year-on-year, and was in line with the performance we flagged at our F12 results. Our Advertising business continues to grow at a slower rate than anticipated, and Treat Me came in below our bullish aspirations. Separately, we recorded an excellent performance from our dating business FindSomeone, and our trio of travel businesses (Travelbug, Holiday Houses, BookIt) performed as expected.

Expenses came in slightly over forecast. This was signalled at our F12 results, and is due to the additional costs we've taken on with the acquisition of AutoBase and Tradevine.

Other preparations for long-term growth

We've been focused on expanding our mobile offering. Mobile sessions now comprise more than 35 per cent of total Trade Me visits. We also have mobile apps and smartphone-optimised sites across a number of our individual businesses, and recently released an iPad app focussed on providing Trade Me iPad users with an even better browsing experience.

We've continued to work on improving the support we provide buyers and sellers of new goods. We've welcomed aboard well-known New Zealand retailers in the last few months, and will continue to add to this list throughout the year.

We also made some progress on our aspirations to attract international sellers, and achieved our objective of having some Australian sellers up and running via ChannelAdvisor in time for Christmas 2012.

We acquired Holiday Homes in December to strengthen our position in the holiday rental accommodation market, and to improve the offering for consumers and bach-owners. We have completed three small acquisitions over the past year, and we expect to further augment our portfolio with judicious investment over the coming years.

Elsewhere, we've continued to grow in line with our IPO forecast. We've expanded our technology and customer support teams, and our number of staff has increased to 300 from 230 a year ago. We continue to believe our commercial success reflects the calibre of our staff, so have been careful to select optimistic people who are smart and execute strongly.

We have also strengthened our board and management teams with the addition of Sarah Hard as company secretary and Paul McCarney as a non-executive director.

Outlook

In the short term, we believe the New Zealand economy remains subdued, but regard the economy as more settled, and taking some strength from the Christchurch rebuild and the Auckland property market.

In the longer term, we are confident about the prospects of our business and its strong foundations. Growth in mobile, additional products across our classifieds businesses, the migration of advertising yield online, and the long-term opportunity in online retail, all provide sizeable opportunities for Trade Me.

We will work hard and further invest in the business to ensure we do a good job of meeting the needs of our members and customers, and to allow us to grow and fulfil our potential.

David Kirk

David Kirk
Chairman

Jon Macdonald
CEO

	Notes	Unaudited six months ended 31 December 2012 $000's	Unaudited six months ended 31 December 2011 $000's
Revenue		**80,380**	**68,191**
Employee benefit expense		(11,411)	(7,596)
Web infrastructure expense		(1,612)	(1,451)
Promotion expense		(1,268)	(1,330)
Other expenses		(6,877)	(6,105)
Total expenses		**(21,168)**	**(16,482)**
Share of profit from associate		-	291
Earnings before interest, tax, depreciation and amortisation		**59,212**	**52,000**
Depreciation and amortisation		(4,324)	(2,280)
Earnings before interest and tax		**54,888**	**49,720**
Finance income		939	668
Finance costs		(3,872)	(332)
Profit before income tax		**51,955**	**50,056**
Income tax expense		(14,587)	(13,691)
Profit for the period		**37,368**	**36,365**
Total comprehensive income for the period		**37,368**	**36,365**
Earnings per share			
Basic and diluted (cents per share)	6	9.43	9.19

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

	Notes	Unaudited as at 31 December 2012 $000's	Audited as at 30 June 2012 $000's
Assets			
Cash and cash equivalents		36,019	39,135
Trade and other receivables		6,650	5,310
Total current assets		**42,669**	**44,445**
Property, plant and equipment		3,702	4,342
Other intangible assets		45,054	43,675
Goodwill		731,193	729,724
Deferred tax asset		850	824
Total non-current assets		**780,799**	**778,565**
Total assets		**823,468**	**823,010**
Liabilities			
Trade and other payables		8,971	9,303
Interest bearing loans and borrowings	12	445	346
Income tax payable		2,707	8,944
Total current liabilities		**12,123**	**18,593**
Interest bearing loans and borrowings	12	165,809	165,758
Other non-current liabilities		40	80
Total non-current liabilities		**165,849**	**165,838**
Total liabilities		**177,972**	**184,431**
Equity			
Contributed equity	8	1,069,196	1,069,051
Share based payment reserve		492	200
Other reserves		(485,737)	(485,737)
Retained earnings		61,545	55,065
Total equity attributable to owners of the Company		**645,496**	**638,579**
Total equity and liabilities		**823,468**	**823,010**

