

# SEEK LIMITED PROSPECTUS

SEEK AND YOU SHALL FIND



SEEK Limited ACN 060 075 214

# IMPORTANT INFORMATION

This Replacement Prospectus is dated 1 April 2005 and was lodged with the Australian Securities and Investments Commission (ASIC) on that date. This Replacement Prospectus replaces the prospectus lodged with ASIC on 23 March 2005 (Original Prospectus). References to "Prospectus" are to this Replacement Prospectus. No responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates is taken by ASIC or ASX. SEEK will apply to ASX for listing and quotation of the Shares on ASX within 7 days after the date of this Prospectus.

No Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of the Original Prospectus. No person is authorised to provide any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by SEEK in connection with the Offer.

It is important that you read this Prospectus carefully and in full before deciding to invest in SEEK. In particular, in considering SEEK's prospects, you should consider the risk factors that could affect SEEK's financial performance in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser.

## Foreign Jurisdictions

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

This Prospectus does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify Shares or to otherwise permit a public offer of Shares outside Australia and New Zealand. In particular, Shares have not and will not be registered under the US Securities Act of 1933 and may not be offered or sold within the United States.

## Exposure Period

The Corporations Act prohibits SEEK from processing Applications received until after the Exposure Period. The Exposure Period is the seven day period (excluding public holidays) from the date of the Original Prospectus and may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable examination of the Prospectus by market participants prior to the offering of Shares. That examination may result in the identification of deficiencies in the Prospectus, in which case any Application received may need to be dealt with in accordance with section 724 of the Corporations Act.

This Prospectus will be made available to Australian and New Zealand residents during the Exposure Period at [www.macquarie.com.au/seek](http://www.macquarie.com.au/seek). A paper copy of this Prospectus will be provided free of charge to any person who requests a copy by contacting the Registry during the Exposure Period. Applications under this Prospectus received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on Applications received during the Exposure Period.

## Electronic Prospectus

This Prospectus may be viewed online at [www.macquarie.com.au/seek](http://www.macquarie.com.au/seek). The offer constituted by this Prospectus in electronic form is only available to residents of Australia and New Zealand. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a hard copy of the Prospectus or the complete and unaltered electronic version of this Prospectus. Applications for Shares may only be made on the Application Form attached to this Prospectus.

## Privacy

If you apply for Shares, you will provide personal information to SEEK and the Registry. SEEK and the Registry will collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration.

Company and tax law requires some of the information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, or at all.

SEEK and the Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act 1988:

- the Lead Manager in order to assess your Application
- the Registry for ongoing administration of the register
- the printers and the mailing house for the purposes of preparation and distribution of statements and for handling of mail.

Under the Privacy Act 1988, you may request access to your personal information held by (or on behalf of) SEEK and the Registry. You can request access to your personal information by telephoning or writing to SEEK through the Registry as follows:

Computershare Investor Services Pty Limited  
GPO Box 52  
Melbourne VIC 8060

## Definitions and Abbreviations

Defined terms and abbreviations used in this Prospectus are explained in the Glossary at the end of this Prospectus.

## Financial Amounts

The financial amounts in this Prospectus are expressed in Australian dollars unless stated otherwise.

## AEST

All references in this Prospectus to AEST refer to Melbourne AEST, unless stated otherwise.

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# SUMMARY OF THE OFFER

## The Offer

Retail Price	Final Price
Indicative Institutional Bookbuild Price Range	\$1.80 to \$2.20 per share
Minimum Shares offered under this Prospectus	43.4 million
Maximum Shares offered under this Prospectus	139.4 million
Expected Offer size (Shares)	75-85 million
Shares on issue following the Offer <sup>1)</sup>	280.2 million
Market capitalisation <sup>1)</sup>	\$560.4 million
Enterprise value <sup>1)</sup> <sup>2)</sup>	\$513.4 million

	Forecast FY2005	Forecast FY2006
EBITDA	\$27.8 million	\$40.0 million
EBITA	\$26.9 million	\$38.8 million
NPAT (pre goodwill amortisation)	\$19.8 million	\$28.8 million
EPS (pre goodwill amortisation)	7.1 cents	10.3 cents
Dividends per share (annualised) <sup>3)</sup>	4.9 cents	7.2 cents
EV/EBITA <sup>1)</sup>	19.1 times	13.2 times
PE multiple (pre goodwill amortisation) <sup>1)</sup>	28.3 times	19.5 times
Dividend yield (fully franked) (annualised) <sup>1)</sup> <sup>2)</sup>	2.5%	3.6%

## Notes:

- 1) At the midpoint of the Indicative Institutional Bookbuild Price Range.
- 2) The 2005 dividend is based on an annualised dividend for FY2005 of 4.9 cents per share being 70% of the forecast pre-goodwill amortisation NPAT for FY2005. The final dividend payment for H2 2005 will be based on the period from Settlement to 30 June 2005, anticipated to be 1 cent per share to be paid in late 2005.
- 3) Assumes forecast cash balance of \$47.0 million as at 30 June 2005.

## Important Dates

Broker Firm Offer opens (9.00am AEST)	4 April 2005
Broker Firm Offer closes (5.00pm AEST)	15 April 2005
Priority Offer opens (9.00am AEST)	4 April 2005
Priority Offer closes (5.00pm AEST)	13 April 2005
Institutional Offer opens (9.00am AEST)	14 April 2005
Institutional Offer closes (5.00pm AEST)	15 April 2005
Final Price and basis of Share allocation announced	18 April 2005
Shares expected to commence trading on ASX on a deferred settlement basis	18 April 2005
Retail and Institutional settlement	21 April 2005
Expected dispatch of transaction confirmation statements	21 April 2005
Shares expected to commence trading on ASX on a normal settlement basis	27 April 2005

## Notes:

- This table is indicative only. All times are AEST. The Lead Manager, in consultation with SEEK, has the right to vary any of the above dates without notice to any recipient of this Prospectus or any Applicant. In the event that the Final Price is set below the Indicative Institutional Bookbuild Price Range, the timetable is likely to be extended and it is also possible that SEEK may decide not to proceed with the Offer.
- The Lead Manager, in consultation with SEEK, has the right to close the Offer early or extend the Closing Date without notice.
- Investors are encouraged to submit their Applications as soon as possible after the Offer opens as the Offer may close at any time without notice.
- SEEK and the Lead Manager reserve the right to accept late Applications either generally or in particular cases.

Dear Investor

I am delighted to invite you to become a shareholder in SEEK, the market leader in the Australian and New Zealand online employment classifieds market.

SEEK has been on an incredible journey over the last seven years – from start-up under its three founders (who are still Executive Directors) to a vibrant growing business employing approximately 200 committed staff.

Our business at its core is simple – SEEK allows jobseekers to search for jobs in a more efficient manner than that allowed by traditional means. For recruiters, it provides access to a large audience of job candidates at very significant cost savings relative to print media and with significant functionality benefits.

The Australian and New Zealand online employment market has experienced very strong growth in the last two years with an increase in total revenue of approximately 46% in the past year alone. SEEK has been at the forefront of this growth and has established a market leading brand with a strong market position.

These industry dynamics and business attributes have resulted in SEEK achieving a strong financial position. We expect to generate revenue of \$90 million and EBITDA of \$40 million in the year ending 30 June 2006 and have forecast a fully franked dividend yield of 3.6% for this period (based on the midpoint of the Indicative Institutional Bookbuild Price Range).

SEEK is a high margin business with strong growth prospects. It has strong cash flow generation capabilities and a debt-free balance sheet.

Under the Prospectus, SEEK is offering a minimum of 43.4 million Shares, and a maximum of 139.4 million Shares. Upon Listing, SEEK anticipates having a market capitalisation of approximately \$560 million based upon the mid-point of the Indicative Institutional Bookbuild Price Range of \$1.80 to \$2.20 per share. Funds raised will largely be used to fund the Buy-Back of Shares from certain Existing Shareholders as well as providing SEEK with greater financial flexibility to pursue growth opportunities.

This Prospectus contains detailed information about SEEK and about the risks of an investment of this type and I encourage you to read it in full.

I look forward to welcoming you to the SEEK 'family'.

Yours sincerely



James Packer  
Chairman

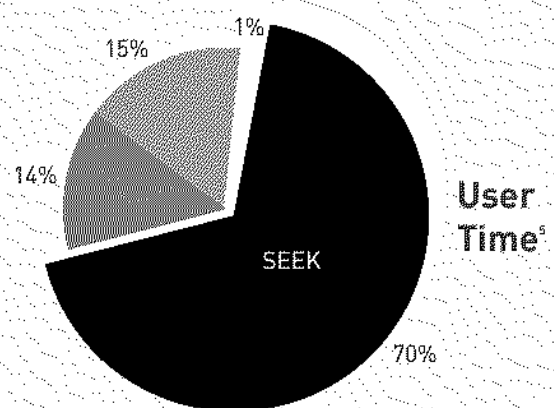
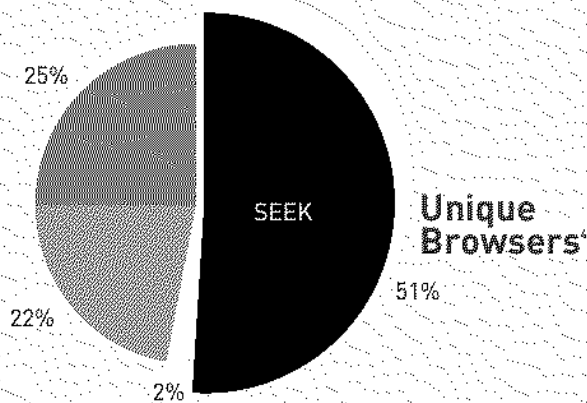
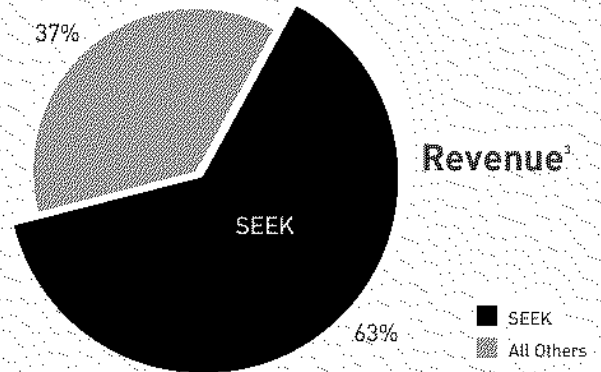
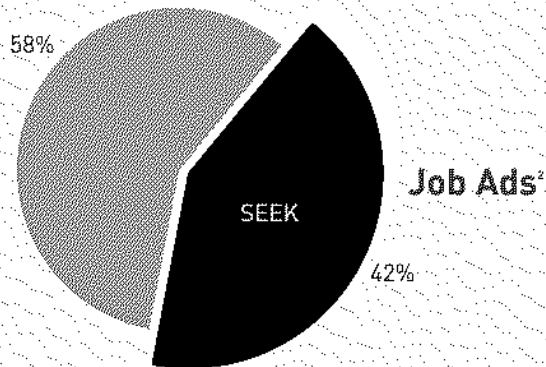




SEEK IS THE MARKET LEADER IN  
ONLINE EMPLOYMENT CLASSIFIEDS



## Australian Online Employment Classifieds Key Statistics 2004



**Notes:**

- 1 Data for all graphs exclude Government sites, including Australian Jobsearch. Refer to Section 3.4 for further details in relation to Australian Jobsearch.
- 2 Job Ads based on an average for the 6 months to December 2004. Source: SEEK
- 3 Revenue estimated for the year ended 30 June 2004. Source: SEEK
- 4 Market share has been calculated on the average unique browsers to visit the site over the 6 months to December 2004. Source: Nielsen//NetRatings
- 5 User Time defined as the total time spent by all browsers per month. Market Share calculated as an average for the 6 months to December 2004. Source: Nielsen//NetRatings



**SEEK HAS OVER 60% OF ONLINE  
EMPLOYMENT CLASSIFIEDS REVENUE IN  
BOTH AUSTRALIA AND NEW ZEALAND**

# ONLINE ADVERTISING HAS EXPANDED THE OVERALL JOB ADVERTISING MARKET\*

Home > Advanced Search > Results

## Job Search Results

Before this search by selecting the relevant areas and clicking "GO" or clicking on the specific area.

<input type="checkbox"/> Accountants (144)	<input type="checkbox"/> Analysts (137)
<input type="checkbox"/> Business Development (144)	<input type="checkbox"/> Business Managers (144)
<input type="checkbox"/> Business Systems (144)	<input type="checkbox"/> General Services (144)
<input type="checkbox"/> Information (144)	<input type="checkbox"/> Marketing Services (144)
<input type="checkbox"/> Project Managers (144)	<input type="checkbox"/> Sales (144)
<input type="checkbox"/> Training (144)	<input type="checkbox"/> Other (144)

1.  **Accountant - Business Services** 44 calls | Listed 17 Mar 08  
**NET**  
 National firm with local field offices based on local and national work environment. Inspiring, Rewarding, Thriving firm. The National Charter...

2.  **International Business Services Accountant - Job: 400 - Finance Specialist** 3 calls | Listed 17 Mar 08  
**Brigham**  
 If you're serious about your professional accountant career, it's now time to make sure you've got everything you need to jump to the next level.

3.  **International Accountant Melbourne - Inner** Listed 08:55 AM, 17 Mar 08  
 Huge growth and career opportunities with progressive 2nd tier accounting firm.

4.  **Senior Auditor** Listed 08:55 AM, 17 Mar 08  
**NET**  
 Big 4 Firm Successful Audit Practice Competitive remuneration package The Candidate has all Chartered Accountants from the audit, resources...

5.  **ACCOUNTANT Melbourne - East** Listed 08:55 AM, 17 Mar 08  
 A career changing opportunity for an active "hands-on" accountant to launch a successful firm.

## FAST, EASY AND RELEVANT

Home > Apply for a job

## Online Job Application

**Job Title:** Senior Project Manager  
**Advertiser:** SEEK Ltd...

By submitting a job application for this position, you are giving SEEK permission to pass your personal information to the advertiser listed above. Learn more about SEEK's [Privacy Statement](#).

**Personal Information**

**Step 1: Personal Details** Required Fields

First Name:

Last Name:

Phone:

Email:

Don't use an email to confirm that this application has been sent.

**Step 2: Messages**

Select one of the following options.

Option A:  No Response

Option B:  Attach personal Resumes

Option C:  Attach SEEK Resume

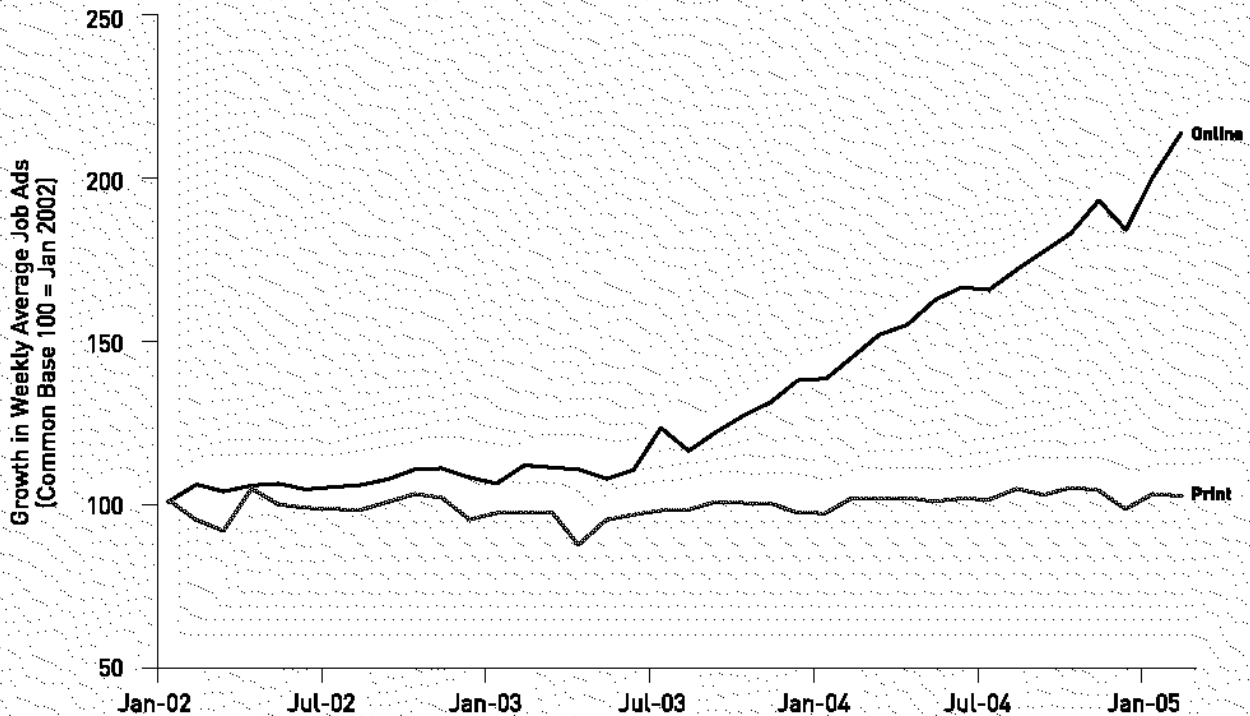
If you are a registered SEEK user and have existing resumes, login [HERE](#).

