



Trade Me Group Limited Interim Report

FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

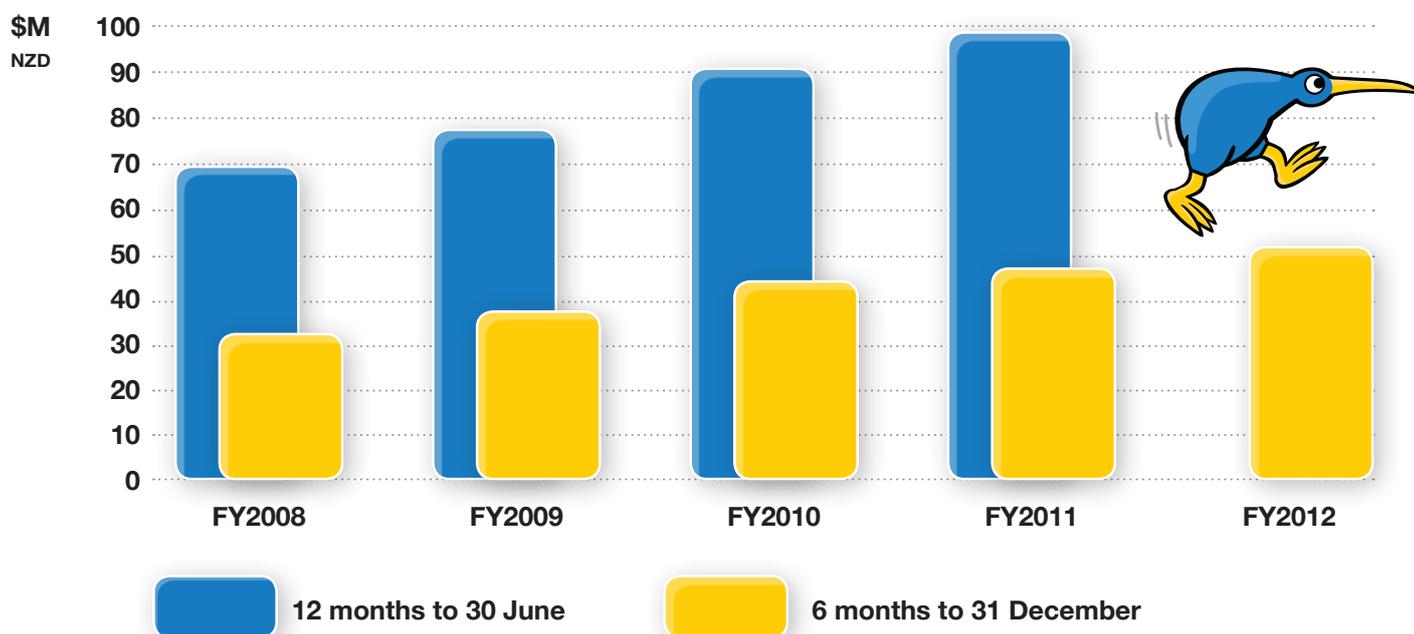
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HIGHLIGHTS

- We’ve hit the targets we set out in the prospectus at IPO time.
- Our EBITDA was \$52.0 million (a record for us) – up 9% on the prior year, and up 2% on our forecast. ¹
- Our NPAT was \$36.4 million – up 5% on prior year. ²
- Revenue slightly ahead of expectations (and up 13.2% on the prior year), expenses slightly below expectations.
- We successfully listed as a stand-alone company on NZX and ASX, with good market support.
- With the IPO behind us, we’re now focussed on growth and executing on opportunities.
- We made good progress extending our businesses onto mobile, and we’re also laying the groundwork for expanding new goods on Trade Me.
- Our earnings and dividend guidance remains unchanged from the prospectus.
- For more investor information visit <http://investors.trademe.co.nz/>

Trade Me EBITDA



1. All figures are from statutory financials. Continuing the pro forma basis used in the prospectus, EBITDA is \$51.3m (up 0.7% on forecast and up 10.2% YoY).

2. No NPAT forecast included in prospectus. NPAT at lower YoY growth primarily due to Trade Me’s change in capital structure (less interest income in H1 FY12, and some interest expense since IPO).

COMMENTARY

Dear Shareholder,

Thank you for investing in Trade Me.

We're pleased to deliver a good half year result for our new shareholders. Trade Me met its forecast financial result for the period, as set out in the investment statement and prospectus at IPO time. Our EBITDA grew by 9% compared to the previous corresponding period, to another record high of \$52.0 million.