For and on behalf of the Board of Directors who authorised these financial statements for issue on 19 February 2013:

David Kirk
Chairman

Joanna Perry
Chair of the Audit & Risk Management Committee

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

	Notes	Ordinary shares $000's	Share based payment reserve $000's	Retained earnings $000's	Other reserves $000's	Total equity $000's
Balance at 1 July 2012		**1,069,051**	**200**	**55,065**	**(485,737)**	**638,579**
Profit and total comprehensive income		-	-	37,368	-	37,368
Dividends	7	-	-	(30,888)	-	(30,888)
Share based payments	11	-	292	-	-	292
Employee gift shares	9	145	-	-	-	145
Balance at 31 December 2012 (unaudited)		**1,069,196**	**492**	**61,545**	**(485,737)**	**645,496**

	Notes	Ordinary shares $000's	Share based payment reserve $000's	Retained earnings $000's	Other reserves $000's	Total equity $000's
As at 1 July 2011		**-**	**-**	**19,673**	**749,885**	**769,558**
Profit and total comprehensive income		-	-	36,365	-	36,365
Dividends	7	-	-	(40,200)	-	(40,200)
Share based payments	11	-	29	-	-	29
Shares issued to Fairfax Digital Holdings NZ Limited	9	705,672	-	-	(705,672)	-
Initial public offering	9	363,379	-	-	-	363,379
Distribution to Fairfax New Zealand Holdings Limited	2.2	-	-	-	(529,950)	(529,950)
Balance at 31 December 2011 (unaudited)		**1,069,051**	**29**	**15,838**	**(485,737)**	**599,181**

	Notes	Unaudited six months ended 31 December 2012 $000's	Unaudited six months ended 31 December 2011 $000's
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		91,744	79,594
Payment to suppliers and employees (inclusive of GST)		(35,578)	(26,496)
Cash transferred to Trust		-	(11,771)
Income tax (paid)		(20,850)	(16,527)
Interest received		892	630
Dividends received		-	287
Net cash flows from operating activities		**36,208**	**25,717**
Cash flows from investing activities			
Loans to related parties		-	(11,532)
Payment for purchase of property, plant and equipment		(879)	(591)
Payment for purchase of intangibles		(907)	(1,372)
Business acquisition	10	(3,327)	-
Net cash flows (used in) investing activities		**(5,113)**	**(13,495)**
Cash flows from financing activities			
Dividends paid		(30,888)	(8,229)
Interest paid on borrowings (including facility fees)		(3,323)	(300)
Net cash flows (used in) financing activities		**(34,211)**	**(8,529)**
Net (decrease)/increase in cash and cash equivalents		**(3,116)**	**3,693**
Cash and cash equivalents at beginning of period		39,135	6,012
Cash and cash equivalents at end of period		**36,019**	**9,705**
Cash comprises:			
Cash at bank and in hand		11,019	9,705
Short term deposits		25,000	-
Total cash and cash equivalents		**36,019**	**9,705**

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

1 | General information

The consolidated interim financial statements presented are for Trade Me Group Limited (the "Company"), and its subsidiaries (together the "Group"), a company domiciled in New Zealand and registered under the Companies Act 1993.

The interim financial statements are for the six months ended 31 December 2012 and have been prepared in accordance with NZ GAAP. Trade Me Group Limited is a profit-oriented entity.

The nature of the operations and principal activities of the Group are to operate and manage all Trade Me websites including online marketplaces, classifieds, advertising, group buying and other services.

2 | Basis of preparation and accounting policies

The accounting policies applied to the preparation of the consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2012.