"I applied for the perfect role on SEEK. I got the call within the hour. SEEK made it easy."

Melinda Morley



## The Structural Shift in the Australian Employment Classifieds Market



Source: ANZ Job Advertisement series

Seasonally Adjusted Monthly Data

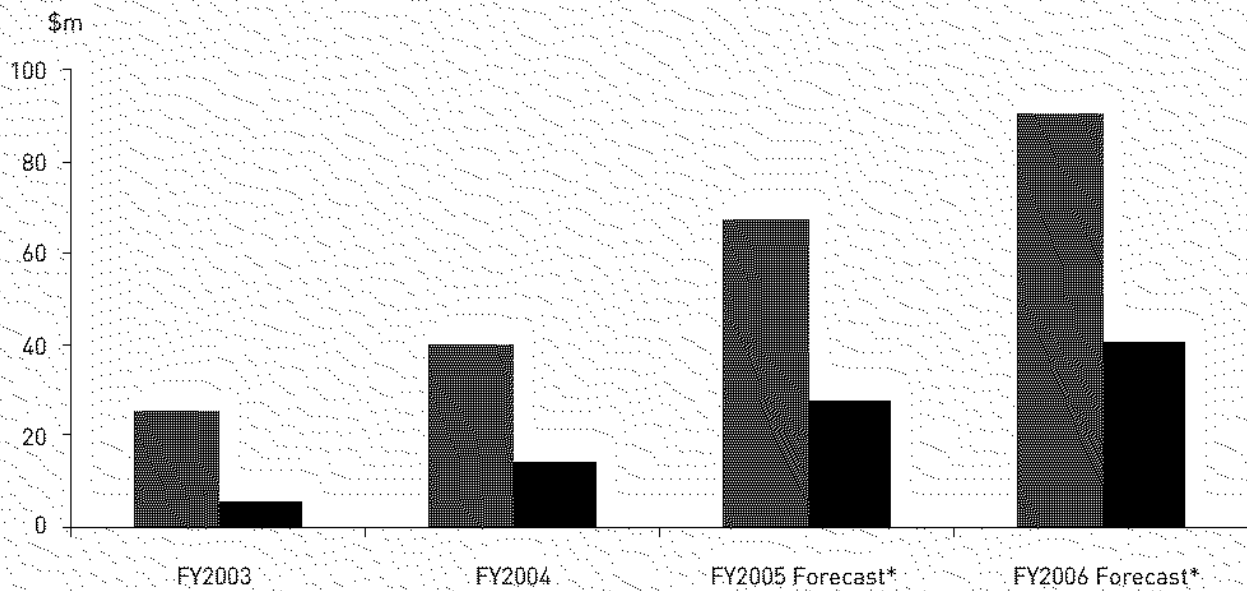
Online Job Ad Index  
 Print Job Ad Index

**AUSTRALIAN ONLINE EMPLOYMENT  
AD GROWTH IN THE 12 MONTHS TO  
FEBRUARY 2005 WAS 47%**

POWERFUL REVENUE AND EARNINGS  
GROWTH FORECAST TO CONTINUE



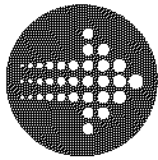
### SEEK – Growth in Revenue and EBITDA



\* Refer to Sections 6 and 7 for more detailed financial information and for a discussion of the risk factors affecting the Forecasts and the assumptions on which they are based.

■ EBITDA  
■ Revenue

**FY2005 AND FY2006 REVENUES  
ARE EXPECTED TO INCREASE BY  
68% AND 35% RESPECTIVELY**



**seek**

Australia's #1 job site

**SEEK**

**SEEK EXECUTIVE**

**SEEK IT**

**FOR ADVERTISERS  
POST JOBS HERE**

[My SEEK](#) | [Advanced Search](#) | [Career Resources](#) | [Search by Recruiter](#) | [Search by Company](#)

## Quick Job Search

Location

Any

Area

Any

Classification

Any

Sub-Classification

Any

Specialisation

Select a Sub-Classification

Work Type

Any

Keywords

[Advanced Search](#)



# J.BLOBS

**PUT YOUR NAME UP IN LIGHTS  
PLACE YOUR RESUME ON SEEK**  
ADVERTISERS SEARCHING FOR YOU NOW [CLICK HERE](#)

\*Privacy options available

## Browse Jobs Ads:

- [Accounting](#)
- [Administration](#)
- [Advert / Media / Entertain](#)
- [Banking & Financial Services](#)
- [Call Centre / Customer Service](#)
- [Community & Sport](#)
- [Construction](#)
- [Consulting & Corporate Strategy](#)

Email Me Jobs Now

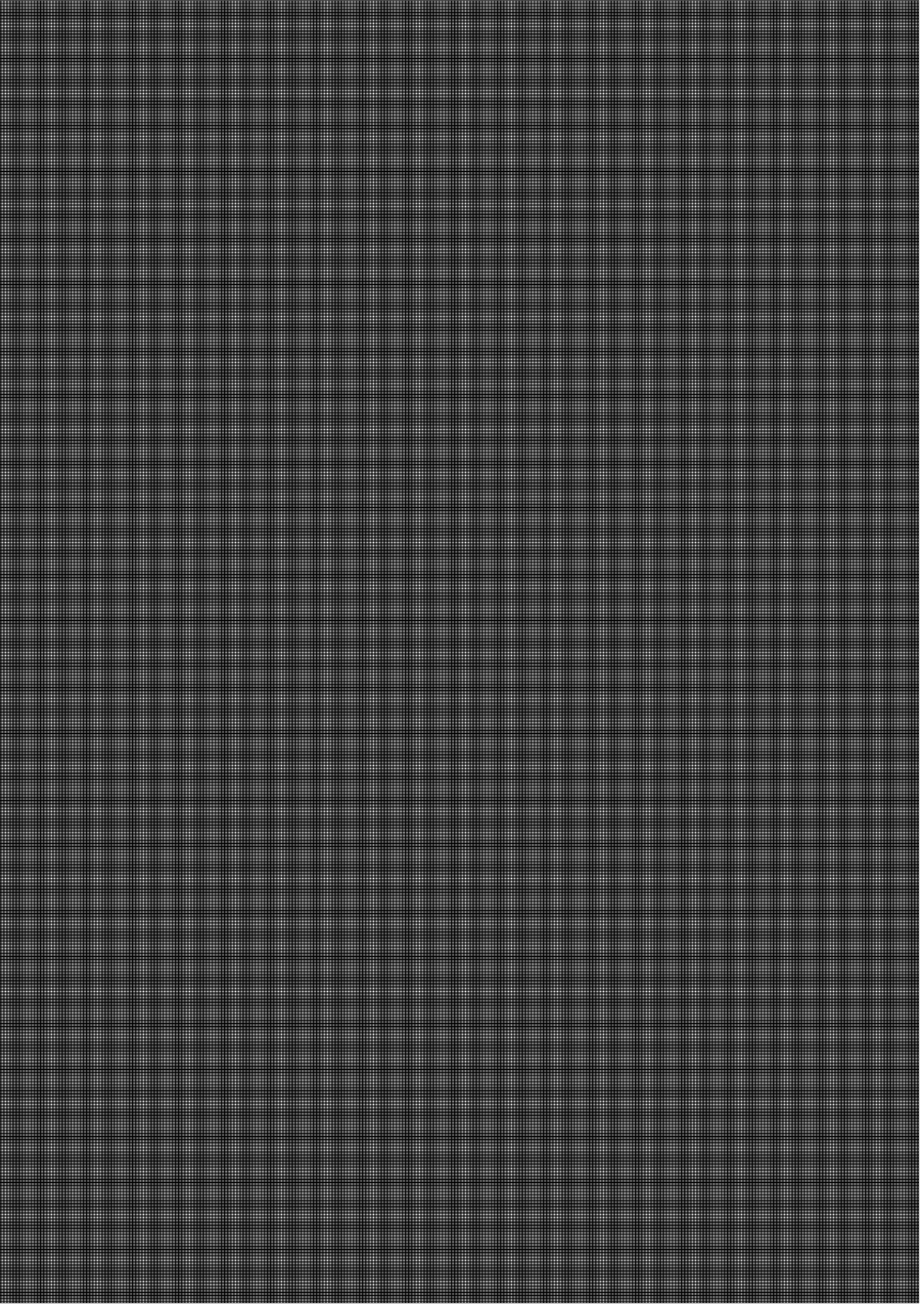
Enter Email



**SEEK HAS THE  
HIGHEST LEVEL OF  
BRAND AWARENESS**

**AMONG EMPLOYMENT  
CLASSIFIEDS WEBSITES  
IN AUSTRALIA AND  
NEW ZEALAND**





01

**INVESTMENT  
OVERVIEW**

# 01. INVESTMENT OVERVIEW

## 1.1 BUSINESS OVERVIEW

SEEK was established in 1997 and is today the leading online employment site in Australia and New Zealand.

SEEK provides the largest employment marketplace in Australia and New Zealand for jobseekers and recruiters. SEEK currently has around 10,000 customers per month which include recruitment agencies, large corporates, government departments and small and medium enterprises (SMEs). SEEK has operations in Australia, New Zealand and the United Kingdom.

SEEK has enjoyed significant growth in recent years. This growth is forecast to continue with SEEK expecting to generate revenue of \$90 million and EBITDA of \$40 million for the year ending 30 June 2006. These figures exclude any non-organic growth opportunities that may arise.

## 1.2 KEY INVESTMENT HIGHLIGHTS

### 1.2.1 Attractive industry prospects

Strong growth outlook for online employment classifieds relative to traditional print classifieds.

Online classifieds have several clear advantages over traditional print classifieds including:

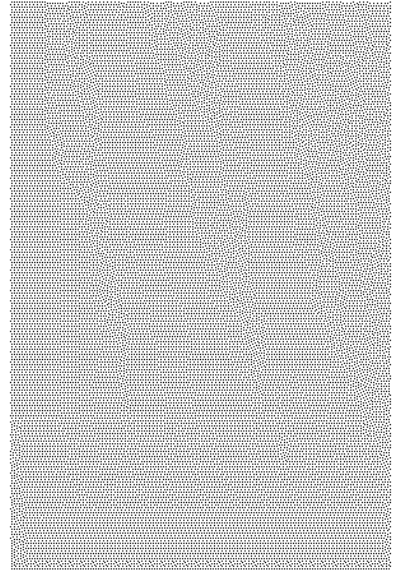
- ~ Advertiser benefits
  - ~ Quicker hiring times
  - ~ Cheaper
  - ~ More flexible
  - ~ Access to a wider pool of candidates
- ~ Jobseeker benefits
  - ~ Easy to search
  - ~ Easy to read and research with more detail available
  - ~ Easy to apply
  - ~ Easy to receive relevant advertisements, even when not actively jobseeking

This information is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. Investors should read this entire Prospectus in order to make an informed investment decision, including the sensitivity analysis outlined in Section 6 and the risks outlined in Section 7.

These factors have fuelled significant growth in internet job advertising during a period when print job advertising has experienced minimal growth. In addition, online job advertising has expanded the overall job advertisement market (by number of advertisements), by improving accessibility and affordability for smaller organisations.

A number of macro factors are also likely to have a positive long term structural impact on the overall employment advertising market:

- ~ An ageing population. Changes in the number of people of working age affect the overall size of the potential employment pool. The chart on the following page highlights that the percentage of the Australian population that is of working age is expected to decline over time. This is being driven by several factors including the baby boomer generation moving to retirement age and a long term decline in the birth rate. As a result, the net increase in the workforce is



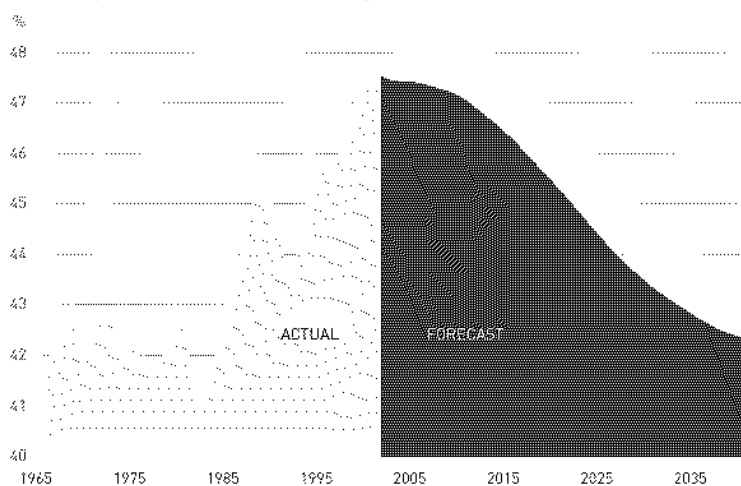
expected to decline from its current level of around 180,000 per annum to 19,000 per annum between 2020-2030. This decline in the growth of the workforce increases the competition for job candidates. SEEK provides Australian and New Zealand businesses with access to the largest pool of job candidates and is therefore well placed to take advantage of this dynamic.

~ A focus on human capital and an increasingly white-collar workforce. It is recognised that there is an increasing understanding amongst companies that the quality of human capital represents a significant source of competitive advantage. In line with this, recruitment expenditure as a proportion of sales amongst Australian companies has increased in recent years.

In addition, Australia is an increasingly knowledge-based economy with an increasing proportion of white-collar workers. This type of workforce has a higher preference for online jobsearching, providing a supporting dynamic for SEEK and the broader online employment classifieds market.

Figure 1.1

Percentage of total population working



Source: Australian Bureau of Statistics, Access Economics

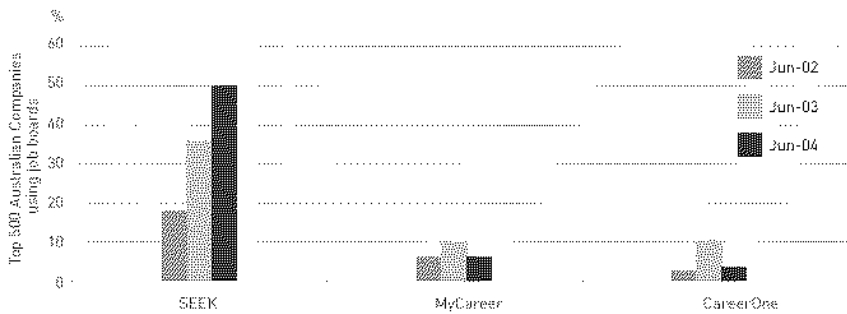
### 1.2.2 Attractive business characteristics

#### Clear No. 1 in online job classifieds

SEEK is the clear market leader in online job classifieds with greater than 60% market share in Australia and New Zealand by revenue. SEEK is the single biggest source of jobseeker candidates in Australia and New Zealand and more advertisers pay to place advertisements on SEEK than any other employment classifieds newspaper or website in Australia and New Zealand. The vast majority of the leading recruitment firms are SEEK customers and SEEK's penetration among Top 500 corporates is more than five times that of its nearest competitor. Over the past three years, SEEK has



**Figure 1.2**  
Market Penetration Amongst Large Companies



Source: Prepoint HRM

consolidated its leading position, increasing its utilisation among Australia and New Zealand's leading companies while use of its competitors' services has remained relatively flat.

**A clear growth strategy**

SEEK has numerous attractive growth prospects including:

- Growing advertisement volumes: SEEK has the opportunity to substantially increase its penetration in industries such as healthcare and education to

levels that match the penetration that SEEK has achieved in industries such as accounting, IT and administration. Geographically, SEEK sees significant potential in replicating the market share it has achieved in markets such as Melbourne, Sydney and Auckland in other capital cities and regional areas.

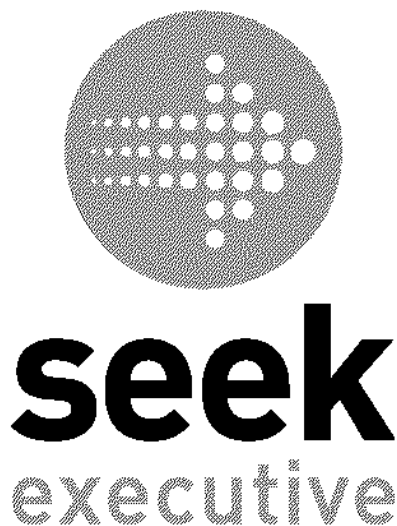
- Growing Yield: SEEK believes that its advertisement Yield will improve as it continues to attract more candidates. Average Yields are also forecast to increase

given SMEs are both SEEK's highest Yielding and fastest growing customer segment. Finally, the cost to the advertiser per job candidate delivered online is substantially lower than in print.