The half year also saw continued developments across our family of businesses, including the launch of Treat Me Now location specific deals, further expansion into mobile, and a strong end to the period in our general items business.

Financial performance

Final EBITDA for the period was \$52.0 million, up 9% on the prior year, and up 2% on our forecast. NPAT was \$36.4 million.

Our general items marketplace performed in line with expectations, while the results across the classifieds businesses of Motors, Property and Jobs were a little stronger than we'd anticipated. Trade Me Motors enjoyed some relaxation of the supply constraints present in the automotive industry for much of 2011, while Trade Me Jobs saw strong growth in July and August in particular.

Display advertising was impacted by the distraction of the fantastic Rugby World Cup, and a weak retail environment. Our new group-buying website Treat Me is growing, but operates in a tough sector that is rightly undergoing some consolidation. By contrast, the travel businesses, and our online dating website FindSomeone exceeded expectations, off the back of new product innovations and entrepreneurial approaches.

Our expenses increased broadly in line with expectations. To make the most of opportunities, we've continued to build across our operational, commercial and technical divisions. We are also continuing to invest in providing a safe and trusted marketplace for our members, through people and tools. Over the six months, our full time equivalent staff numbers increased from 166 to 215, and we continue to hire in some areas.

As outlined in our investment statement and prospectus, no interim dividend will be paid this half year. Our dividend guidance of 80% of NPAT at full year remains unchanged.

New faces in the Executive team

Over the last two months, we have completed the expansion of our executive team, gaining two seasoned executives. Jonathon Klouwens will join Trade Me as Chief Financial Officer in March, having previously been Chief Financial Officer for House of Travel. Mike DelPrete is our new Head of Strategy and was previously Chief Executive and founder of Agora Games, a New York technology business that builds online gaming software.

Together with the existing team, this gives us a strong and skilled executive team to drive growth across the business, and ensure we stay connected with our members.

Expansion into mobile

We continue to see the number of people accessing Trade Me from mobile devices increasing, and have no doubt this trend will continue. Our iPhone application has been downloaded over 300,000 times, and in January people logged in through our iPhone application more than four million times.

With this in mind, we've completed a number of mobile projects in the past half year including: an Android application for Trade Me, the first Kiwi mobile dating site for FindSomeone, and a new mobile site for Travelbug. We have also grown the size of our mobile team to allow us to do additional mobile builds over the coming year.

New goods partnerships

Growing new goods sales on Trade Me is a priority. Already over 40% of all things sold on Trade Me are brand new. We're working on arrangements with several partners to help integration with retailers, and we will continue to make the website a better place to buy new goods. However, we're very conscious of Trade Me's roots, and the special dynamics that exist in the auctions of used goods. We will be careful to balance the needs of our entire community.

Community involvement

Regardless of our new ownership structure, we've continued to be active in our contribution to the community. Trade Me responded promptly to the devastating Christchurch earthquake of 22 February 2011 with a recovery website providing free listings for accommodation and other support launched the day after the quake. We also built the www.landcheck.govt.nz website for the NZ Government on a gratis basis.

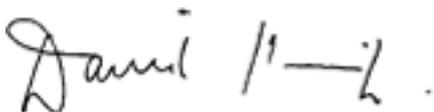
We took the free Wi-Fi model we launched in Wellington in January last year, and rolled it out to Christchurch in November. We helped run thousands of charity auctions last year, including dedicated events for Plunket, Starship Foundation, and Oxfam.

Outlook

The New Zealand trading environment is expected to remain challenging over the next 12 months. Despite this, our earnings and dividend guidance remains unchanged from the prospectus.

With the IPO and listing now well behind us, it's very much back to business which means providing great value to our members, a safe and trusted marketplace, and best positioning Trade Me for long-term growth. It's a challenge we relish.

Sincerely,



David Kirk
Chairman



Jon Macdonald
Chief Executive Officer

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2011**

| | Notes | Unaudited Six months ended 31 December 2011 (NZD 000s) | Unaudited Six months ended 31 December 2010 (NZD 000s) |
|--|-------|--|--|
| Revenue | | 69,980 | 61,843 |
| Employee benefit expense | | (7,596) | (6,371) |
| Web infrastructure expense | | (1,451) | (888) |
| Promotion expense | | (2,768) | (1,979) |
| Other expenses | | (6,456) | (5,290) |
| Total expenses | | (18,271) | (14,528) |
| Share of profit from associate | 8 | 291 | 352 |
| EBITDA | | 52,000 | 47,667 |
| Depreciation and amortisation | | (2,280) | (1,477) |
| EBIT | | 49,720 | 46,190 |
| Finance income | 7 | 668 | 3,260 |
| Finance costs | | (332) | - |
| Profit before income tax | | 50,056 | 49,450 |
| Income tax expense | | (13,691) | (14,835) |
| Profit for the period | | 36,365 | 34,615 |
| Total comprehensive income for the period | | 36,365 | 34,615 |
| Earnings per share | | | |
| Basic/Diluted (cents per share) | 9 | 9.19 | 8.75 |