2.1 Basis of preparation of financial statements

These general purpose consolidated interim financial statements for the six months ended 31 December 2012 have been prepared in accordance with NZ IAS - 34 *Interim Financial Reporting* and IAS - 34 *Interim Financial Reporting*. These consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report and should be read in conjunction with the audited financial statements of the Group for the year ended 30 June 2012.

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

2.2 Group reorganisation

On 13 December 2011 the Company acquired 100% of the Trade Me Limited share capital from Fairfax New Zealand Holdings Limited ("FNZHL"), via two intermediary holding companies. The reorganisation has resulted in the new legal parent Trade Me Group Limited wholly owning Trade Me Limited, the continuing economic entity. For further detail refer to the audited financial statements of the Group for the year ended 30 June 2012 note 2.3.

3 | Comparison against prospectus forecast

3.1 Statement of comprehensive income vs. prospectus

	Actual six months ended 31 December 2012 $000's	Reclassified forecast * six months ended 31 December 2012 $000's	Original forecast ** six months ended 31 December 2012 $000's
General Items	33,149	32,500	34,100
Classifieds	33,094	27,700	27,700
Other	14,137	16,700	17,100
Total revenue	**80,380**	**76,900**	**78,900**
Employee benefit expense	(11,411)	(10,200)	(10,200)
Web infrastructure expense	(1,612)	(1,900)	(1,900)
Promotion expense	(1,268)	(1,900)	(3,500)
Other expenses	(6,877)	(6,900)	(7,300)
Total expenses	**(21,168)**	**(20,900)**	**(22,900)**
Share of profit from associate	-	300	300
Earnings before interest, tax, depreciation and amortisation	**59,212**	**56,300**	**56,300**
Depreciation and amortisation	(4,324)	(3,500)	(3,500)
Earnings before interest and tax	**54,888**	**52,800**	**52,800**
Finance income	939	600	600
Finance costs	(3,872)	(5,100)	(5,100)
Profit before income tax	**51,955**	**48,300**	**48,300**
Income tax expense	(14,587)	(13,500)	(13,500)
Profit for the period	**37,368**	**34,800**	**34,800**
Total comprehensive income for the period	**37,368**	**34,800**	**34,800**

* For comparability purposes the 31 December 2012 prospectus forecast has been reclassified in accordance with the reclassification of the 31 December 2011 comparatives in the Statement of Comprehensive Income (refer note 4).

** The forecast numbers for the 6 months ended 31 December 2012, formed part of the investment statement and prospectus dated 9 November 2011.

Earnings before interest and tax for the period was broadly in line with expectations, and is $2.1 million (4.0%) ahead of the prospectus forecast.

Revenue was above forecast by $3.5 million (4.5%), reflecting strength in the Classifieds segment, offset by lower than forecast revenue in the Other segment.

Expenses were slightly above forecast by $0.3 million (1.3%), primarily due to the unanticipated increase in staff numbers relating to the acquisitions occurring during the year, but offset by realised cost savings in marketing and web infrastructure.

3.2 Statement of financial position vs. prospectus

	Actual as at 31 December 2012 $000's	Forecast * as at 31 December 2012 $000's
Current assets		
Cash and cash equivalents	36,019	43,800
Trade and other receivables	6,650	4,300
Total current assets	**42,669**	**48,100**
Non-current assets		
Property, plant and equipment	3,702	5,100
Other intangible assets	45,054	36,700
Goodwill	731,193	721,600
Deferred tax asset	850	200
Investment in associate	-	600
Total non-current assets	**780,799**	**764,200**
Total assets	**823,468**	**812,300**
Current liabilities		
Trade and other payables	8,971	5,600
Interest bearing loans and borrowings	445	-
Income tax payable	2,707	1,200
Total current liabilities	**12,123**	**6,800**
Non-current liabilities		
Interest bearing loans and borrowings	165,809	166,000
Other non-current liabilities	40	300
Total non-current liabilities	**165,849**	**166,300**
Total liabilities	**177,972**	**173,100**
Equity		
Contributed equity	1,069,196	1,069,200
Share based payment reserve	492	-
Other reserves	(485,737)	(485,300)
Retained earnings	61,545	55,300
Total equity attributable to owners of the Company	**645,496**	**639,200**
Total equity and liabilities	**823,468**	**812,300**

* The forecast numbers as at 31 December 2012, formed part of the investment statement and prospectus dated 9 November 2011.