- New and improved products: SEEK is continually developing new job-related products which are attractive to both jobseekers and advertisers. These include improved searching and matching technologies to attract more jobseekers as well as ways for advertisers to screen and respond to candidate applications, search candidate resume databases and promote their brand more effectively to jobseekers.
- Other growth opportunities: SEEK is pursuing an active growth strategy in the training market. Other potential growth opportunities include further expansion internationally.

SEEK's growth may be affected by the risk factors outlined in Section 7.





## Executive Job Search

**Location**

**Job Function**

**Work Type**  **Keywords (optional)**

Advanced Search **GO!**

**Attractive business model**

SEEK's business model has a number of advantages including;

1) Barriers to entry.

- Virtuous cycle of existing market position: SEEK's market leading position is reinforced by the fact that jobseekers want to access the widest range of jobs while recruiters want to reach the largest pool of potential candidates. SEEK delivers this to the market. Its leading position is therefore self-perpetuating and creates a natural barrier to entry for competitors.
- Existing sales relationships: SEEK has an extensive sales force who have been able to establish strong relationships with a wide range of recruitment agencies who are the major customers of online job boards.

- SEEK's brand is one of its key business assets. According to Newspoll research in January and February 2005, SEEK has built a total brand awareness of 62% among adults aged 18 years and over in Sydney, Melbourne, Brisbane, Adelaide and Perth. Enhancing this strong brand awareness are SEEK's exclusive 'career content provider' distribution agreements with leading portals such as ninemsn, OptusNet and XtraMSN.
- SEEK has further cemented its jobseeker relationship by building up a registered database of 1.4 million jobseekers, approximately one-third of whom receive a daily email of jobs matching their search criteria.

2) Scalability. SEEK's business is highly scalable with relatively low capital expenditure requirements and an operating platform that can deliver large numbers of additional advertisements at a low incremental cost.

3) Management and staff. SEEK's founders have created the online leader while facing substantial competition from large existing competitors. All of the founders remain as part of a broadly-skilled executive team which has low turnover and strong equity incentives. More broadly, SEEK's employees are highly-motivated and SEEK is recognised as one of Australia's best employers.

4) Online-only focus. SEEK's online activities are not constrained by a need to protect existing print revenues.

SEEK operates in a competitive market and its business may be affected by the risk factors outlined in Section 7.

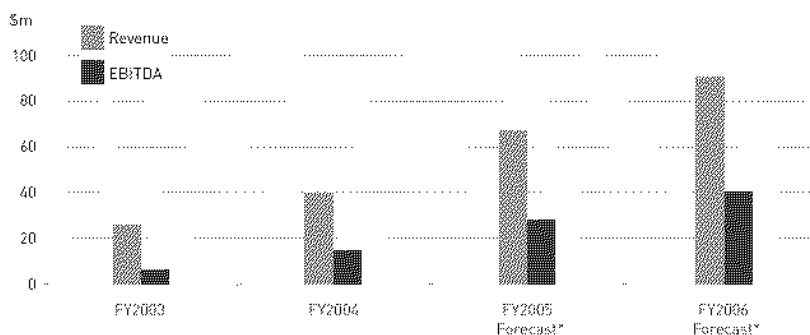


### 1.2.3 Strong financial position

- SEEK is a high margin business forecasting revenue of \$90 million and EBITDA of \$40 million in FY2006 (EBITDA margin of 44%);
- SEEK has a debt-free capital structure with a forecast net cash balance of \$47 million as at 30 June 2005, that will be able to support its future growth strategy;
- SEEK's business requires relatively low levels of ongoing capital expenditure; and
- SEEK has strong cash flow generation, thereby allowing potentially significant distributions to shareholders.

\* Refer to Sections 6 and 7 for more detailed financial information and for a discussion of the risk factors affecting the Forecasts and the assumptions on which they are based.

**Figure 1.3**  
Growth in Revenue and EBITDA



### 1.3 DIVIDEND POLICY

Subject to the achievement of the Forecasts and other relevant factors, the Board expects to declare the following dividends. It is anticipated that these dividends will be fully franked in Australia.

**Table 1.1**

	Cents per share	Yield
Final dividend (FY2005)	1 <sup>(1)</sup>	n/a
Full year dividend (FY2006)	7.2	3.6%

#### Notes:

- (1) The final dividend payment for H2 2005 will be based on the period from Settlement to 30 June 2005, anticipated to be 1 cent per share and to be paid in late 2005.
- (2) Based on the mid-point of the Indicative Institutional Bookbuild Price Range.



The Board currently intends to distribute between 60% and 75% of net profit after tax (pre goodwill amortisation) and to frank dividends to the greatest extent possible. No guarantee can be given about the payment of dividends, the level of franking of such dividends or the extent of payout ratios for FY2005 and FY2006 or for any future period. These matters depend upon SEEK's future profits, and its financial and taxation position at the time.

#### 1.4 DESCRIPTION OF THE OFFER

Under the Offer, a minimum of 43.4 million Shares and a maximum of 139.4 million Shares will be offered. However, as at the date of this Prospectus, SEEK expects the Offer to be between 75 million and 85 million Shares (see Section 2.3 for further details in relation to the variability of the Offer size).

The Offer comprises:

- the Retail Offer, which will consist of the Broker Firm Offer and the Priority Offer. No Shares

- are being offered to the general public; and
- the Institutional Offer, which consists of an invitation to bid for Shares made to Institutional Investors in Australia and New Zealand as well as institutions in other selected jurisdictions.

The allocation of Shares between the Retail Offer and the Institutional Offer will be determined by SEEK and the Lead Manager.

All Shares being offered under this Prospectus will rank equally with each other and with existing Shares.

As noted in Section 2.4, Paul Bassat, Andrew Bassat and Matthew Rockman confirm that their respective entities will not dispose of or otherwise deal in any Shares that they hold immediately following the Offer, until SEEK has reported its audited financial results for FY2006, except in order to accept a takeover bid or participate in a scheme of arrangement proposed in accordance with the requirements

of the Corporations Act. No other Existing Shareholder has given a similar confirmation.

#### 1.5 PURPOSE OF THE OFFER

The purpose of the Offer is to allow:

- certain Existing Shareholders to realise part or all of their investment in SEEK and to fund the Employee Option Buy-Back;
- SEEK to achieve Listing, thereby broadening its shareholder base and providing a liquid market for Shares in SEEK;
- SEEK to finance future growth opportunities; and
- SEEK to take advantage of the broader business benefits of increased visibility and increased access to capital which arises from being a listed entity.

The total gross proceeds of the Offer are expected to be between approximately \$150 and \$170 million (based on the mid-point of the Indicative Institutional Bookbuild Price Range). The gross proceeds of the Offer, less an amount to cover the



costs of the Offer and the Employee Option Buy-Back, will largely be paid to certain Existing Shareholders under the Buy-Back, with the balance (approximately \$11.5 million) retained by SEEK in order to fund its stated business objectives.

#### **1.6 RISK CONSIDERATIONS**

As with any investment in the stock market, an investment in SEEK is subject to a number of risks. The price of the Shares may fall as well as rise. A number of key risk factors which prospective applicants should be aware of are described in Section 7. Some are general risks, while others are risks specific to an investment in SEEK. All of these risks may impact SEEK's future performance and many are outside the control of SEEK and its Directors and cannot be mitigated.

Prior to applying for Shares, prospective applicants should read carefully the entire Prospectus and, in particular, should consider the assumptions underlying the forecast financial information and the risk factors that could affect the future financial performance of SEEK.

#### **1.7 HOW TO APPLY FOR SHARES**

Details on how to apply for Shares are contained in Section 2 of this Prospectus. If you have any questions about how to invest in SEEK you should contact your stockbroker, solicitor, accountant or other independent financial adviser.

#### **1.8 ENQUIRIES**

All enquiries in relation to this Prospectus should be directed to the SEEK Offer Information Line on 1300 131 262 (+613 9415 4244 for international callers) during the Offer Period.

02

**DETAILS OF  
THE OFFER**



# 02. DETAILS OF THE OFFER

## 2.1 DESCRIPTION OF THE OFFER

The maximum number of New Shares to be offered under this Prospectus is 139.4 million. The final number of New Shares to be offered will be dependent on the participation of Existing Shareholders in the Buy-Back which SEEK is undertaking concurrently with the Offer (see below and Sections 2.3 and 9.3 for more detail on the Offer proceeds and the Buy-Back). Based on current expectations regarding participation in the Buy-Back, SEEK believes the number of New Shares to be offered will most likely be between 75 and 85 million resulting in an offer size of between \$150 million and \$170 million (based on the mid-point of the Indicative Institutional Bookbuild Price Range).

All Shares being offered under this Prospectus will rank equally with each other and will rank equally with existing Shares.

The number of Shares on issue at Listing will be approximately 280.2 million.

## 2.2 PURPOSE OF THE OFFER

The purpose of the Offer is to allow:

- certain Existing Shareholders to realise part or all of their investment in SEEK and to fund the Employee Option Buy-Back;
- SEEK to achieve Listing, broaden its shareholder base and provide a liquid market for Shares in SEEK;
- SEEK to finance future growth opportunities; and
- SEEK to take advantage of the broader business benefits of increased visibility and increased access to capital which arises from being a listed entity.

## 2.3 OFFER PROCEEDS

The proceeds of the Offer from the issue of New Shares will largely be used to fund the Buy-Back of Shares from certain Existing Shareholders.

Approximately \$25 million of the amount from the issue of New Shares will be retained by SEEK. Of this amount, approximately \$6.8 million will be used to fund the costs of the Offer, and approximately \$6.7 million is expected to be used to fund the Employee Option Buy-Back, with the remainder to be retained for working capital and future growth opportunities. The balance of the proceeds of the Offer will be used to fund the Buy-Back of existing Shares.

Table 2.1 Sources and Uses of Funds

	Minimum Buy-Back (\$m)	Expected Buy-Back (\$m)	Maximum Buy-Back (\$m)
Issue of New Shares <sup>(1)</sup>	\$86.8	\$150-\$170	\$278.8
Buy-Back of existing Shares <sup>(2)</sup>	\$61.8	\$125-\$145	\$263.8
Net new funds	\$25	\$25	\$25
<b>Use of net new funds (\$m)</b>			
Net new funds		\$25	
Employee Option Buy-Back <sup>(3)</sup>		\$6.7	
Costs associated with the Offer <sup>(4)</sup>		\$6.8	
Net additional funds available to support future growth		\$11.5	

Notes:

(1) Based on the mid-point of the Indicative Institutional Bookbuild Price Range and on SEEK's current estimate of the amount of funds required to fund the Employee Option Buy-Back being \$6.7 million.

(2) Based on the mid-point of the Indicative Institutional Bookbuild Price Range and on SEEK's current expectations regarding the size of the Offer.

Under the Buy-Back, SEEK is offering to buy back up to 100% of each Existing Shareholder's holding up to a total of 126.9 million Shares. If acceptances under the Buy-Back are greater than 126.9 million Shares a pro rata scale-back will be applied to Existing Shareholders that participate in the Buy-Back. The Buy-Back Offer is to be made concurrently with the lodgement of this Prospectus and will remain open until 4 April 2005 at which time Existing Shareholders need to have notified SEEK of their level of participation in the Buy-Back. At this time SEEK will know the number of Shares which it will be required to buy-back. For each Share bought back, SEEK will issue a New Share pursuant to this Prospectus. The total number of New Shares issued will therefore depend on the level of participation by Existing Shareholders in the Buy-Back and will not be known until 4 April 2005.

The number of New Shares will, however, not be more than 139.4 million Shares – being the maximum Buy-Back size plus 12.5 million Shares being issued by SEEK to raise \$25 million (based on the mid-point of the Indicative Institutional Bookbuild Price Range). In the event that the number of Shares to be bought back is below 30.9 million, SEEK has determined that it will not proceed with the Offer or the Buy-Back. However, as noted below, a number of Existing Shareholders have either agreed to sell or indicated that it is their current intention to sell not less than approximately 62 million Shares in aggregate into the Buy-Back. In the event the Final Price is less than \$1.80 (i.e. below the Indicative Institutional Bookbuild Price Range), Existing Shareholders participating in the Buy-Back will have the opportunity in the 48 hours following being notified of the Final Price to withdraw or amend their level of participation. Full details regarding the Buy-Back are provided in Section 9.3.

**Table 2.2**

Important dates	
Broker Firm Offer opens (9.00am AEST)	4 April 2005
Broker Firm Offer closes (5.00pm AEST)	15 April 2005
Priority Offer opens (9.00am AEST)	4 April 2005
Priority Offer closes (5.00pm AEST)	13 April 2005
Institutional Offer opens (9.00am AEST)	14 April 2005
Institutional Offer closes (5.00pm AEST)	15 April 2005
Final Price and basis of Share allocation announced	18 April 2005
Shares expected to commence trading on ASX on a deferred settlement basis	18 April 2005
Retail and Institutional settlement	21 April 2005
Expected dispatch of transaction confirmation statements	21 April 2005
Shares expected to commence trading on ASX on a normal settlement basis	27 April 2005

**Notes:**

- (1) The above table is indicative only. All times are AEST. The Lead Manager, in consultation with SEEK, has the right to vary any of the above dates without notice to any recipient of this Prospectus or any Applicant. In the event that the Final Price is set below the indicative institutional Bookbuild Price Range, the timetable is likely to be extended and it is also possible that SEEK may decide not to proceed with the Offer.
- (2) The Lead Manager, in consultation with SEEK, has the right to close the Offer early or extend the Closing Date without notice.
- (3) Investors are encouraged to submit their Applications as soon as possible after the Offer opens as the Offer may close at any time without notice.
- (4) SEEK and the Lead Manager reserve the right to accept late Applications either generally or in particular cases.

As at the date of this Prospectus, certain Existing Shareholders have agreed to sell in aggregate not less than approximately 32.4 million Shares into the Buy-Back. These Shareholders include:

- IPR Nominees Pty Ltd, an entity associated with Irvin Rockman, which has agreed to sell not less than 10.3 million Shares into the Buy-Back; and
- the Macquarie Technology Funds which have agreed to sell all of their 10.4 million Shares into the Buy-Back.

In addition, as at the date of this Prospectus, the following Existing Shareholders have not signed agreements to sell Shares into the Buy-Back, but have instead consented to the insertion of the following statements in the Prospectus regarding their participation in the Buy-Back:

- Netherlane Pty Ltd, an entity associated with Paul Bassat, will sell 7.2 million Shares into the Buy-Back;
- Kiteford Pty Ltd, an entity associated with Andrew Bassat, will sell 7.2 million Shares into the Buy-Back;
- Jonstead Pty Ltd, an entity associated with Matthew Rockman, will sell 10.5 million Shares into the Buy-Back; and
- Daleford Way Pty Ltd, an entity associated with Bob Watson and Bob, in respect of the Shares held by him personally, will sell 4.9 million Shares (in aggregate) into the Buy-Back.

Yahoo! Inc. holds 14.5 million Shares as at the date of this Prospectus. SEEK believes that Yahoo! Inc. is likely to be a short-term holder of its Shares.

**2.4 SHAREHOLDING STRUCTURE**

The shareholding structure of SEEK immediately prior to and following completion of the Offer and the Buy-Back, based on SEEK's expectations as at the date of this Prospectus, is set out in table 2.3 on page 25.

Paul Bassat, Andrew Bassat and Matthew Rockman confirm that their respective entities will not dispose of or otherwise deal in any Shares that they hold immediately following the Offer, until SEEK has reported its audited financial results for FY2006, except in order to accept a takeover bid or participate in a scheme of arrangement proposed in accordance with the requirements of the Corporations Act. No other Existing Shareholder has given a similar confirmation.

**2.5 OFFER PRICING**

The Final Price for the Shares offered under this Prospectus will be determined by way of an Institutional Bookbuild. The Board in consultation with the Lead Manager, Macquarie Equity Capital Markets Limited, will set the Final Price at the end of the bookbuild process which is currently expected to occur on 15 April 2005.