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

| | Notes | Unaudited As at 31 December 2011 (NZD 000s) | Audited As at 30 June 2011 (NZD 000s) |
|--|-------|---|---|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | 9,705 | 6,012 |
| Trade and other receivables | 15 | 3,837 | 43,309 |
| Total current assets | | 13,542 | 49,321 |
| Non-current assets | | | |
| Property, plant and equipment | | 3,381 | 4,081 |
| Deferred tax asset | | 638 | 189 |
| Investment in associate | 8 | 550 | 546 |
| Intangible assets | 4 | 757,856 | 757,536 |
| Total non-current assets | | 762,425 | 762,352 |
| Total assets | | 775,967 | 811,673 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 16 | 6,063 | 25,557 |
| Interest bearing liabilities | 5 | 332 | - |
| Income tax payable | | 4,585 | 16,308 |
| Total current liabilities | | 10,980 | 41,865 |
| Non-current liabilities | | | |
| Interest bearing loans and borrowings | 5 | 165,708 | - |
| Other non-current liabilities | | 98 | 250 |
| Total non-current liabilities | | 165,806 | 250 |
| Total liabilities | | 176,786 | 42,115 |
| EQUITY | | | |
| Contributed equity | 3 | 1,069,051 | - |
| Share based payment reserve | | 29 | - |
| Other reserves | | (485,737) | 749,885 |
| Retained earnings | | 15,838 | 19,673 |
| Total equity attributable to owners of the parent | | 599,181 | 769,558 |
| Total equity and liabilities | | 775,967 | 811,673 |

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

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2011**

| | Notes | Ordinary Shares (NZD 000s) | Share Based Payment Reserve (NZD 000s) | Retained Earnings (NZD 000s) | Other Reserves (NZD 000s) | Total Equity (NZD 000s) |
|---|-------|----------------------------------|---|------------------------------------|---------------------------------|-------------------------------|
| As at 1 July 2010 | 4 | - | - | 169,925 | 749,885 | 919,810 |
| Total comprehensive income | | - | - | 34,615 | - | 34,615 |
| At as 31 December 2010 | | - | - | 204,540 | 749,885 | 954,425 |
| Total comprehensive income | | - | - | 35,133 | - | 35,133 |
| Dividends on Trade Me Limited ordinary shares | | - | - | (220,000) | - | (220,000) |
| As at 30 June 2011 | | - | - | 19,673 | 749,885 | 769,558 |
| Total comprehensive income | | - | - | 36,365 | - | 36,365 |
| Dividends on Trade Me Limited ordinary shares | 6 | - | - | (40,200) | - | (40,200) |
| Share based payments | 10 | - | 29 | - | - | 29 |
| Shares issued to Fairfax Digital Holdings NZ Limited | 3 | 705,672 | - | - | (705,672) | - |
| Initial public offering | 3 | 363,379 | - | - | - | 363,379 |
| Distribution to Fairfax New Zealand Holdings Limited | 2(b) | - | - | - | (529,950) | (529,950) |
| As at 31 December 2011 | | 1,069,051 | 29 | 15,838 | (485,737) | 599,181 |

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

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2011**

| | Notes | Unaudited Six months ended 31 December 2011 (NZD 000s) | Unaudited Six months ended 31 December 2010 (NZD 000s) |
|--|-------|--|--|
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of GST) | | 79,594 | 70,269 |
| Payment to suppliers and employees (inclusive of GST) | | (26,496) | (21,001) |
| Cash transferred to Trust | 16 | (11,771) | - |
| Income tax paid | | (16,527) | (11,500) |
| Interest received | | 630 | 2,535 |
| Dividends received | | 287 | 229 |
| Net cash flows from operating activities | | 25,717 | 40,532 |
| Cash flows from investing activities | | | |
| Loans to related parties | | (11,532) | (34,758) |
| Payment for purchase of property, plant and equipment | | (591) | (3,222) |
| Payment for purchase of software and other intangibles | | (1,372) | (788) |
| Net cash flows (used in) investing activities | | (13,495) | (38,768) |
| Cash flows from financing activities | | | |
| Dividends paid | | (8,229) | - |
| Interest paid on borrowings (including facility fees) | | (300) | - |
| Net cash flows (used in) financing activities | 2(b) | (8,529) | - |
| Net increase in cash and cash equivalents | | 3,693 | 1,764 |
| Cash and cash equivalents at beginning of period | | 6,012 | 3,477 |
| Cash and cash equivalents at end of period | | 9,705 | 5,241 |