Total assets are above forecast by $11.2 million (1.4%) driven largely by the unanticipated acquisition purchases of AutoBase in April 2012, and other businesses in the six months ended 31 December 2012. Refer note 10.

Total liabilities are above forecast by $4.9 million (2.8%) as a result of unanticipated and higher than anticipated trade payables at period end.

3.3 Statement in changes of equity vs. prospectus

	Actual six months ended 31 December 2012 $000's	Forecast * six months ended 31 December 2012 $000's
Opening equity	**638,579**	**631,400**
Profit and total comprehensive income for the period	37,368	34,800
Post-offer dividends on ordinary shares	(30,888)	(27,000)
Share based payments	292	-
Shares issued:		
Employee gift shares	145	-
Total equity	**645,496**	**639,200**
Represented by:		
Contributed equity	1,069,196	1,069,200
Share based payment reserve	492	-
Other reserves	(485,737)	(485,300)
Retained earnings	61,545	55,300
	645,496	**639,200**

* The forecast numbers for the six months ended 31 December 2012, formed part of the investment statement and prospectus dated 9 November 2011.

Profit for the period was $2.6 million (7.4%) ahead of forecast as outlined in note 3.1.

Dividends for the period were $3.9 million (14.4%) ahead of forecast as a result of higher than forecast profit in the year ended 30 June 2012.

3.4 Statement of cashflows vs. prospectus

	Actual six months ended 31 December 2012 $000's	Forecast * six months ended 31 December 2012 $000's
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	91,744	90,300
Payment to suppliers and employees (inclusive of GST)	(35,578)	(33,800)
Income tax (paid)	(20,850)	(20,800)
Interest received	892	600
Dividends received	-	300
Net cash flows from operating activities	**36,208**	**36,600**
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	(879)	(2,100)
Payment for purchase of intangibles	(907)	(1,600)
Business acquisition	(3,327)	-
Net cash flows (used in) investing activities	**(5,113)**	**(3,700)**
Cash flows from financing activities		
Dividends paid	(30,888)	(27,000)
Interest paid on borrowings (including facility fees)	(3,323)	(5,100)
Net cash flows (used in) financing activities	**(34,211)**	**(32,100)**
Net (decrease)/increase in cash and cash equivalents	**(3,116)**	**800**
Cash and cash equivalents at beginning of period	39,135	43,000
Cash and cash equivalents at end of period	**36,019**	**43,800**

* The forecast statement of cashflows for the six months ended 31 December 2012, formed part of the investment statement and prospectus dated 9 November 2011.

The $3.3 million purchases of the businesses described at note 10 were not anticipated at the time of the prospectus. Dividends were also higher than forecast due to greater profitability in the year ended 30 June 2012.

4 | Comparatives

During the prior six month comparatives (including the prospectus disclosure), volume rebates and other direct costs were included within “other expenses” and “promotion expense” in the statement of comprehensive income. In the current six month period, these have been reclassified to offset against associated revenue to reflect the fair value of revenue received. As a result in the comparative six month period (including the prospectus disclosure) ”other expenses” and “promotion expenses” have been reduced by $1.8 million, as has “revenue”.

In accordance with NZ IAS 1, a third balance sheet has not been disclosed as comparative opening balances require no adjustment.