**Table 2.3 – SEEK Shareholding Structure immediately prior to and following completion of the Offer and the Buy-Back, based on SEEK's expectations as at the date of this Prospectus is as follows:**

	Pre-Offer Shares (m)	%	Post-Offer Shares (m)	%	Post-Listing Disposal Representation
Windfyr <sup>(1)</sup>	65.9	24.6%	70.1	25.0%	×
Co-founders <sup>(2)</sup>	65.6	24.5%	40.7	14.5%	✓
IPR Nominees Pty Ltd <sup>(3)</sup>	25.3	9.4%	15.0	5.4%	×
Yahoo! Inc <sup>(4)</sup>	14.5	5.4%	14.5	5.2%	×
Instanz Nominees Pty Ltd <sup>(5)</sup>	11.7	4.4%	11.7	4.2%	×
Entities associated with Bob Watson	12.8	4.8%	7.9	2.8%	×
Macquarie Technology Funds	10.4	3.9%	0	0%	×
Other Existing Shareholders <sup>(6)</sup>	61.6	23.0%	39.5 ~ 49.5	14.1% ~ 17.7%	N/A
New Shareholders pursuant to the Offer	~	~	80.8 ~ 70.8	28.8% ~ 25.2%	×
Total	267.7	100%	280.2	100%	N/A

**Notes:**

- (1) Windfyr, a wholly owned subsidiary of Publishing and Broadcasting Limited, has been guaranteed an allocation of approximately 4.2 million Shares as part of the Offer to enable it to restore its holding in SEEK to 25.0% post the Offer. Windfyr held 25.0% of SEEK at the time that it initially invested in SEEK in October 2003. Windfyr's allocation of 4.2m Shares is only an approximation as it is based on the mid-point of the indicative Institutional Bookbuild Price Range.
- (2) Paul Bassat, Andrew Bassat and Matthew Rockman, co-founders of SEEK, confirm that their respective associated entities will sell 7.2 million, 7.2 million and 10.5 million Shares respectively into the Buy-Back. These entities are independent of each other for the purposes of voting their Shares and in respect of any decisions relating to the disposal of their Shares.
- (3) An entity associated with Irvin Rockman, the previous Chairman of SEEK (See Section 5.1 for further details regarding Irvin Rockman).
- (4) An entity associated with Helen Abeles, a former Director of SEEK.
- (5) Includes a range of early stage and seed investors none of which held more than 2.0% of SEEK prior to the Offer.
- (6) Yahoo! Inc may sell some or all of its Shares into the Buy-Back. SEEK believes that Yahoo! Inc is likely to be a short term holder of its Shares.
- (7) Refer to Section 2.4

An indicative Institutional Bookbuild Price Range of \$1.80 to \$2.20 per Share has been established. SEEK, in consultation with the Lead Manager, reserves the right to set the Final Price above, below or within the Indicative Institutional Bookbuild Price Range. The indicative Institutional Bookbuild Price Range may be varied by SEEK in consultation with the Lead Manager at any time.

Successful Applicants in both the Institutional Offer and the Retail Offer will pay the Final Price.

In determining the Final Price, SEEK will, amongst other things, have regard to the desire for an orderly secondary market in the Shares of SEEK and the creation of a long-term Shareholder base.

No brokerage or stamp duty is payable by either successful Applicants under the Retail Offer or bidders under the Institutional Offer.

## 2.6 OFFER STRUCTURE

The Offer is structured in two parts:

- the Retail Offer, which will consist of the Broker Firm Offer and the Priority Offer. No Shares are being offered to the general public; and
- the Institutional Offer, which consists of an invitation to bid for Shares made to institutional investors in Australia and New Zealand, as well as institutions in other selected jurisdictions.

The Lead Manager, in consultation with SEEK, will determine the allocation of Shares between the Retail Offer and the Institutional Offer.

All Shares offered for sale under this Prospectus rank equally with each other and with existing Shares.

The Offer will not be underwritten. SEEK and the Lead Manager have entered into an Offer Management Agreement in respect of the management of the Retail Offer and the Institutional Offer. The Offer Management Agreement sets out a number of circumstances under which the Lead Manager may terminate that agreement. A summary of certain terms of this agreement, including the termination provisions, is set out in Section 9.9.

### 2.6.1 The Retail Offer

#### **Who Can Apply for Shares Under the Retail Offer?**

The Retail Offer is open to certain retail investors, being those investors that apply under the Broker Firm Offer and the Priority Offer (which include Eligible Employees and Existing Shareholders of SEEK) and who have a registered address in Australia or New Zealand. The Retail Offer opens at 9.00am AEST on 4 April 2005 and closes at 5.00pm AEST on 13 April 2005 in respect of the Priority Offer, and 5.00pm AEST on 15 April 2005 in respect of the Broker Firm Offer.

#### **Broker Firm Offer**

The Broker Firm Offer is open only to Australian and New Zealand resident retail investors who have received a firm allocation from their broker. In order to receive their firm allocation, applicants under the Broker Firm Offer must lodge their Application Forms and Application Monies with their broker, in accordance with their broker's directions. If you elect to participate in the Broker Firm Offer, your broker will act as your agent in submitting your Application and Application Monies to the Registry (which receives them on behalf of SEEK). It will be your broker's responsibility to ensure Applications are received by the Registry by the Closing Date. SEEK, the Registry and the Lead Manager accept no responsibility for any acts or omissions by your broker in connection with your Application, Application Form or Application Monies.

#### **Priority Offer**

The Priority Offer is being extended to Eligible Employees and Existing Shareholders of SEEK and certain other individuals as identified by SEEK. The structure of these Offers is summarised below.

#### **Employee Offer**

Eligible Employees of SEEK are each being offered up to \$10,000 worth of Shares. If you are an Eligible Employee and wish to apply for Shares, you must complete the Application Form accompanying this Prospectus to receive your priority allocation.

#### **Existing Shareholder Offer**

Existing Shareholders of SEEK (excluding Windfyr) that do not participate in the Buy-Back have been given the opportunity to apply for additional Shares through the Offer. Existing Shareholders can apply for up to 10% of the number of Shares they currently hold up to a maximum of \$100,000, subject to a total allocation for all Existing Shareholders (excluding Windfyr) of \$2.5 million. In the event that Existing Shareholders in aggregate apply for greater than \$2.5 million worth of Shares a pro rata scale back will be applied to all Existing Shareholders participating under the Existing Shareholder Offer.

#### **Publishing and Broadcasting Limited**

Windfyr, a wholly owned subsidiary of Publishing and Broadcasting Limited (PBL), is SEEK's largest shareholder and is strongly supportive of the SEEK business. PBL is a long-term committed shareholder in SEEK. Windfyr has been guaranteed an allocation of approximately 4.2 million Shares (based on the mid-point of the Indicative Institutional Bookbuild Price Range) as part of the Offer. This allocation has been granted to Windfyr so that it will hold 25.0% of SEEK following the Offer. Windfyr held 25.0% of SEEK at the time that it initially invested in SEEK in October 2003 and is being offered these Shares so as to restore its holding to that level. Windfyr will pay the Final Price for each Share it receives under the Offer.



### **How to Apply for Shares in the Retail Offer**

To apply for Shares under the Retail Offer you must complete the Application Form accompanying this Prospectus in accordance with the instructions on that form. Applicants under the Existing Shareholder and Eligible Employee Offers will receive a personalised Application Form detailing their entitlement.

Applicants are required to nominate the Australian dollar amount they wish to invest in the Retail Offer. Applicants whose Applications are accepted in full will receive the number of Shares calculated by dividing the Application Monies by the Final Price. Where the Final Price does not divide evenly into the Application Monies, the number of Shares to be allocated will be rounded down to the nearest whole number of Shares. In this circumstance, rounding monies will not be returned to Applicants but will be donated by SEEK to a charitable organisation selected by the Board.

Applications must be for a minimum amount of \$2,000. Applications in excess of the minimum amount must be in multiples of \$500.

There is no maximum amount which may be applied for under the Retail Offer. However, SEEK and the Lead Manager reserve the right to treat applications in excess of \$100,000 as part of the Institutional Offer and such applications shall be deemed to be bids at the Final Price for the purposes of the Institutional Bookbuild.

Applications may be made, and will only be accepted, on the Application Form accompanying this Prospectus. The Application Form must be completed in accordance with the instructions set out on the back of the Application Form.

The Application Form must be accompanied by a cheque(s) or bank draft(s) in Australian dollars drawn on an Australian branch of an Australian bank for the value of the Shares for which application is made. All cheques must be made payable to 'SEEK Limited Share Offer' and crossed 'not negotiable', or for Broker Firm Applicants, in accordance with the instructions of your broker.

Sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected.

Completed Application Forms, together with the cheque(s) or bank draft(s) for the Application Monies, should be:

- for Broker Firm Applicants - returned to the broker from whom you received your Broker Firm Offer allocation of Shares in accordance with their instructions; or
- for all other Applicants within the Retail Offer - mailed or delivered to the Registry at the address shown below.

By mail:

Computershare Investor Services Pty Limited  
GPO Box 52, Melbourne, VIC 8060

For delivery:

Computershare Investor Services Pty Limited  
452 Johnston Street, Abbotsford, VIC 3067

Regardless of the method of lodgement, all Applications under the Retail Offer must be received by the Registry by no later than 5.00pm AEST on the Closing Date.

You should read this Prospectus in its entirety before deciding whether to complete and lodge an Application Form.

#### **Acceptance of Applications**

An Application constitutes an offer to acquire Shares on the terms and conditions set out in this Prospectus. The Lead Manager, in consultation with SEEK, reserves the right to:

- reject any Application in the Retail Offer, including but not limited to Applications that have been incorrectly completed, or are accompanied by cheques that are dishonoured or have not cleared by the close of the Offer; and
- reject or aggregate Applications which appear to be multiple Applications by the same party.

If an Application is rejected or accepted in part only, the relevant part of the Application Monies will be refunded. No interest will be paid on any Application Monies refunded.

#### **Allocation Policy**

The Lead Manager, in consultation with SEEK, has absolute discretion regarding allocation of Shares to the Applicants in the Retail Offer and may reject any Application, or allocate fewer Shares than applied for, at their absolute discretion. Applications may also be subject to scale-back and, there may be a different application of the scale-back policy to each of these Applicants.

#### **Refunds and Dealing with Application Monies**

Application Monies will be banked in a separate special purpose account until the allotment of Shares. The account will be established and kept by SEEK.

After the Shares have been allotted the Application Monies will be paid to SEEK under this Prospectus.

Application Monies will be fully or partially refunded where:

- an Application is rejected or accepted in part only; or
- the Offer is withdrawn and/or cancelled.

No interest will be paid on any Application Monies refunded. SEEK will be entitled to receive any interest earned from the Application Monies.

#### **2.6.2 Institutional Offer**

The Lead Manager may invite certain institutions to participate in the Offer. The Institutional Offer is open to Australian and New Zealand institutions, as well as institutions in other selected jurisdictions. The Institutional Offer opens at 9.00am AEST on 14 April 2005 and closes at 5.00pm on 15 April 2005. The Lead Manager, in consultation with SEEK, reserves the right to vary these dates without notice. Application procedures for the Institutional Offer will be advised by the Lead Manager.

The allocation of Shares amongst Applicants in the Institutional Offer will be determined by the Lead Manager, in consultation with SEEK. There is no assurance that any Applicant will be allocated any Shares or the number of Shares for which they have applied.

## 2.7 ASX LISTING

SEEK will apply within seven days after the date of this Prospectus for admission to the official list of ASX and quotation of the Shares on ASX. All contracts formed on acceptance of Applications under the Retail Offer and bids in the Institutional Offer will be conditional on the quotation of the Shares on ASX. If the Shares are not admitted to quotation within three months after the date of this Prospectus, Application Monies will be refunded to the Applicant as soon as practicable (without interest).

It is expected that the Shares will be issued to successful Applicants on 15 April 2005, with deferred settlement trading of the Shares commencing on ASX on 18 April 2005. Normal settlement trading of Shares is expected to commence on or about 27 April 2005.

## 2.8 CHESS AND HOLDING STATEMENTS

SEEK will apply to participate in CHESS, and, in accordance with the Listing Rules and the ASX Settlement Rules, will maintain an electronic issuer-sponsored sub-register and CHESS sub-register.

Following the issue of Shares to successful Applicants, Shareholders will be sent transaction confirmation statements that set out the number of Shares which they have been allocated. Transaction confirmation statements are expected to be dispatched on 21 April 2005.

This statement will document a Shareholder's Holder Identification Number (for CHESS holdings) or the Security Holder Reference Number for Issuer Sponsored holders.

It is the responsibility of Applicants to determine their allocation prior to trading Shares. Shareholders will receive subsequent holding statements showing changes to their Shareholding in SEEK. No Share certificates will be issued.

## 2.9 DEFERRED SETTLEMENT TRADING

It is expected that trading of Shares on ASX will commence on a deferred settlement basis on or about 18 April 2005. Deferred settlement trading will continue until three business days following dispatch of transaction confirmation statements on or about 21 April 2005. It is expected that trading on a normal settlement basis will commence on 27 April 2005.

You are responsible for confirming your allocation of Shares before trading in the Shares. If you sell Shares before receiving confirmation of your allocation, you do so at your own risk.

You may call the SEEK Offer Information Line during business hours on 1300 131 262 (Australia) to obtain information in relation to your allocation.

SEEK, the Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their initial transaction confirmation statement, whether on the basis of a confirmation of allocation provided by SEEK or otherwise.

## **2.10 TAXATION**

The Australian taxation consequences of any investment in Shares will depend upon the investor's particular circumstances. It is your obligation to make your own enquiries concerning the taxation consequences of an investment in SEEK. If you are in doubt as to the course you should follow, you should consult your stockbroker, lawyer, accountant or other professional adviser.

## **2.11 OVERSEAS INVESTORS**

No action has been taken to register or qualify the Shares or the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia and New Zealand.

It is the responsibility of investors to obtain all necessary approvals in the jurisdictions in which they reside for the application for Shares pursuant to this Prospectus. This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. It is the responsibility of any Applicants who are citizens or residents of jurisdictions outside Australia and New Zealand to ensure compliance with all laws of any jurisdiction which are relevant to their Applications. In submitting an Application Form, an Applicant will be representing and warranting that it is doing so legally and not in breach of any applicable law in any jurisdiction relevant to the Applicant.

## **2.12 RIGHT TO VARY OR WITHDRAW OFFER**

The Lead Manager, in consultation with SEEK, has the right to vary any of the dates set out in the Prospectus relating to the Offer, without notice to any recipient of the Prospectus or any Applicant. This includes, although is not limited to, varying the length of the Offer Period.

The Lead Manager, either in consultation with SEEK or via termination of the Offer Management Agreement, may terminate the Offer, in which case all Application Monies will be returned (without interest) to the respective Applicants.

## **2.13 ENQUIRIES**

If you require assistance to complete the Application Form or require additional copies of this Prospectus, you should contact the SEEK Offer Information Line on 1300 131 262 (+613 9415 4244 for international callers) during the Offer Period.

If you are unclear in relation to any matter or are uncertain as to whether SEEK is a suitable investment for you, you should seek professional advice from your stockbroker, lawyer, accountant or other professional adviser.

OSB

**INDUSTRY  
OVERVIEW**

# 03. INDUSTRY OVERVIEW

## 3.1 BACKGROUND

The employment classifieds industry comprises two main sectors; the print media sector and the online sector. SEEK's core business operates exclusively in the Australian and New Zealand online employment classifieds sector. SEEK also has a niche online employment classifieds presence in the United Kingdom and operates in the IT training market in Australia and New Zealand.

Online employment classifieds first appeared in the USA in the early 1990s, leveraging the popularity and growth of the internet. Prior to the evolution of the online sector, the employment classifieds industry was a mature sector with print media providing the primary forum for employment advertising.

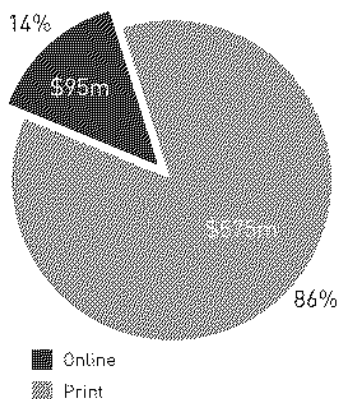
The emergence of the internet has substantially changed the industry by allowing advertisers to source job candidates more quickly and cheaply than through the print media channel. As highlighted in recent market research commissioned by SEEK and conducted by Newspoll, an increasing proportion of jobseekers choose to look for jobs online. The range of jobs offered as well as speed and convenience advantages has resulted in an ongoing structural shift in the employment advertising market with some early adopter industries, such as accounting and IT, now predominantly using online and many others continuing to move online.

SEEK estimates that the Australian and New Zealand employment classified sector will have annual revenues of approximately \$670 million for the year ending 30 June 2005, with approximately \$575 million of this being spent in print media forums and approximately \$95 million in online forums. However SEEK expects that:

- ~ the online segment will continue to win significant market share from the print media sector; and
- ~ future growth in the industry will be captured predominantly by online participants.

Fuelling this growth is the online industry's significant cost and functionality advantages over print media for both jobseekers and advertisers.