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

NOTES TO THE FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 31 DECEMBER 2011

1. General information

The consolidated interim financial statements presented are for Trade Me Group Limited (the Company) and its controlled entities (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 2011 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 auctions, classifieds and group buying.

2. Basis of preparation and accounting policies

The accounting policies applied to the preparation of the consolidated interim financial statements are those which are expected to be used going forward. They are consistent with the audited financial statements of Trade Me Limited for the year ended 30 June 2011, other than the new policies outlined below.

(a) Basis of preparation of financial statements

These general purpose consolidated interim financial statements for the six months ended 31 December 2011 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. Therefore, this report should be read in conjunction with the audited financial statements of Trade Me Limited for the year ended 30 June 2011, which have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

(b) 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.

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

The book value method of accounting involves:

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

The book values of goodwill and intangible assets reported in FNZHL's consolidated financial statements arose from FNZHL's original acquisition of Trade Me in 2006. The use of these existing book values in the Group's

NOTES TO THE FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 31 DECEMBER 2011

statement of financial position, together with the new share capital and debt, resulted in a debit adjustment on consolidation of \$485.7 million which is recorded in reserves.

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

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

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

(c) Significant accounting policies

CONSOLIDATION

The consolidated interim financial statements incorporate the financial statements of all entities controlled by the Company and Group as at the reporting date.

Control exists when one entity has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities. Control is presumed not to exist over trusts that hold money on behalf of members and relevant service providers.

In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends have been eliminated in full.

INTEREST BEARING LIABILITIES

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

FINANCE COSTS

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

SHARE BASED PAYMENTS

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

(d) Rounding of amounts

Amounts in the interim financial statements have been rounded to the nearest thousand dollars (NZD 000s), unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 31 DECEMBER 2011

3. Contributed equity

| | Unaudited Six months ended 31 December 2011 (NZD 000s) | Unaudited Six months ended 31 December 2010 (NZD 000s) |
|--|--|--|
| Balance at beginning of period | - | - |
| Ordinary shares issued during the period | 1,069,051 | - |
| Balance at end of the period | 1,069,051 | - |

On 13 December 2011, 396.0 million Trade Me Group Limited shares were issued as a result of the IPO. This included 261.4 million shares issued to Fairfax Digital Holdings NZ Limited with an issue date fair value of \$705.7 million as part consideration for the purchase of Trade Me Limited. A further 134.6 million shares were issued to investors and employees raising \$363.4 million.

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

The contributed equity for the comparative period is nil which reflects the legal share capital of the Company prior to the IPO.

4. Goodwill and other intangible assets

The goodwill and intangible asset balances include \$717.0 million of goodwill and \$32.7 million of brands that arose on FNZHL's original acquisition of Trade Me Limited during 2006 (refer note 2(b)). Together with the transfer of Trade Me Limited share capital of \$0.2 million to other reserves (refer note 2(b)), the book value of goodwill and brands has resulted in an other reserves opening balance for the comparative period of \$749.9 million.

5. Interest bearing liabilities

| | Unaudited As at 31 December 2011 (NZD 000s) | Audited As at 30 June 2011 (NZD 000s) |
|---|---|---|
| Revolving cash advance facility | (166,000) | - |
| Deferred funding costs | 292 | - |
| Accrued interest | (332) | - |
| Total interest bearing liabilities | (166,040) | - |

NOTES TO THE FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 31 DECEMBER 2011

| | Unaudited As at 31 December 2011 (NZD 000s) | Audited As at 30 June 2011 (NZD 000s) |
|---|---|---|
| Current portion | (332) | - |
| Non-current portion | (165,708) | - |
| Total interest bearing liabilities | (166,040) | - |

The Commonwealth Bank of Australia has provided a \$200.0 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 interest rate for the six months ended 31 December 2011 was 4.05% per annum.

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.