	Original actual six months ended 31 December 2011 $000’s	Original forecast * six months ended 31 December 2011 $000’s	Reclassified actual six months ended 31 December 2011 $000’s	Reclassified forecast six months ended 31 December 2011 $000’s
General Items	32,261	32,189	30,823	30,719
Classifieds	24,535	24,017	24,535	24,017
Other	13,184	13,377	12,833	13,036
Revenue	**69,980**	**69,583**	**68,191**	**67,772**
Employee benefit expense	(7,596)	(8,296)	(7,596)	(8,296)
Web infrastructure expense	(1,451)	(1,398)	(1,451)	(1,398)
Promotion expense	(2,768)	(3,257)	(1,330)	(1,787)
Other expenses	(6,456)	(5,954)	(6,105)	(5,613)
Total expenses	**(18,271)**	**(18,905)**	**(16,482)**	**(17,094)**
Share of profit from associate	291	296	291	296
Depreciation and amortisation	(2,280)	(2,370)	(2,280)	(2,370)
Earnings before interest and tax	**49,720**	**48,604**	**49,720**	**48,604**

*The statement of comprehensive income for the six months ended 31 December 2011 included in the investment statement and prospectus dated 9 November 2011.

5 | Segment reporting

5.1 Services from which reportable segments derive their revenues

Directors have determined the operating segments based on the reports reviewed by the Group's Chief Executive Officer to assess performance, allocate resources and make strategic decisions. Due to a significant change in the reorganisation of the internal financial reporting system, segment profit is now reported. Those changes have not been made retrospectively due to the necessary information being unavailable and the cost to develop being excessive. Comparative segment profit is not reported, but will be in future periods. The segments are as follows:

GENERAL ITEMS

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

CLASSIFIEDS

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

» Trade Me Motors » Trade Me Property » Trade Me Jobs

OTHER

The Other revenue segment includes:

» Advertising » Travel » FindSomeone » Pay Now » Treat Me

5.2 Segment revenues & EBITDA and reconciliation to overall result

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

Operating segments	Revenue six months ended 31 December 2012 $000's	Revenue six months ended 31 December 2011 $000's	EBITDA * six months ended 31 December 2012 $000's
General Items	33,149	30,823	26,046
Classifieds	33,094	24,535	26,357
Other	14,137	12,833	6,809
Total for continuing operations	**80,380**	**68,191**	**59,212**
Reconciliation to overall result			
Depreciation and amortisation			(4,324)
Finance income			939
Finance costs			(3,872)
Profit before income tax			**51,955**

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

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

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

5.3 Segment assets and liabilities

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

5.4 Other information

GEOGRAPHICAL

The Group operates within New Zealand, and derived no material revenue from foreign countries for the six months ended 31 December 2012 (2011: Nil).

INFORMATION ABOUT MAJOR CUSTOMERS

No single customer contributed 10% or more to the Group's revenue for the six months ended 31 December 2012 (2011: Nil).

6 | Earnings per share

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

	Unaudited six months ended 31 December 2012 $000's	Unaudited six months ended 31 December 2011 $000's
Earnings used for the calculation of basic and diluted earnings (000's):	37,368	36,365
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share.	396,154,428	395,745,510
Basic and diluted earnings per share (cents)	9.43	9.19

The legal share capital of the Group as at 1 July 2011 was nil. Because the share issue in December 2011 did not result in a change in total equity for the Group, basic and diluted earnings per share for the six months has been calculated using the shares on issue as at 31 December 2011 rather than a weighted average for the comparative period.

7 | Dividend paid or authorised

	Unaudited six months ended 31 December 2012 $000's	Unaudited six months ended 31 December 2011 $000's
Fully imputed dividend on Trade Me Limited ordinary shares: $206.44 per share	-	40,200
Fully imputed dividend on Trade Me Group Limited ordinary shares: 7.8 cents per share	30,888	-
Dividends declared and proposed after reporting date, but not recorded as a liability in these financial statements: 7.50 cents per share	29,723	-

8 | Contributed equity

	Notes	Unaudited six months ended 31 December 2012 $000's	Unaudited six months ended 31 December 2011 $000's
Balance at beginning of period		**1,069,051**	**-**
Employee gift shares issued during the period	9	145	-
Shares issued during the period		-	1,069,051
Balance at end of the period		**1,069,196**	**1,069,051**

All ordinary shares carry equal rights in respect of voting and the receipt of dividends. Ordinary shares do not have a par value.