**Figure 3.1**  
Employment  
Classified Advertising  
(FY05 Revenue Share)



Source: SEEK estimates

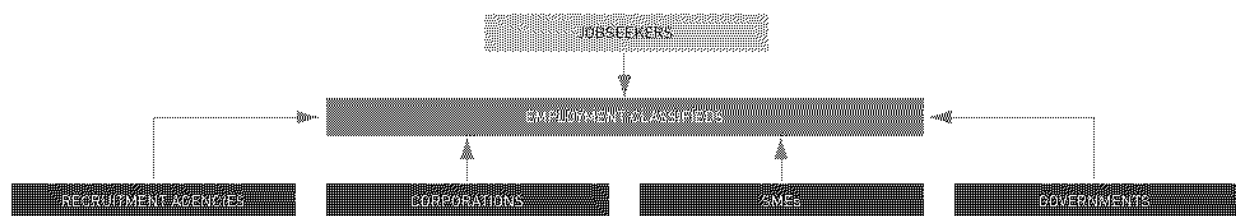


**Table 3.1 – The Advantages of online job advertisements**

Advantages for jobseekers	Advantages for advertisers
<ul style="list-style-type: none"> <li>• Greater functionality in searching for jobs</li> <li>• Users can search by location, classification, full or part-time or by keyword</li> <li>• More advertisements to view in one place</li> <li>• Greater detail displayed in advertisements</li> <li>• No word restrictions mean advertisers can fully describe roles</li> <li>• Many companies have profiles linked to their job advertisement allowing easy background research</li> <li>• Proactive notification of new listings</li> <li>• Easy to receive relevant advertisements, even when not actively jobseeking</li> <li>• Users can choose to receive emails for jobs that meet their personal criteria</li> <li>• Greater convenience and ease-of-use</li> <li>• Jobseekers can apply immediately</li> </ul>	<ul style="list-style-type: none"> <li>• More cost effective than print media</li> <li>• Reduces the administrative costs of attracting and processing candidate applications</li> <li>• Shorter recruitment cycles</li> <li>• No advertising deadlines</li> <li>• Advertisements can be placed 24/7</li> <li>• Jobseekers can reply immediately</li> <li>• Potential to reach a wider audience</li> <li>• Can search a jobseeker CV database and contact jobseekers directly</li> <li>• Ability to more accurately target potential candidates (on the basis of qualification, previous experience, salary, geographic location etc)</li> <li>• More flexible</li> <li>• There are no column restrictions on the amount of text in an advertisement</li> <li>• Full colour logos, images and backgrounds are available for any advertisement</li> <li>• Advertisements can have interactive links</li> <li>• Online application tools can screen out candidates and streamline the application process</li> <li>• Advertisements can be removed as soon as sufficient candidates have applied</li> <li>• Advertisers can place a profile of themselves</li> </ul>

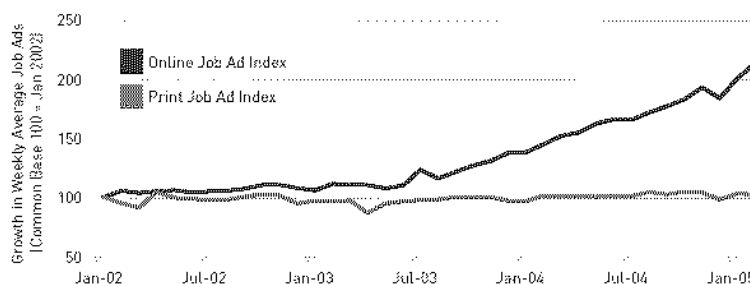
### 3.2 MARKET STRUCTURE

Employment classifieds businesses act as facilitators to the employment market, linking jobseekers to advertisers.



Advertisers (including recruitment agencies, corporations, government and small and medium enterprises (SMEs)) represent the majority of the online employment classifieds industry's revenue source, with minimal revenues flowing from jobseekers. This large pool of jobseekers is attractive for recruiters.

Figure 3.2  
The Structural Shift in the Australian  
Employment Classifieds Market



Source: ANZ Job Advertisement Series, 7 March 2005  
Seasonally Adjusted Monthly Data

### 3.3 GROWTH OF THE ONLINE SECTOR

For many years the print media sector represented the primary medium for employment classifieds since other advertising mediums such as television, radio and cinema have limited ability to effectively reach the job seeker audience in a focussed manner. The introduction of the internet provided a new method of reaching the jobseeker audience effectively and has provided significant competition to the print media sector.

Most of the industry growth enjoyed by the online classifieds sector has occurred at the expense of the print media sector.

In addition to the growth experienced as a result of winning market share from the print media sector, the online sector has benefited from a self generated increase in the overall employment classifieds industry. The total number of job advertisements has grown significantly since the introduction of the online sector as the cost advantages of advertising online has opened the market to new customers and allowed existing customers to increase the number of positions for which they advertise. This can in part be attributed to the lower cost nature of online advertising which has made it easier for SMEs to try out an advertisement.

According to the ANZ Job Advertisement Series, online employment advertisements in Australia have increased by a compound annual rate of 38% over the last two years and 47% in the year to February 2005. This outstanding online sector industry growth has occurred during a period when employment advertising in print media has remained relatively flat and further illustrates the structural shift in the employment classifieds industry towards the online sector.

**Table 3.2 – Economic Outlook**

	2004/05 F	2005/06 F	2006/07 F	2007/08 F
Employment growth	2.00%	1.75%	1.50%	1.50%
Unemployment rate	5.50%	5.50%	N/a	N/a
Real GDP growth	3.00%	3.25%	3.50%	3.50%

Source: Mid-year Economic & Fiscal Outlook 2004-05, Department of the Treasury

### 3.4 KEY INDUSTRY DRIVERS

#### Employment Market

The key driver of short term activity in the employment classifieds industry is the level of economic activity.

The effect of employment growth on the demand for employment classifieds is two fold. Employment growth results in an increase in the number of job vacancies to be filled. In addition, strong employment growth creates downward pressure on unemployment, thereby increasing competition for relatively scarce labour. This in turn drives the need for recruitment related services including employment classifieds.

Australia is currently experiencing one of its strongest ever employment markets. As a result, there has been significant focus on the skills shortage that Australian employers are currently facing. In January 2005 the unemployment rate fell to 5.1%, its lowest level since 1978. Despite the threat of rising interest rates and high oil prices, Australia's economic outlook is solid, which is expected to drive robust employment growth. The Department of the Treasury forecasts for employment growth, unemployment and real GDP growth are shown in table 3.2.

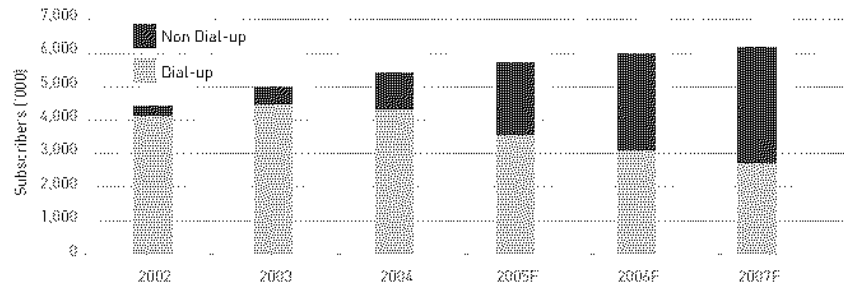
#### Internet usage

Since its establishment the online employment classifieds industry has benefited from increasing levels of internet usage and accessibility in Australia and New Zealand.

The Australian Bureau of Statistics estimates that in 2003, 66% of Australian households had access to a computer and 53% had access to the internet. These figures were up from 61% and 46% respectively in 2002.

The online employment classifieds industry will continue to benefit as levels of internet connectivity rise and as more users switch to higher speed non dial-up connections. Non dial-up connections have significant advantages over dial-up services for users, allowing faster and more efficient viewing of internet pages and downloading of data. This in turn enhances the productivity of time spent online. In this context, the introduction and uptake of non-dial up services have acted to improve the user-benefit of online employment classified websites.

**Figure 3.3**  
Australian Internet Subscribers



Source: Frost & Sullivan

Figure 3.3 shows actual and forecast levels of dial-up and non dial-up connectivity in Australia.

SEEK actively reviews new technologies (e.g. use of mobile phone messaging) that may improve the delivery of its offering to jobseekers and advertisers and is well placed to adopt these when an appropriate market opportunity exists.

#### Ageing population

A shortage of skilled labour is expected to emerge as the 'baby boomer' generation approaches retirement age. This is likely to increase competition for skilled labour and create demand for recruitment services including employment classifieds.

Younger people are more familiar with the internet and, according to a survey conducted by Newspoll, more choose to search for a job online rather than in a newspaper. As the population ages and internet familiarity continues to rise, choice for the online employment classifieds sector is expected to rise relative to print (see Figure 3.4). The increasing choice for online employment classifieds has been evident over the past nine months with the proportion of adults aged 18 years and over in Sydney, Melbourne, Brisbane, Adelaide and Perth that choose online growing by 3% and those choosing print falling by 8%.

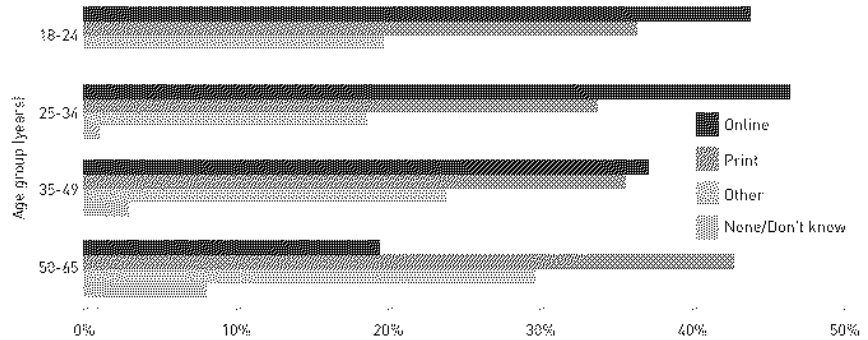
### 3.5 THE OVERSEAS EXPERIENCE

The US market was the first market in which the online employment classifieds industry developed. Despite being the most mature online employment classifieds market it still experiences solid growth.

Historically, the Australian online employment classifieds industry has tended to follow the growth trends observed in the US market in a lagged manner. It is estimated that Australia is three years behind the US in terms of market share penetration of the online sector relative to the print media sector. As a result, analysts of the Australian employment classifieds industry look to the US market to provide an indication of the likely growth trends and market share penetration that will occur in the Australian online employment classifieds industry in the future.

**Figure 3.4**

"If you were looking for a job and could use only one way to find a job, in what way would you choose to look for a job?"



Source: Newspoll survey, February 2005

Within the US employment classifieds sector, the online sector currently holds approximately a 22% market share of employment classifieds revenue (up from 17% in 2003). The online sector in Australia currently holds approximately a 14% to 15% share of the total employment classifieds industry (up from 11% to 12% in 2004). Given that US industry growth trends have historically been a good indicator of future growth trends in the Australian industry, this would suggest that there is still considerable market penetration to occur by the online sector relative to the print media sector in Australia.

**3.6 COMPETITIVE LANDSCAPE**

Broadly, the competitive landscape within the employment classifieds sector comprises print media competitors and online competitors.

The Australian and New Zealand industry is relatively consolidated with a few key participants controlling the majority of advertising space. Within the online sector there are pure play and hybrid competitors. Pure play competitors are focussed solely on online whereas hybrids operate both online and print media businesses. SEEK is the only significant pure play participant in the Australian industry.

The Australian employment classifieds sector was traditionally dominated by print media competitors Fairfax and News Corporation. However the entry of online competitors in the late 1990s resulted in a significant shift in market share away from the print sector towards online. The key participants in the Australian online employment classifieds sector include SEEK, MyCareer, CareerOne and Australian Jobsearch with SEEK the clear market leader. MyCareer and CareerOne are hybrid competitors, being owned by Fairfax and News Corporation respectively, whereas Australian Jobsearch is a federal government funded online classified service operated by the Department of Employment and Workplace Relations (DEWR).

Australian Jobsearch is funded by the federal government as part of its broader services to unemployed Australians and particularly the long term unemployed. Advertising on the site is free and Australian Jobsearch consequently attracts a large number of advertisements, which at times can

be greater than that on any one commercial website. SEEK believes that Australian Jobsearch is not a significant competitor of SEEK because Australian Jobsearch advertisements are mainly for unskilled, semi-skilled and trade related jobs of types that are not typically advertised on SEEK.

In New Zealand, Fairfax and APN News and Media control the majority of the print media sector. The online sector in New Zealand comprises four main participants being SEEK, Jobstuff (owned by Fairfax), NZ Herald (owned by APN News and Media) and Netcheck. SEEK is also the market leader in online classifieds in New Zealand.





# SEEK'S BUSINESS

# 04. SEEK'S BUSINESS

## 4.1 OVERVIEW

SEEK is the clear leader in the online employment market in Australia and New Zealand. It also operates a niche operation in the UK targeting Australian and New Zealand jobseekers and an online training and development business in Australia and New Zealand. SEEK was founded in 1997 and the seek.com.au website was launched in March 1998.

The online employment market in Australia and New Zealand has enjoyed significant growth over the past three years and SEEK as the major player in the online employment market with a market share of greater than 60% has been the major beneficiary of this growth.

SEEK operates an online employment classifieds marketplace which connects jobseekers with the broadest range of available jobs (approximately 80,000 at any one time in Australia and New Zealand). Advertisers are attracted to listing their job vacancies on SEEK because SEEK attracts the largest number of jobseekers.

Since its establishment, SEEK's growth has been primarily organic growth targeted at specific industry segments. Accordingly, SEEK has been successful in achieving significant market share in the IT, accounting and administration markets. By expanding its presence in those markets where there are currently low levels of online recruitment penetration such as healthcare and education, SEEK is able to leverage the brand, existing distribution relationships, its product and its sales channels.

SEEK currently employs approximately 200 people and has been rated in the past two years as one of Australia's Best Employers in the prestigious Hewitt Associates survey. SEEK recognises that a key to its success is attracting, developing and retaining great people across the organisation.

SEEK has a high level of staff motivation and retention. This continuity is an extremely important factor in any rapidly growing business. Following the Offer, the executive team will continue to own Shares or options in SEEK, thereby ensuring management's interests are aligned with those of Shareholders.

SEEK made two acquisitions in 2004, nzjobs.co.nz (New Zealand online job board) and SelfCert (self-paced IT training provider, since renamed SEEK Learning), and both have performed well post-acquisition. This combination of organic growth and potential growth by acquisition provides an attractive long-term outlook for SEEK.

**Table 4.1**

Year ended 30 June	Actual FY04	Forecast FY05*	Forecast FY07
Operating revenue growth	55%	68%	35%
Growth in operating expenses	29%	54%	29%
EBITDA	\$14.4m	\$27.8m	\$40.0m
EBITDA growth	140%	93%	44%
EBITDA as a % of revenue	36%	42%	44%
Cash flows from operations (after tax)	\$16.6m	\$20.7m	\$31.2m
Growth in cash flows from operations	213%	25%	51%

\* Refer to Sections 6 and 7 for more detailed financial information and for a discussion of the risk factors affecting the Forecasts and the assumptions on which they are based.

Over the past three years SEEK has consistently grown its revenue at a rapid rate with operating costs growing at a slower rate. From FY2003 to the forecast period of FY2005 revenue has grown from \$25.6 million to an expected \$66.8 million, a compound annual growth rate of 62% per annum, whilst operating costs have increased from \$19.6 million to an expected \$39.0 million, a compound annual growth rate of 41% per annum. This has enabled the business to achieve outstanding financial performance. In the 2004 financial year, SEEK generated revenues of \$39.7 million and EBITDA of \$14.4 million, an increase of 55% and 140% respectively compared to the 2003 financial year.

SEEK's focussed and proven business model, supported by an experienced and disciplined management team, has contributed significantly to SEEK's recent sales and EBITDA growth record.

#### 4.2 GEOGRAPHIC PRESENCE

SEEK currently operates in three markets: Australia, New Zealand and the United Kingdom.

The penetration of online employment advertising to date has varied on a market by market basis. For example, SEEK has been able to obtain greater penetration in Sydney and Melbourne than in Adelaide, Brisbane and Perth. Similarly the internet has had a greater impact in the IT and accounting markets than it has had in the government and education market.

##### Australia ([www.seek.com.au](http://www.seek.com.au))

Australia is the largest geographic component of the SEEK business, generating approximately 90% of revenue and profit.

As the business grows and evolves, SEEK is increasingly able to customise its offering to different market segments. This customisation extends to the product offering, sales and marketing efforts and service offerings.

An example of this customisation is the SEEK Executive site which was launched in 1999 and lists approximately 2,000 job vacancies. The criteria for SEEK Executive is that positions must have a salary of more than \$80,000

and involve management responsibility. The SEEK IT site was launched in 2000 and lists over 11,000 IT jobs. SEEK also has specialised industry pages in a number of different market segments such as accounting, education, healthcare, engineering and entry level/graduate.