6. Dividend paid or authorised

| | Unaudited Six months ended 31 December 2011 (NZD 000s) | Unaudited Six months ended 31 December 2010 (NZD 000s) |
|---|--|--|
| Fully imputed dividend on Trade Me Limited ordinary shares: \$206.44 per share | 40,200 | - |
| Total dividend | 40,200 | - |

The Company's wholly owned subsidiary Trade Me Limited has 194,700 issued and fully paid ordinary shares on issue as at 31 December 2011 (30 June 2011: 194,730).

7. Finance income

| | Unaudited Six months ended 31 December 2011 (NZD 000s) | Unaudited Six months ended 31 December 2010 (NZD 000s) |
|-----------------------------|--|--|
| Short term bank deposits | 192 | 740 |
| Loans to related parties | 476 | 2,520 |
| Total finance income | 668 | 3,260 |

8. Investment in associate

The Company holds a 25.4% interest in Autobase Limited (AutoBase), an unlisted company incorporated in New Zealand. AutoBase has a 31 March balance date and has not changed its balance date to match the Group as other shareholders of AutoBase are New Zealand shareholders with 31 March balance dates.

NOTES TO THE FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 31 DECEMBER 2011

9. Earnings and net tangible assets per share

| | Unaudited Six months ended 31 December 2011 | Unaudited Six months ended 31 December 2010 |
|--|--|--|
| Earnings per share | | |
| Basic and Diluted earnings per share (NZD cents) | 9.19 | 8.75 |
| Basic and Diluted weighted average number of ordinary shares | 395,745,510 | 395,745,510 |

The earnings used in the calculation of basic and diluted earnings per share is the net profit after tax of \$36.4 million for the six months ended 31 December 2011 and \$34.6 million for the six months ended 31 December 2010.

The legal share capital of the Group during the six months ended 31 December 2010 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 both the current and comparative periods. The 254,490 restricted shares have been excluded from shares on issue for the purposes of the earnings per share calculation.

| | Unaudited As at 31 December 2011 | Audited As at 30 June 2011 |
|--|---|-------------------------------------|
| Net tangible assets | | |
| Net tangible assets per share (NZD cents) | (40.10) | 3.04 |
| Number of shares on issue at the end of the period | 395,745,510 | 395,745,510 |

The calculation of net tangible assets per share for 31 December 2011 and the comparative period is Group total net assets less goodwill and intangible assets, divided by the number of shares on issue as at 31 December 2011.

10. Share based payment plans

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

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

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

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

The expense recognised in the current period was \$46,000, with a corresponding liability for PAYE of \$17,000 and an increase in equity of \$29,000.

NOTES TO THE FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 31 DECEMBER 2011

11. Segment reporting

(a) 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 to assess performance, allocate resources and make strategic decisions.

The Group's reportable segments are therefore as follows:

GENERAL ITEMS

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

CLASSIFIEDS

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

- Motors;
- Property; and
- Jobs.

OTHER

Other revenue includes the Group's advertising and other businesses revenue. Other businesses include:

- Travel;
- FindSomeone; and
- Pay Now.

(b) Segment revenues and reconciliation to overall result

The following is an analysis of the Group's revenue from continuing operations by reportable segment. No reconciliation has been performed to the Statement of Comprehensive Income as the Group does not currently allocate or report expenses to the Chief Executive by operating segment. Therefore a measure of operating segment profit or loss is not disclosed below.

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

Segment revenue reported below represents revenue generated from external customers. There was no inter-segment revenue in the current period (2010: Nil).

| | Unaudited Six months ended 31 December 2011 (NZD 000s) | Unaudited Six months ended 31 December 2010 (NZD 000s) |
|----------------------|--|--|
| General items | 32,261 | 30,382 |
| Classifieds | 24,535 | 21,110 |
| Other revenue | 13,184 | 10,351 |
| Total revenue | 69,980 | 61,843 |

NOTES TO THE FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 31 DECEMBER 2011

(c) Segment assets and liabilities

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

(d) Other information

GEOGRAPHICAL

The Group did not derive revenue from foreign countries for the six months ended 31 December 2011 (31 December 2010: Nil).

INFORMATION ABOUT MAJOR CUSTOMERS

No single customer contributed 10% or more to the Group's revenue for the six months ended 31 December 2011 (31 December 2010: Nil).