9 | Related party transactions

The Company was a majority-owned subsidiary of Fairfax Digital Holdings NZ Limited to 21 December 2012. The ultimate parent of the Company was Fairfax Media Limited, which is a company domiciled in Australia and listed on the Australian Stock Exchange. On 21 December 2012 Fairfax Media sold its remaining shares in the Company to a number of individual shareholders, and is no longer a controlling shareholder.

Other than the settlement of immaterial balances on 21 December 2012, no significant transactions occurred between the Group and subsidiaries of Fairfax Media Limited during the six months ended 31 December 2012.

Note 13 to the interim financial statements for the six months ended 31 December 2011, and note 25 to the annual financial statements for the year ended 30 June 2012 disclose a number of significant transactions that occurred between the Group and subsidiaries of Fairfax Media Limited during the comparative six months ended 31 December 2011.

On 1 October 2012, 36,540 Company shares were gifted by Trade Me Limited to all eligible employees of the Trade Me Group. There were no restrictions or qualification criteria on the shares.

10 | Business combinations

The Company gained control over the following businesses during the six months ended 31 December 2012:

Entity from which business acquired	Principal activity	Acquisition date	Interest
Tradevine Limited	Online e-commerce management and administration tool	27 August 2012	100%
Baches and Holiday Homes to Rent Limited	Holiday accommodation classifieds	18 December 2012	100%

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

	2012 $000's
Software	2,157
Other	18
Goodwill *	1,469
Revenue in advance	(265)
Other liabilities	(52)
Total identifiable net assets and liabilities attributable to the Company	**3,327**
Satisfied by	
Cash paid on acquisition dates	2,927
Contingent consideration held on trust to be paid on 12 June 2013	400
Fair value of consideration paid	**3,327**

* Goodwill of $1.5 million includes synergies expected to be achieved as a result of combining the acquired businesses with the rest of the Group. The staff who joined on acquisition and future growth opportunities are also key factors contributing to the goodwill acquired during the reporting period. None of the goodwill is expected to be deductible for tax purposes.

The consolidated statement of comprehensive income includes immaterial revenue and net profit for the six months ended 31 December 2012, as a result of acquisitions of business combinations made during the reporting period. If the acquisitions had occurred at the beginning of the reporting period, the consolidated income statement would have had no material change to revenue and profit for the period.

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

11 | Share based payment plans

The Company grants restricted shares with a typical vesting period of three years to management, but this vesting period may vary where the restricted shares are awarded to retain an employee for a critical period. The restricted shares have all the rights attached to ordinary shares (including the right to dividends), but may be redeemed by the Company if the qualification criteria are not met.

The following table shows the number of restricted shares that were granted since the comparative period, the weighted average issue price of restricted shares as at the grant date, and the qualification reclassification criteria of the restricted shares into ordinary shares as follows:

Payment plan reference	Grant date	Number granted	Weighted average issue price	Vesting date
Post IPO plan	13 December 2011	292,986	$2.70	31 December 2013

Vesting criteria: The Company achieves an EBITDA of $110.9 million during the period commencing 1 January 2012 and ended 31 December 2012, and the participant remains in continuous employment with Trade Me until 31 December 2013.

Payment plan reference	Grant date	Number granted	Weighted average issue price	Vesting date
FY13 plan (tranche 1)	1 October 2012	58,880	$3.97	30 September 2014
FY13 plan (tranche 2)	1 October 2012	176,638	$3.97	30 September 2015

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

Hurdle 1 – Will apply to 50% of the shares in each tranche
The Company's total shareholder return (representing dividend per share plus increase in share price divided by initial share price) is in the top quartile of companies in the NZX 50 Index (the Index) over the vesting period to 30 September 2014/15, then 100% of shares will vest. For performance between median and top quartile, vesting will occur on a straight-line basis so that 50% of the shares vest for median performance and 100% vesting occurs for top quartile performance. No shares will vest if the total shareholder return is below the median in the Index or the participant is not in continuous employment at this date.