SEEK believes there are outstanding growth opportunities in industry segments where it currently has a relatively low level of penetration such as education and healthcare. There is also significant growth potential in the Perth, Adelaide and Brisbane markets as well as regional markets including the Gold Coast, Newcastle and other regional markets. Management also consider the SME market to offer substantial growth prospects since on a relative basis SEEK's penetration in the SME market is less than in other market segments.

#### **New Zealand ([www.seek.co.nz](http://www.seek.co.nz))**

In 2004, SEEK further consolidated its number one position in New Zealand with the acquisition of the number two ranked site [nzjobs.co.nz](http://nzjobs.co.nz). These two sites were merged in May 2004. SEEK's market share in the NZ market is larger than in the Australian market with jobseekers spending a total of 4.1 million minutes on the SEEK NZ site each month, a lead of four times over SEEK's largest online competitor. The SEEK NZ site also lists significantly more job advertisements than any other competing site.

SEEK's main online competitors in New Zealand are the online version of the New Zealand Herald (owned by APN News and Media), Jobstuff (owned by Fairfax) and Netcheck (owned by the Radio Bureau, which owns a number of radio stations).

However, relative to the Australian business, in New Zealand, online employment classifieds represent less of the total employment classifieds market. Accordingly SEEK considers there to be significant opportunities for growth as a result of the continued structural shift from print media to online employment classifieds being emulated in the New Zealand market.

#### **United Kingdom ([www.seek.com.au/uk](http://www.seek.com.au/uk) and [www.seek.co.nz/uk](http://www.seek.co.nz/uk))**

SEEK UK is a profitable niche business designed to appeal to Australian and New Zealand candidates with working visas looking for jobs in the UK. Australians and New Zealanders provide a source of attractive candidates to UK recruitment firms and employers. SEEK UK competes predominantly with expatriate print magazines targeting Australians and New Zealanders such as the TNT magazine.

#### **4.3 LEARNING AND TRAINING ([www.seeklearning.com.au](http://www.seeklearning.com.au))**

SEEK acquired the SelfCert learning business on 1 July 2004. SelfCert is a leading retailer of self-paced IT training courses in Australia. In March 2005, SelfCert was rebranded SEEK Learning.

SEEK Learning's core business involves selling online training courses which enable IT workers to upgrade their skills by becoming accredited experts in products including Microsoft and Cisco.

SEEK Learning sells courses produced by Skillsoft, a NASDAQ listed global provider of e-training products for IT professionals. SEEK Learning is the exclusive reseller of courseware for Skillsoft to individuals (consumers) in the Australian and New Zealand markets.

The business fits extremely well with the SEEK audience as many people looking for jobs are also thinking about training to improve their career prospects. In addition, SEEK customers are also in the market for training in order to develop and retain staff.

There are a wide range of IT certification training course providers and the training can be delivered either as a stand-alone course, or as part of a longer-term course. Online courses are typically cheaper than classroom based courses and they can be taken at a time and pace that suits the student. SEEK Learning's courses include online instructor support and coaching to help students achieve their goals.

#### **4.4 BUSINESS MODEL**

SEEK operates a focussed business model which has consistently generated strong sales and earnings growth.

SEEK's business model is based around the central proposition that advertisers and jobseekers will each migrate to the medium with the greatest number of relevant jobs and jobseekers respectively.

SEEK has three major channels to market:

- ~ Field sales
- ~ Telephone sales
- ~ SEEK website

SEEK has a field sales presence in Sydney, Melbourne, Brisbane, Perth, Adelaide, Auckland, Wellington and London. The field sales team largely deals with both recruitment firm customers and large corporate and government customers.

The telephone sales team is based in Melbourne and looks after small recruitment firms and medium-sized corporate customers. Both the field sales and telephone teams have an account management and a client acquisition function.

The SEEK website is an important and low cost sales channel catering predominantly to the requirements of users with infrequent advertisement placements such as SMEs.

#### 4.5 CUSTOMERS

SEEK currently attracts approximately 10,000 customers per month who list about 80,000 job advertisements at any one time. These customers fall into four main groups:

- Recruitment firms;
- Large corporates;
- Government; and
- SMEs.

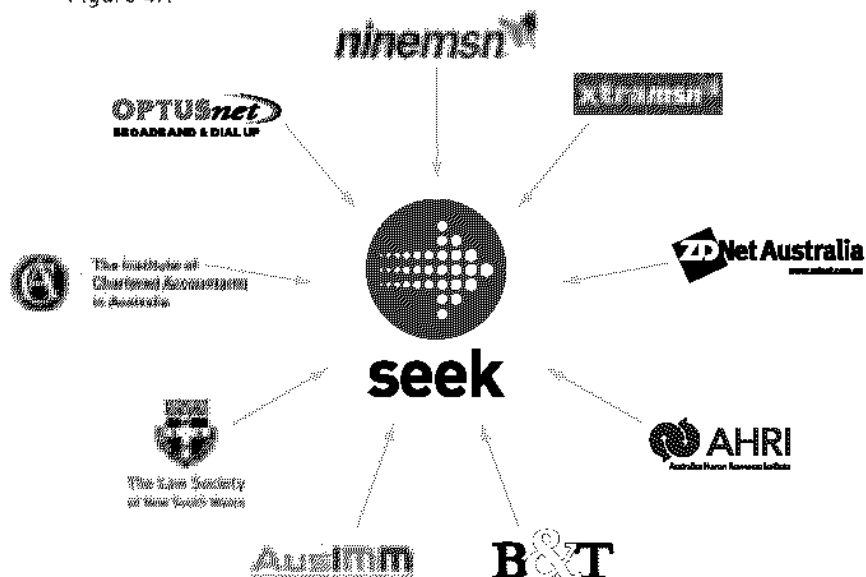
Recruitment firms have traditionally been SEEK's largest source of revenue. SEEK has over 1,300 recruitment firm customers. These customers account for the majority of recruiter employment advertising across all mediums. Recruitment firms typically enter into subscription contracts to advertise a certain volume of positions per month. Subscription contracts typically last for 6 to 12 months. An average recruitment firm will subscribe for a certain number of jobs per month and may also utilise other services such as access to SEEK's resume database, branding opportunities and SEEK's screening products.

Large corporates in Australia typically outsource much of their recruitment requirements to recruitment firms. As a result, the direct relationship with corporates relates to those positions that they do not outsource to recruitment firms. Whilst SEEK has enjoyed significant growth in this market, there are a number of sectors of this market which remain unpenetrated and offer further growth opportunities.

SME customers represent an increasing proportion of SEEK revenue. Whilst SEEK currently attracts approximately 8,000 SME customers per month and this number has grown by more than 50% in the past 12 months, this represents a small proportion of the total SME market in Australia. As a result, the SME market represents a very large growth opportunity. SME customers are also highly profitable because they typically purchase advertisements on a casual basis.



Figure 4.1



#### 4.6 JOBSEEKERS

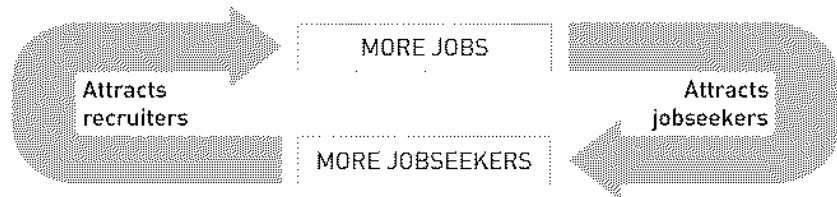
SEEK attracts up to 1.4 million unique visitors to its Australian site each month, which is approximately double the number of jobseekers attracted by its nearest competing site. This is equivalent to approximately 14% of the Australian workforce who visit SEEK each month.

SEEK employs a range of offline marketing and online distribution relationships in order to attract jobseekers to the site.

SEEK has put in place exclusive 'careers content provider' agreements with leading portals such as ninemsn, OptusNet and XtraMSN. SEEK also has a range of distribution agreements in place with industry associations such as the Institute of Chartered Accountants and the Law Society of NSW. These distribution relationships result in SEEK being heavily promoted across its partners' networks and provides SEEK with access to in excess of 95% of all internet users in Australia. SEEK has a distribution agreement with Yahoo which concludes in October 2005. This agreement will not be renewed beyond that date.

The SEEK brand is one of SEEK's key business assets. As well as the online distribution relationships, SEEK invests in significant offline marketing activities to help build the SEEK brand. According to Newspoll research conducted in January and February 2005, SEEK has built a total brand awareness of 62% among adults aged 18 years and over in Sydney, Melbourne, Brisbane, Adelaide and Perth, including an unaided brand awareness of 27%. This level of brand awareness is higher than any of SEEK's online competitors. SEEK believes it has a similar lead in brand awareness in New Zealand. This represents a key asset for SEEK and assists in establishing a formidable barrier to entry for competitors.

**Figure 4.2**  
The Virtuous Cycle



A feature of SEEK's success in driving brand awareness and jobseeker traffic has been in its innovative and aggressive promotion. SEEK has a significant presence nationally and utilises television and a range of outdoor media from billboards to taxis and bus wraps. SEEK promotes the brand by advertising on prominent city landmarks from Perth to Wellington and employs media to great effect - from advertising in the snowfields to Telstra Dome. PBL's investment in SEEK in 2003 has delivered extensive access to media channels through which to promote the SEEK site. These include leading television and online properties such as Channel Nine and ninemsn as well as well known magazine titles such as Woman's Weekly, Ralph, Wheels and Cleo. This access extends to cross-promotional activities and integrated promotions as well as standard advertising. The breadth of SEEK's audience and year-round nature of job seeking means that SEEK is not tied to particular advertising times or channels. This flexibility, combined with SEEK's strong brand image, has allowed cost-effective marketing programs.

#### 4.7 COMPETITIVE STRENGTHS

Jobseekers are likely to choose SEEK for their job search needs because it lists the widest range of job advertisements and advertisers are more likely to advertise on SEEK because it attracts more jobseekers. This creates a virtuous cycle which reinforces SEEK's market leadership. Additionally, decisions on where to advertise a job vacancy are based more on the likelihood of achieving a good outcome rather than cost. An advertiser won't decide to stop advertising in a particular medium because a competing publication offers a lower price unless they are convinced the competing publication will deliver them the candidates they need. This provides successful classifieds players with a strong and defensible market position.

SEEK's long-term distribution relationships and its brand awareness also provide significant barriers to entry. An additional barrier to entry is SEEK's registered user base. SEEK sends approximately 550,000 emails each night to individual jobseekers with jobs matching their search criteria. Over 1.4 million jobseekers are registered for this free service.

SEEK's senior management team, lead by Paul and Andrew Bassat and Matthew Rockman, have proven themselves to be a capable management team. SEEK's co-founders conceived and developed the business model for SEEK and selected the core senior management team to launch the business.

Relative to its print media competitors, SEEK benefits from not having an existing print franchise to protect. This enables SEEK to aggressively pursue growth opportunities without having to consider the potential for cannibalisation of its print revenues. However, SEEK operates in a competitive market and its business may be affected by the risk factors outlined in Section 7.

#### 4.8 GROWTH STRATEGY

SEEK has developed a clear strategy to continue its track record of strong growth and expects a continuation of that growth. The strategy is to continue to take advantage of structural changes in the employment classifieds market, while simultaneously developing significant new businesses in related fields.

Incorporated within this strategy are numerous specific growth options including the following:

- **Growing advertisement volumes:** SEEK has strong market penetration in industries such as accounting, IT and administration and is now focussing on other industries including healthcare and education. Geographically, SEEK has won substantial market share in Melbourne, Sydney and Auckland and is now seeking to achieve similar results in other capital cities and regional areas.
- **Growing Yield:** SEEK believes that its advertisement Yield will improve as it continues to attract more candidates. Average Yields are forecast to increase given SMEs are both SEEK's highest yielding and fastest growing customer segment. Finally, the cost to the advertiser per job candidate delivered is substantially lower online than in print.
- **New and improved products:** SEEK is continually developing new job-related products which are attractive to both jobseekers and advertisers. These include improved searching and matching technologies to attract more jobseekers as well as ways for advertisers to screen and respond to candidate applications, search candidate resume databases and promote their brand more effectively to jobseekers.
- **Education and Training:** SEEK acquired the SelfCert learning business on 1 July 2004. SelfCert is a leading retailer of self-paced IT training courses in Australia. In March 2005, SelfCert was rebranded SEEK Learning. SEEK sees enormous growth opportunities in education and training. Training is a substantial market with SEEK estimating that over \$7 billion is spent annually on post-secondary training in Australia. SEEK is well positioned in this market with a highly relevant audience of 1.4 million people, a strong, relevant brand and developing capabilities in reselling training courses. SEEK intends to aggressively expand its course range beyond IT and is considering other opportunities including rolling out the model to other geographies. As a first step in this direction SEEK recently concluded an agreement to sell Open University Australia degree courses to SEEK's audience. Open University Australia offers distance higher education courses delivered by a wide range of university partners. SEEK expects to commence sales in April or May of 2005 and sees this as an exciting growth opportunity.
- **Other growth opportunities:** Other potential growth opportunities include further expansion internationally.

SEEK continues to aggressively explore further opportunities for non-organic growth. SEEK is continually assessing opportunities in related services within the human capital management market and possible further geographic expansion. SEEK's growth may be affected by the risk factors outlined in Section 7.

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055

**BOARD &  
MANAGEMENT**

# 05. BOARD & MANAGEMENT

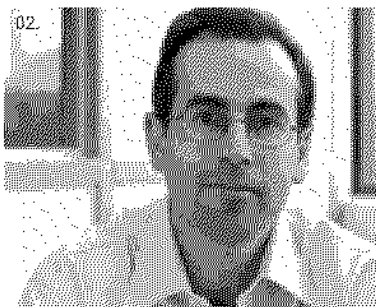


## 5.1 BOARD OF DIRECTORS

### 01. James Packer – Chairman

James Packer is the Executive Chairman of Publishing and Broadcasting Ltd, a top 30 listed Australian company (ASX code: PBL). PBL is Australia's leading media and entertainment company. Its core businesses are television production and broadcasting; magazine publishing and distribution; and gaming and entertainment. James is also the joint CEO of Consolidated Press Holdings Limited and a director of various companies including Qantas Airways Limited and Challenger Financial Services Group. Since 1988 James has worked in various senior positions across the PBL group.

Anthony Klok acts as an alternate director for James Packer. Anthony is PBL's Business Development Director.



### 02. Paul Bassat – Chief Executive Officer and Co-Founder

Paul is the CEO and co-founder of SEEK. SEEK has rapidly established itself as the destination of choice for employment advertisers and jobseekers across Australia and New Zealand. Paul has led SEEK since its inception in 1997. During this period SEEK has been recognised as one of the fastest growing businesses in the Asia Pacific Region as well as one of the "Best Employers to work for in Australia".

Prior to co-founding SEEK, Paul spent six years with the commercial law firm Arnold Bloch Leibler, where he specialised in corporate law. Paul holds Bachelor of Laws and Bachelor of Commerce degrees from the University of Melbourne and is a member of the Small Business Panel of the Reserve Bank of Australia.



### 03. Andrew Bassat – Executive Director and Co-Founder

Andrew leads SEEK's Strategy and Business development team. He is responsible for overall strategic direction, progress of expansion opportunities, acquisitions, strategic alliances with key partners and online marketing. Andrew is also responsible for SEEK Learning.

Prior to co-founding SEEK, Andrew was a management consultant with Booz Allen & Hamilton where he was involved in a wide range of strategic assignments for major Australian and international corporations and prior to that worked as a solicitor at Corrs Chamber Westgarth.

Andrew holds a Bachelor of Science (Computer Science) degree from the University of Melbourne, a Bachelor of Laws (Honours) degree from Monash University and a Master of Business Administration degree from Melbourne Business School.



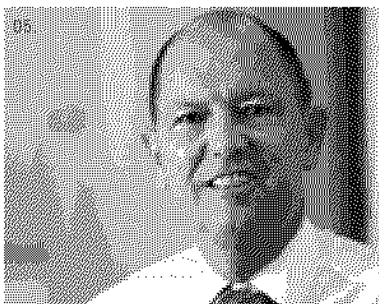
**04. Matthew Rockman – Executive Director and Co-Founder**

In his role as Director of Sales, Matthew is responsible for driving the sales effort and managing SEEK's relationship with customers.

He leads a team of account and sales managers across London, New Zealand and five states of Australia. Matthew's focus is on growing SEEK's market position and on both delivering and adding value to customers' businesses.

Before co-founding SEEK, Matthew was Director of the Northrock Group of Companies and the Sales and Marketing Director for Rockman's Regency Hotel. He played a strategic role in acquisitions and property developments, and using innovative sales and marketing strategies was responsible for positioning Rockman's Regency as one of the pre-eminent hotels in Australia.