12. Contingent liabilities

The company has no contingent liabilities as at 31 December 2011 (30 June 2011: \$nil)

13. Related party transactions

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

The following significant transactions occurred between the Group and subsidiaries of Fairfax Media Limited during the six months ended 31 December 2011:

Pre-restructure transactions

- Trade Me Limited declared and paid a dividend of \$40.2 million to FNZHL prior to the IPO of shares in Trade Me Group Limited (31 December 2010: Nil).
- Trade Me Limited provided net treasury funding of \$10.8 million to Fairfax Media Group Finance Pty Limited during the period (31 December 2010: \$34.8 million).
- Trade Me Limited repaid \$9.3 million owing to Fairfax New Zealand Limited for the utilisation of tax losses for the 2010 tax year. Trade Me Limited paid Fairfax New Zealand Limited and Fairfax New Zealand Holdings Limited a combined total of \$9.4 million for utilisation of tax losses for the 2011 tax year.

Restructure transactions

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

All IPO costs were borne by Fairfax Media Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 31 DECEMBER 2011

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

| | Unaudited As at 31 December 2011 (NZD 000s) | Audited As at 30 June 2011 (NZD 000s) |
|---|---|---|
| Fairfax Media Group Finance Pty Limited | - | 39,156 |
| Fairfax New Zealand Limited | (74) | (9,309) |

14. Subsequent events

There are no events occurring after 31 December 2011 that materially affect the information in these financial statements.

15. Trade and other receivables

| | Unaudited As at 31 December 2011 (NZD 000s) | Audited As at 30 June 2011 (NZD 000s) |
|-----------------------------|---|---|
| Trade and other receivables | 3,837 | 4,153 |
| Related party receivables | - | 39,156 |
| | 3,837 | 43,309 |

16. Trade and other payables

| | Unaudited As at 31 December 2011 (NZD 000s) | Audited As at 30 June 2011 (NZD 000s) |
|--------------------------|---|---|
| Trade and other payables | (5,989) | (6,012) |
| Related party payables | (74) | (9,309) |
| Prepaid Member accounts | - | (10,236) |
| | (6,063) | (25,557) |

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

NOTES TO THE FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 31 DECEMBER 2011

17. Comparison against prospectus forecast

Statement of comprehensive income

EBITDA for the period was broadly in line with expectations, finishing at \$1.0 million ahead of the prospectus forecast.

Revenue was slightly above forecast by \$0.4 million, with varying results by business line but notable strength in the classified businesses, particularly in Trade Me Motors with yield uplift from price changes in November and Trade Me Property with increased user uptake of premium products.

Expenses were slightly below forecast by \$0.6 million, primarily due to slower than anticipated hiring of staff and realised cost savings in marketing spend.

| | Actual Six months ended 31 December 2011 (NZD 000s) | Forecast Six months ended 31 December 2011 (NZD 000s) |
|---|---|---|
| General items | 32,261 | 32,189 |
| Classifieds | 24,535 | 24,017 |
| Other | 13,184 | 13,377 |
| Total revenue | 69,980 | 69,583 |
| Employee benefit expense | (7,596) | (8,296) |
| Web infrastructure expense | (1,451) | (1,398) |
| Promotion expense | (2,768) | (3,257) |
| Other expenses | (6,456) | (5,954) |
| Total expenses | (18,271) | (18,905) |
| Share of profit from associates | 291 | 296 |
| Earnings before interest, tax, depreciation and amortisation | 52,000 | 50,974 |
| Depreciation and amortisation | (2,280) | (2,370) |
| Earnings before interest and tax | 49,720 | 48,604 |

REVIEW REPORT



Chartered Accountants

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

We have reviewed the interim financial statements on pages 6 to 18. The interim financial statements provide information about the past financial performance of the group and its financial position as at 31 December 2011. This information is stated in accordance with the accounting policies set out in Trade Me Limited's annual financial statements dated 6 September 2011 as amended by the additional policies reported in the interim financial statements.

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 2011 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 company 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 2011 in accordance with the Review Engagement Standards issued by the Institute of Chartered Accountants of New Zealand. 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 its subsidiary.

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 18, do not fairly present the financial position of the group as at 31 December 2011 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 21 February 2012 and our findings are expressed as at that date.

A stylized, handwritten signature of 'Ernst & Young' in a cursive script.

Ernst & Young
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 |
| Greg Hywood | Non-Executive Director |
| Sam Morgan | Non-Executive Director |
| Joanna Perry | Non-Executive Director |

Executive team

| | |
|----------------|--------------------------------|
| Jon Macdonald | Chief Executive Officer |
| Vince Betham | Acting Chief Financial Officer |
| Mike DelPrete | Strategy Manager |
| 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

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

Australia

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

Auditor

Ernst & Young
100 Willis Street
Wellington
New Zealand