Hurdle 2 – Will apply to 50% of the shares in each tranche
Growth rate of the Company's Earnings Per Share to equal or exceed a compound annual rate over the 2 or 3 financial years ending on 30 June prior to the end of the vesting period of 12% per annum, then 100% of the shares will vest. For performance between 8% and 12% per annum, vesting will occur on a straight-line basis so that 50% of the shares vest for performance at 8%, and full vesting occurs for performance at 12%. No shares will vest if the performance return is below 8% per annum or the participant is not in continuous employment at this date.

12 | Interest bearing liabilities

	Unaudited six months ended 31 December 2012 $000's	Audited six months ended 30 June 2012 $000's
Committed cash advance facility	166,000	166,000
Deferred funding costs	(191)	(242)
Accrued interest	445	346
Total interest bearing liabilities	**166,254**	**166,104**
Current portion	445	346
Non-current portion	165,809	165,758
Total interest bearing liabilities	**166,254**	**166,104**

The Commonwealth Bank of Australia has provided a $200 million revolving cash advance loan facility to the Company. The facility was partially drawn down on 13 December 2011 and is for a term of three years ending 13 December 2014.

The facility is guaranteed by the Company and its wholly-owned subsidiary Trade Me Limited. The covenants entered into by the Group require specific calculations of the Group's net debt to EBITDA, and interest cover.

There have been no covenant breaches during the period ended 31 December 2012 (2011:nil).

13 | Subsequent events

There are no events occurring after 31 December 2012 that materially affect the information in these interim financial statements.

Chartered Accountants

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

We have reviewed the interim financial statements on pages 6 to 21. The interim financial statements provide information about the past financial performance of the group and its financial position as at 31 December 2012. This information is stated in accordance with the accounting policies set out in the group's annual financial statements dated 21 August 2012.

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

DIRECTORS' RESPONSIBILITIES

The directors are responsible for the preparation of interim financial statements which comply with generally accepted accounting practice in New Zealand as it relates to interim financial statements and which present fairly the financial position of the group as at 31 December 2012 and the results of its operations and cash flows for the six month period ended on that date.

REVIEWER'S RESPONSIBILITIES

We are responsible for reviewing the interim financial statements presented by the directors in order to report to you whether, in our opinion and on the basis of the procedures performed by us, anything has come to our attention that would indicate that the interim financial statements do not present fairly the matters to which they relate.

BASIS OF STATEMENT

A review is limited primarily to enquiries of group personnel and analytical review procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, do not express an audit opinion.

We have reviewed the interim financial statements of the group for the six month period ended 31 December 2012 in accordance with the Review Engagement Standards issued by the External Reporting Board. These standards require that we plan and perform the review to obtain moderate assurance as to whether the statements are free of material misstatement whether caused by fraud or error. We also evaluated the overall adequacy of the presentation of information in the interim financial statements.

Other than in our capacity as auditor we have no relationship with, or interest in, the company or any of its subsidiaries.

STATEMENT OF REVIEW FINDINGS

Based on our review nothing has come to our attention that causes us to believe that the accompanying interim financial statements, set out on pages 6 to 21, do not fairly present the financial position of the group as at 31 December 2012 and its financial performance and cash flows for the six month period ended on that date in accordance with generally accepted accounting practice in New Zealand as it relates to interim financial statements.

Our review was completed on 19 February 2013 and our findings are expressed as at that date.

Ernst + Young

Ernst & Young

Chartered Accountants

Wellington

Directory: Trade Me Group Limited

Registered office

Trade Me Group Limited
Level 3, NZX Centre
11 Cable Street
Wellington

Board of directors

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

Executive team

Jon Macdonald	Chief Executive Officer
Jonathan Klouwens	Chief Financial Officer
Mike DelPrete	Strategy Manager
Sarah Hard	Company Secretary
Linda Cox	Company Secretary
Fiona Ireland	Head of Human Resources
Craig Jordan	Head of Marketplace
Jimmy McGee	Head of Commercial
Mike O'Donnell	Head of Operations
Dave Wasley	Head of Technology

Investor information

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

Share registrar

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

New Zealand

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Australia

Phone	1300 554 474
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Auditor

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