Matthew holds a Bachelor of Business (Banking and Finance) degree from Monash University.



**05. Chris Anderson – Non-Executive Director**

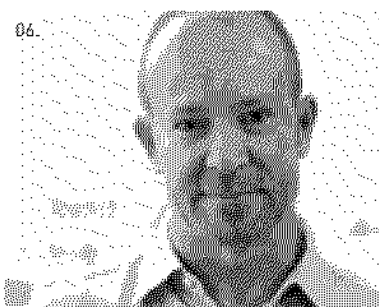
Chris Anderson was appointed to the SEEK Board on 25 November 2004.

He has recently stood down after seven years as Chief Executive of Optus during which time he managed Optus through significant milestones including listing on the Australian Stock Exchange, the SingTel purchase of Optus and the Optus-Foxtel content sharing Pay TV television deal.

Prior to joining Optus he was Group Chief Executive of Television New Zealand and before that the Managing Editor of the Australian Broadcasting Corporation. The bulk of his career, from 1966 to 1991, was spent with John Fairfax Limited where he was appointed Managing Director and Group Editorial Director of all group newspapers in 1987, and Chief Executive Officer in 1990.

He is also on the Board of PBL, Foxtel, ninemsn, Hoyts, Austrade and is a member of ABN AMRO's Advisory Council.

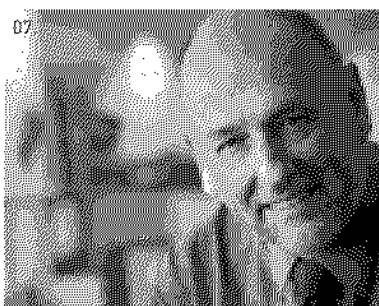
Chris has a Bachelor of Economics degree from the University of Sydney and is a graduate of the Advanced Management Program at Columbia University, New York.



**06. Bob Watson – Non-Executive Director**

Bob has over 20 years of executive management experience in the information technology and recruitment industries. His various roles have included Chief Executive Officer of Mayne Nickless Computer Services, Data Sciences International (in the UK) and Lend Lease Employer Systems. Bob was also the Australasian CEO for Adecco, the world's (and Australia's) largest recruitment and labour contracting agency.

Bob is currently Executive Chairman of listed biotechnology company Cytopia Limited and a director of several private companies. He has been a director of SEEK since 1999.



**07. Colin Carter – Non-Executive Director**

Colin has an extensive consulting background in organisational and business strategy and he is a former Senior Vice-President of, and is currently a senior adviser to, The Boston Consulting Group. His interests also include corporate governance issues and in recent years Colin has carried out board performance reviews for a number of companies as well as co-authoring a top-selling book on boards, Back To The Drawing Board. He is a non-executive director of two public companies – Origin Energy Limited and Wesfarmers Limited. Colin is also a commissioner of the Australian Football League, a director of the Melbourne 2006 Commonwealth Games Corporation and Chairman of Indigenous Enterprise Partnerships.

Colin has a Bachelor of Commerce degree from Melbourne University and an MBA from Harvard Business School where he graduated with distinction and as a Baker Scholar.



### Thank you to former Chairman

SEEK wishes to acknowledge the contribution of Irvin Rockman CBE to the business since its inception. Irvin was an original investor in SEEK in November 1997. Irvin has been SEEK's Non-Executive Chairman from inception until March 2005, at which time he decided to resign as Chairman and as a director of SEEK. Irvin has provided tremendous leadership and vision and intends to remain a long term Shareholder in SEEK.

## 5.2 KEY MANAGEMENT

In addition to the three Executive Directors on the Board, the following are members of the SEEK executive team.



### 01. Katie May – Marketing Director

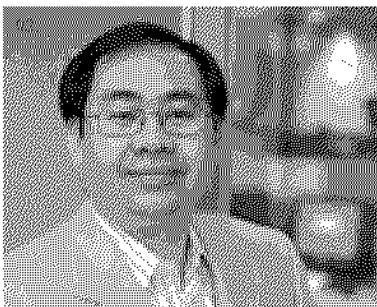
Katie leads SEEK's product and marketing team, overseeing development of new products and features and marketing the service to consumers and business. Her vision and direction have helped SEEK achieve approximately 60% brand awareness among adults nationally and ensured continuous innovation, which has led to a world class product. Katie joined SEEK in July 1999 with considerable experience in management consulting and brand management, gained with Booz Allen & Hamilton and Philip Morris. Katie received her MBA from the University of Texas, where she also completed a Bachelor of Business Administration in Accounting. She was certified as a public accountant in 1992. Katie is returning to her native USA in June and SEEK is undertaking an extensive search for a new marketing director.



### 02. John Armstrong – Chief Financial Officer

John has overall responsibility for all of SEEK's day-to-day business operations, ensuring the necessary operational and financial processes and infrastructure are in place and aligned with SEEK's strategies and continued rapid growth. He has responsibility for the financial, administration and customer service teams.

John has over 12 years experience in various financial and commercial management roles. Prior to SEEK John worked with Ernst & Young, Blackwoods and Fosters Brewing Group. John has a Master of Business Administration, and a Bachelor of Business majoring in Accounting from Monash University, and is a member of CPA Australia.



### 03. Tam Vu – Chief Information Officer

Tam provides strategic and operational IT leadership for SEEK. In this capacity, Tam leads a team of IT professionals enabling and innovating new products as well as ensuring IT is aligned with the business direction. Tam has recently joined SEEK from BP London where he was the Chief Information Officer for BP's global retail business. Tam has over 15 years of IT experience where he has leveraged IT to enable major global transformation programs. Tam has worked extensively in Europe, US and Asia Pacific in a diverse range of industries. Tam holds a Bachelor of Science (Honours) from the University of Adelaide.

SEEK's senior executives are supported by a number of highly effective senior managers all of whom have been with SEEK for several years. They are:

**Louise De Vos – NSW State Manager**

**Scott Hauswirth – Business Development Manager**

**Chris Lafferty – Program Services Manager**

**Jason Lenga – SEEK Learning Managing Director**

**Kimberley Lindstrom – Human Resources Director**

**Simon Rosenberg – Sales Operations Manager**

**David Waite – Early Stage Markets Manager**

### **5.3 CORPORATE GOVERNANCE**

#### **ASX Corporate Governance Council Recommendations**

The Board is aware of the Principles of Good Corporate Governance and Best Practice Recommendations as published by the ASX Corporate Governance Council. Included among these are:

- majority of an ASX-listed company's Board should comprise Independent Directors;
- the Chairman should be an Independent Director;
- roles of the Chairman and the Chief Executive Officer should not be exercised by the same individual. The Chairman should also not be a former Chief Executive Officer of the company; and
- audit and remuneration committees of an ASX-listed company should only consist of Non-Executive Directors, with the committees comprising a majority of Independent Directors.

The Board is made up of two Non-Executive Directors (being James Packer and Chris Anderson), two independent Non-Executive Directors (being Bob Watson and Colin Carter) and three Executive Directors (being Paul Bassat, Andrew Bassat and Matthew Rockman). Details of the Directors and their qualifications are set out in Section 5.1.

Each member of the Board must bring an independent view and judgement to the Board and must declare actual and potential conflicts of interest.

The Board has carefully considered the appropriate size of the Board for SEEK and believes that, for a company of the size and nature of SEEK, it should be small enough to be coherent but large enough to bring a depth of experience and a diversity of talents. Each of the Directors is a senior and experienced executive with skills and experience necessary for the proper supervision and leadership of SEEK. As a team, the Board brings together a broad range of qualifications, in both the international and Australian markets, with considerable experience and expertise.

SEEK believes that the Board, as currently composed, has the necessary skills and motivation to ensure that SEEK continues to perform strongly, notwithstanding that its overall composition does not meet ASX guidelines on independence.

The Board currently intends to appoint one additional independent Non-Executive Director as soon as an appropriate person is identified.

Although the Chairman, James Packer, is not an independent Director for the purposes of the ASX's guidelines, the Board believes that James' experience and expertise including, in particular, being the Executive Chairman of PBL, ensures that he will be an effective Chairman of SEEK.

#### **Board of Directors and its Committees**

The Board is responsible for the overall corporate governance of SEEK including establishing and monitoring key performance goals. The Board has created a framework for managing SEEK which includes internal controls, a business risk management process and appropriate ethical standards. Board committees and individual Directors may seek independent professional advice at SEEK's expense for the purposes of the proper performance of their duties.

#### **Remuneration Committee**

The role of the Remuneration Committee is to review and make recommendations to the Board on remuneration packages and policies related to the Non-Executive Directors, Chairman, Chief Executive Officer and senior employees and ensure that remuneration policies and practices are consistent with SEEK's strategic goals and human resource objectives. The membership of the Remuneration Committee will be determined as soon as practicable following Listing. Once it has been determined, SEEK will make an announcement to the ASX advising the membership of the Remuneration Committee. The Executive Directors will not be members of the Remuneration Committee.

#### **Audit Committee**

The role of the Audit Committee is to advise on internal controls and appropriate ethical standards for the management of SEEK. The Audit Committee will also confirm the quality and reliability of the financial information prepared, working on behalf of the Board with external auditors. The Audit Committee will review non-audit services provided by external auditors to confirm they are consistent with maintaining external audit independence.

The Audit Committee will provide advice to the Board and report on the status of the business risks to SEEK through its risk management process, which is aimed at ensuring risks are identified, assessed and appropriately managed. As with the Remuneration Committee, the membership of the Audit Committee will be determined as soon as practicable following Listing. Once it has been determined, SEEK will make an announcement to the ASX advising the membership of the Audit Committee. The Executive Directors will not be members of the Audit Committee.

#### **Corporate Governance Policies**

The Board has adopted the following corporate governance policies which will become effective upon Listing.

#### Continuous Disclosure Policy

SEEK places a high priority on communication with Shareholders and is aware of the obligations it will have, once listed, to keep the market fully informed of information which is not generally available and which may have a material effect on the price or value of SEEK's Securities. All relevant information provided to ASX will be immediately posted onto SEEK's corporate website, [www.seek.com.au](http://www.seek.com.au), in compliance with the continuous disclosure requirements of the Corporations Act, and the Listing Rules.

SEEK has adopted a policy which establishes procedures to ensure that Directors and management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information.

#### Share Trading Guidelines

SEEK has adopted guidelines for dealing in Securities which are intended to explain the prohibited types of conduct in relation to dealings in Securities under the Corporations Act, and establish a best practice procedure in relation to dealings in SEEK's Securities by its Officers and their Associates.

Subject to the overriding restriction that persons may not deal in SEEK's Securities while they are in possession of material price-sensitive information, Officers and their Associates will only be permitted to deal in SEEK's Securities with the prior written approval of the Chairman, or in the event that the Officer is not a Director, with the prior written approval of the CEO, and during the following trading windows:

- within the six week period commencing 24 hours after SEEK releases its half yearly results to the ASX;
- within the six week period commencing 24 hours after SEEK releases its full year results to the ASX; and
- within the period commencing the 24 hours after SEEK lodges its annual report with the ASX through to one month after the holding of SEEK's Annual General Meeting.

Outside of these trading windows, Officers must receive clearance from the Chairman or CEO for any proposed dealing in SEEK's Securities, with such clearance only to be granted in exceptional circumstances.

Officers and their Associates may not deal in SEEK's Securities during the period commencing on the date of SEEK's Listing and ending 24 hours after SEEK releases to the ASX its results for the year ending 30 June 2005.

#### Ethical Standards

SEEK has a code of conduct documented in an employee handbook. This sets out the standards as to how each employee of SEEK is expected to act in their capacity as an employee of SEEK.

#### Communication to Shareholders

The Board of Directors will aim to ensure that Shareholders are fully informed of all major developments affecting SEEK's state of affairs. Information will be communicated to Shareholders through the annual report, annual general meeting, half-yearly results announcements and corporate website, [www.seek.com.au](http://www.seek.com.au), which will have a dedicated investor relations section.

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**FINANCIAL  
INFORMATION**

# 06. FINANCIAL INFORMATION

## 6.1 SEEK FINANCIAL INFORMATION (INCLUDING FY05 AND FY06 FORECASTS)

This Section sets out certain historical financial information concerning SEEK. It also includes forecast financial information for both FY05 and FY06.

The forecasts set out in this Section have been prepared with due care and attention and reflect the Directors' judgement of the likely FY05 and FY06 results based upon current operating and economic conditions and strategic plans to be undertaken.

By their nature, the FY05 and FY06 forecasts involve risk and uncertainty and depend upon future circumstances.

The actual and forecast information included in this Prospectus has been prepared in accordance with the measurement and recognition principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia and the accounting policies adopted by SEEK as disclosed in Note 1 to the financial statements in SEEK's FY04 Annual Report. These accounting policies are included within the Appendix.

The forecast information has also been prepared assuming that there are no changes of a material nature to accounting policies, or to Australian Accounting Standards, Statements of Accounting Concepts or other mandatory professional reporting requirements including Urgent Issues Consensus Views and the Corporations Act (which could have a material effect on SEEK's forecast financial results). The potential impact of the introduction of Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005 is outlined later in this Section.

## 6.2 SEEK EARNINGS PROFILE

**Table 6.1 – Consolidated Financial Performance of SEEK**

The summarised financial performance for SEEK for the years ended 30 June 2003 and 30 June 2004, and forecasts for the years ending 30 June 2005 and 30 June 2006, are set out below.

Year ended 30 June (AU million)	Actuals FY03	Actuals FY04	Forecast FY05	Forecast FY06
Operating Revenue:				
SEEK	25.6	39.7	60.6	80.8
SEEK Learning	–	–	6.2	9.6
Total Operating Revenue	25.6	39.7	66.8	90.4
Operating expenses <sup>(2)</sup>	(19.6)	(25.3)	(39.0)	(50.4)
EBITDA	6.0	14.4	27.8	40.0
Depreciation	(0.4)	(0.5)	(0.9)	(1.2)
EBITA	5.6	13.9	26.9	38.8
Amortisation	(0.1)	(0.5)	(2.5)	(2.5)
EBIT	5.5	13.4	24.4	36.3
Net interest received	0.3	1.1	1.7	2.9
PROFIT before income tax	5.8	14.5	26.1	39.2
Income tax expense	–	(0.7)	(8.8)	(12.9)
NET PROFIT AFTER TAX	5.8	13.8	17.3	26.3
NET PROFIT AFTER TAX (pre goodwill amortisation)	5.9	14.3	19.8	28.8

**Notes:**

(1) Comprises actual audited accounts for the six months ended 31 December 2004 and forecast financial information for the six months ending 30 June 2005.

(2) The results above have not been adjusted for advertising provided to SEEK which has been provided without charge amounting to: FY04 \$0.5 million, FY05 \$1.1 million, FY06 \$0.3 million.

For details of the impact of AIFRS on forecast earnings refer to Section 6.15.

## 6.3 SPECIFIC ASSUMPTIONS IN RELATION TO THE FORECAST INFORMATION

The specific assumptions adopted in preparing the FY05 and FY06 forecasts are summarised below.

– A 13% increase in the volume of SEEK advertisements in H2 FY05 when compared to H1 FY05 and a further 22% increase in volumes in FY06. The forecast volume growth rates are principally driven by the following factors. In arriving at these assumptions SEEK has had regard for a variety of independent sources of information:

- Assumed employment growth of 2% in FY05 and 1.75% in FY06
- A continuation of low unemployment, currently 5.1%
- Additional shifts in recruitment advertising towards online, with assumed annual growth of 10% in the penetration of online recruitment advertising.



- A \$0.30 increase in average Yield in H2 FY05 and a \$4.30 increase in average Yield in FY06. This is assumed to be achieved through a combination of rate card increases and an increase in mix of single advertisements and advertising package sales from 38% in FY04 to 48% in FY06.
- An increase in the number of courses sold within the SEEK Learning business of 154 in H2 FY05 and 779 in FY06 resulting from an increase in the number of leads and improved conversion thereof.
- A 7.5% increase in average selling prices within the SEEK Learning business in September 2005.
- Total headcount is forecast to increase from 204 at 31 December 2004 to 263 by 30 June 2006.
- Expenditure on advertising is forecast to increase by \$1.3 million in FY05 and a further \$2.8 million in FY06.
- Average exchange rate of A\$1:NZ\$1.1 throughout the forecast period.
- Average interest rate of 5.5% throughout the forecast period.
- Effective tax rate of 31%.

#### 6.4 GENERAL ASSUMPTIONS IN RELATION TO THE FORECAST INFORMATION

The general assumptions adopted in preparing these forecasts are set out below.

- No significant changes in Australian Commonwealth or State legislation, tax legislation, regulatory requirements or government policy.
- No significant change in the tax legislation, regulatory requirements or government policy in New Zealand.
- No material downturn in the forecast period in economic conditions in particular the employment market.
- No material acquisitions or disposals.
- No significant changes to SEEK's funding or capital structure other than as set out in, or contemplated by, this Prospectus.
- A general 'consumer price index' increase of 3% per annum during the forecast period and other market related increases where appropriate.

#### 6.5 SENSITIVITY ANALYSIS

The FY05 and FY06 results are sensitive to a number of key factors.

Table 6.2 – Sensitivity Analysis

FY05 and FY06 Forecast Sensitivity	Movement	Impact on Forecast FY05 EBITDA A\$ million	Impact on Forecast FY06 EBITDA A\$ million
Average Yields	+/-5%	+/-1.4	+/-3.6
Volume of advertisements <sup>(1)</sup>	+/-10%	+/-2.7	+/-6.8
Volume of sales of SEEK Learning products	+/-20%	+/-0.5	+/-1.3
A\$:NZ\$ exchange rate	+/-10%	+/-0.3	+/-0.7

Note:

(1) Amongst the factors which may cause a variation in volumes is a movement in the forecast employment growth rate from the long-term trend of 1.8%. SEEK notes that a 0.1% variation may lead to an approximate 1% variation in volumes.

Care should be taken in interpreting these sensitivities. In particular, the sensitivity analysis in Table 6.2 treats each movement in the variables in isolation, whereas, in the case of volumes and average Yields, movements may be interdependent. In the event that one or more sensitivities reduce the growth in revenues there are a number of actions which SEEK may take to curtail the increases in the cost base. These potential savings have not been reflected in the sensitivities above.

## 6.6 COMPARISON OF FINANCIAL PERFORMANCE – FY04 AUDITED VERSUS FY03 AUDITED

Revenue growth of 55% in FY04 was driven by three factors:

- a 42% increase in the volume of advertisements placed across the SEEK.com.au and SEEK.co.nz sites;
- a 12% increase in average Yields due to a combination of rate increases and an increased proportion of higher yielding 'package' and 'casual' advertisements; and
- the acquisition on 1 March 2004 of NZJobs. This contributed approximately \$0.6 million additional revenue in FY04.

Growth in operating costs was restricted to 29% and was principally due to increased headcount and online marketing costs. EBITDA grew by 140%, with the EBITDA margin increasing from 23% of revenues in FY03 to 36% of revenues in FY04 reflecting the economies of scale as the volumes through the website increased.

### Financial Performance FY05

The FY05 forecasts shown in Table 6.1 above reflect six months audited actual results and six months forecast results.

## 6.7 ACTUAL FINANCIAL PERFORMANCE – SIX MONTHS ENDED 31 DECEMBER 2004

Table 6.3 – Actual Financial Performance – six months ended 31 December 2004

Year ended 30 June (A\$ million)	Audited H1 FY05	Forecast H2 FY05	Forecast FY05
Operating Revenue	31.4	35.4	66.8
Operating expenses <sup>(1)</sup>	(18.5)	(20.5)	(39.0)
EBITDA	12.9	14.9	27.8

### Notes:

(1) Refer to Appendix for the audited financial statements for the six months ended 31 December 2004.

(2) The results have not been adjusted for advertising which has been provided to SEEK without charge that amounted to H1 \$0.6 million, H2 \$0.5 million.

Operating revenues of \$31.4 million represent a 80% increase over the six months ending 31 December 2003. This was underpinned by a continued upward trend in volumes and Yields together with:

- six months results from the acquisition of NZJobs; and
- \$2.7 million in revenue from the acquisition of SelfCert, a reseller of online training solutions acquired on 1 July 2004.

EBITDA of \$12.9 million represented 41% of revenue reflecting further economies in scale from the operating cost base.

## 6.8 COMPARISON OF FINANCIAL PERFORMANCE – FY05 FORECAST VERSUS FY04 AUDITED

The full year forecast revenue represents a 68% increase over FY04 reflecting:

- a full year of revenue from NZJobs which was acquired on 1 March 2004;
- the acquisition of the SelfCert business on 1 July 2004. This business is operated within the SEEK Learning division and is forecast to contribute revenue of \$6.3 million in FY05;
- growth in advertising volumes of 44% in particular within the non-subscription advertisers. This growth is partly bolstered by the full-year impact of the acquisition of NZJobs; and
- increases in average Yields of 10%.

The increases in revenue of \$27.1 million are partly offset by increases in operating expenses of \$13.7 million, reflecting:

- commissions payable to Skillsoft with respect to the SEEK Learning business;
- the full-year impact of NZJobs and the additional employees and related costs associated with the acquisition of SelfCert;
- increases in headcount within the core business, in particular within sales related functions; and
- a 32% increase in marketing expenditure and a 9% increase in expenditure on online alliances.

The increase in amortisation is the result of the full year-impact of the NZJobs acquisition and amortisation attributed to the SelfCert acquisition.

## 6.9 COMPARISON OF FINANCIAL PERFORMANCE – FY06 FORECAST VERSUS FY05 FORECAST

Revenue growth of 35% is a combination of growth in:

- core recruitment advertising, which is split between volume growth (22%) and increases in average Yields (11%); and
- SEEK Learning revenues are forecast to increase by 55% reflecting an assumed increase in the number of leads following the rebranding as SEEK Learning, improved conversion of sales opportunities and focus on sales to the SME market.

The forecast revenue growth of 35% is supported by commensurate increases in operating expenses of 29% reflecting:

- further increases in total headcount from 231 at 30 June 2005 to 263 at 30 June 2006;
- a \$0.8 million reduction in the benefit received from advertising provided free of charge, as part of an overall increase in marketing costs;
- increased costs associated with online alliances; and
- increases in other operating costs reflecting expansion required to support increased sales volumes plus CPI increases.

## 6.10 SELECTED FINANCIAL MEASURES AND METRICS

Set out below is a selection of key financial performance measures:

**Table 6.4**

Year ended 30 June (A\$ million)	Audited FY04	Forecast FY05	Forecast FY06
Operating Revenue growth	55%	68%	35%
Core advertising revenue growth	55%	52%	33%
SEEK Learning revenue	-	6.2	9.6
SEEK Learning revenue growth	N/A	N/A	55%
Growth in operating expenses	29%	54%	29%
EBITDA	14.4	27.8	40.0
EBITDA growth	140%	93%	44%
EBITDA as a % of revenue	36%	42%	44%
Cash flows from operations	16.6	20.7	31.2
Growth in cash flows from operations	213%	25%	51%

Note:

(1) Comprises actual audited accounts for the six months ended 31 December 2004 and forecast financial information for the six months ending 30 June 2005.

## 6.11 SUMMARY OF CASH FLOWS

The summarised cash flow statement for SEEK for the years ended 30 June 2003 and 30 June 2004 and the forecast for the years ending 30 June 2005 and 30 June 2006 are summarised below.

**Table 6.5**

Year ended 30 June (A\$ million)	Audited FY03	Audited FY04	Forecast FY05	Forecast FY06
EBITDA	6.0	14.4	27.8	40.0
Payment of tax	-	-	(8.1)	(11.9)
Movements in working capital	(0.9)	1.1	(0.7)	0.2
Net interest received	0.2	1.1	1.7	2.9
Cash flow from operations	5.3	16.6	20.7	31.2
Capital expenditure	(0.3)	(1.7)	(1.1)	(1.4)
Payments for investments	-	(6.0)	(3.4)	-
Other investing cash flows	-	(0.1)	(0.1)	-
Dividends	-	-	(12.5)	(13.1)
Net cash flow before financing	5.0	8.8	3.6	16.7

Note:

(1) Comprises actual audited accounts for the six months ended 31 December 2004 and forecast financial information for the six months ending 30 June 2005.

## 6.12 COMMENTARY ON MAJOR CASH FLOW MOVEMENTS

### Comparison of Cash Flows – FY04 Audited versus FY03 Audited

Cash flows from operations increased by \$11.3 million. This reflected increased EBITDA and a net inflow from working capital in FY04 resulting from an increased focus on managing trade receivables, strong sales of advertising packages (where customers pay in advance) and increases in employee related provisions.

Capex in FY04 principally related to furniture and office equipment purchased in connection with the refurbishment of the Melbourne head office and computer equipment.

Payments for investments relate to NZJobs which was acquired on 1 March 2004.

### Comparison of Cash Flows – FY05 Forecast versus FY04 Audited

Cash flows from operations is forecast to increase by \$4.1 million reflecting:

- tax payments of \$8.1 million relating to the payment of the FY04 tax liability and instalments with respect to FY05. No tax payments were made in FY04; and
- an increase in net interest received to \$1.7 million resulting partly from additional funds retained post the Offer.

Payments for investments relate to SelfCert which was acquired on 1 July 2004.

A dividend of 14 cents per Share (prior to a 3:1 share split approved by Shareholders on 11 March 2005) was declared in August 2004 and paid in October 2004.

### Comparison of Cash Flows – FY06 Forecast versus FY05 Forecast

Cash flow from operations is forecast to increase by \$10.5 million reflecting a \$12.2 million increase in EBITDA.

Capital expenditure principally relates to Information Technology.

The forecast dividend comprises:

- \$2.9 million being the final FY05 dividend, representing a distribution rate of 70% of pre-amortisation profits; and
- \$10.2 million being the interim dividend for FY06. This is assumed to be 50% of the final dividend, representing a distribution rate of 70% of pre-amortisation profits.

### 6.13 SEEK PRO FORMA STATEMENT OF FINANCIAL POSITION

The consolidated statement of financial position for SEEK as at 31 December 2004 is set out below:

Table 6.6

AS million	Audited 31 December 2004	Pro forma adjustments	Pro forma 31 December 2004
<b>Current assets</b>			
Cash	26.7	11.5 <sup>(1)</sup>	38.2
Receivables	7.3		7.3
Other	0.6		0.6
Total current assets	34.6	11.5 <sup>(1)</sup>	46.1
<b>Non-current assets</b>			
Property, plant and equipment	2.2		2.2
Intangible assets	8.0		8.0
Future Income Tax Benefit	1.1		1.1
Total non-current assets	11.3		11.3
Total assets	45.9	11.5	57.4
<b>Current liabilities</b>			
Payables	7.2		7.2
Current tax liability	5.5		5.5
Total current liabilities	12.7		12.7
<b>Non-current liabilities</b>			
Provisions	0.4		0.4
Total non-current liabilities	0.4		0.4
Total liabilities	13.1		13.1
Net assets	32.8	11.5	44.3
<b>Equity</b>			
Total equity	32.8	11.5 <sup>(1)</sup>	44.3

Note:

(1) Represents the net impact of new capital raised (item 1 overleaf) less costs associated with the offer (item 2 overleaf) less costs associated with the Employee Option Buy-Back (item 3 overleaf).

For details of the impact of AIFRS on net assets refer to Section 6.15.

The Pro Forma Statement of Financial Position has been prepared from the audited Statement of Financial Position as at 31 December 2004 (as shown in the Appendix). The Pro Forma Statement of Financial Position adjusts the actual audited Statement of Financial Position as at 31 December 2004 for the impact of the Buy-Back and the Offer as if SEEK was listed at 31 December 2004. The adjustments made to the Pro Forma Statement of Financial Position reflect the following:

1. Issue and Buy-back of share capital ~ as set out in Table 2.1 an estimated \$25 million of new funds is expected to be raised.
2. The costs associated with the Offer are estimated to be \$6.8 million, based on the mid-point of the Indicative Institutional Bookbuild Price Range and the expected participation in the Buy-Back.
3. Buy-back of options ~ management has estimated that \$6.7 million will be paid to repurchase existing Options. This is based upon the mid-point of the Indicative Institutional Bookbuild Price Range. The minimum amount payable under the repurchase is \$nil whilst the maximum payable under the offer to repurchase Options, based on the mid-point of the Indicative Institutional Bookbuild Price Range, is \$11.2 million.

#### **6.14 COMMENTARY ON MAJOR BALANCE SHEET ITEMS AS AT 31 DECEMBER 2004**

The key balance sheet items at 31 December 2004 are:

- Trade receivables due on ordinary commercial terms
- Intangible assets including:
  - \$5.9 million goodwill arising on the acquisition of NZJobs on 1 March 2004. This is amortised over four years and has a carrying value of \$4.7 million.
  - \$3.7 million goodwill arising on the acquisition of SelfCert on 1 July 2004. This is amortised over four years and has a carrying value of \$3.3 million.

In addition to ordinary trade creditors and accruals, 'Payables' include unearned income relating to payments in advance for advertising packs which are subsequently utilised over six months, GST and annual leave provisions.

The current tax liability includes tax payable with respect to FY04 and a provision for H1 FY05.

#### **6.15 IMPACT OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS)**

SEEK will be required to prepare financial statements which comply with Australian equivalents to International Financial Reporting Standards (AIFRS), as issued by the Australian Accounting Standards Board, from 1 July 2005. The financial report for the half year ending 31 December 2005 will be the first financial report prepared in compliance with AIFRS. Comparative information will be required to be restated to reflect the application of AIFRS to that comparative period.

During 2004, SEEK established a project team to manage and plan the transition to AIFRS, to ensure all stakeholders are informed and to identify solutions to issues which arise during the project. Detailed technical evaluations, calculations of transition adjustments and management of any process or system changes required, are underway.

Based on the analysis completed to date, the Directors consider that the following material adjustments will be required in the FY06 reported results (and the comparative FY05 reported results):

#### Goodwill

Under AGAAP purchased goodwill is required to be amortised on a straight line basis over a period not exceeding 20 years. SEEK currently amortises goodwill associated with the acquisition of NZJobs and SelfCert on a straight line basis over four years.

Under AIFRS, straight line amortisation of goodwill will be prohibited, and will be replaced by annual impairment testing focussing on the cash flows of the related cash generating unit which may or may not give rise to impairment charges. Amortisation recognised in prior years will not be reinstated.

The Forecasts include \$2.5 million of amortisation in FY05 and \$2.5 million in FY06. Under AIFRS such amortisation charges will not be made resulting in increases of these amounts in reported profits after tax (all other things being equal). The goodwill balance at 1 July 2004 of \$9.2 million relating to the NZJobs (\$5.5 million) and SelfCert (\$3.7 million) will be subject to an annual impairment test.

#### Share based incentive payments

Under AGAAP, there is no requirement to make accounting entries to recognise an expense for share based payments. SEEK does not currently make accounting entries with respect to the options issued to employees until they are exercised, at which time the amounts receivable from employees are recognised in the statement of financial position as share capital.

Under AIFRS equity based compensation to employees will be recognised as an expense in respect of the services rendered. The value of that instrument must be determined at the date of grant and then expensed on a pro rata basis over the vesting period of the instrument.

The expense below in relation to share based payments is based on a current fair value assessment. The actual expense for FY05 and FY06 will be impacted by any further options that may be granted during these periods and as a consequence of the requirement to continuously 'true up' or prospectively revise the estimate of the number of options which will vest if circumstances change over the vesting period, for example the number of options expected to vest may be affected by the achievement of service and vesting conditions.

SEEK estimates that the charge which will be included in the FY06 reported results with respect to employee and executive options will be \$1.7 million (FY05 \$1.2 million).

The table below sets out the impact on the Forecasts under AIFRS of the adjustments for goodwill and share based incentive payments:

Table 6.7

Year ended 31 June (AS million)	Forecast FY05	Forecast FY06
Net Profit After Tax ~ Australian GAAP	17.3	26.3
Amortisation	2.5	2.5
Share based incentive payments	(1.2)	(1.7)
Net Profit After Tax ~ Australian International Financial Reporting Standards	18.6	27.1

The impact of these adjustments would be to increase the net assets at 31 December 2004 by \$0.7 million.



Aside from these adjustments the Directors do not believe the transition to AIFRS will result in any material adjustments to the FY06 reported results (which will include FY05 comparative information).

The following summarises other areas in which AIFRS will impact SEEK's accounting policies.

#### **Income Tax**

Income tax will be calculated based on the 'balance sheet' approach, replacing the current income statement method. This may result in the recognition of additional deferred tax assets and liabilities. In addition, tax losses will be recognised as an asset to the extent that future taxable profits are probable. This may result in greater deferred tax assets when compared to the existing criteria for recognising future income tax benefits when tax losses are required to be virtually certain of being realised and timing differences where realisation is required to be assured beyond reasonable doubt.

The change to the balance sheet approach may result in the recognition of additional deferred tax assets and liabilities with a corresponding impact to retained earnings.

Movements in deferred tax assets and liabilities will generally be recognised in the statement of financial performance.

#### **Buy-Back of Options**

Under AGAAP, the Employee Option Buy-Back will be charged against equity. Under AIFRS any subsequent repurchases of options will be charged against equity except to the extent that the buy-back price exceeds the fair value of the options at the buy-back date. In this case the excess over fair value will be recognised as an expense in the statement of financial performance.

#### **Transaction costs**

Transaction costs associated with the Offer are expected to be approximately \$6.8m. Both AGAAP and AIFRS require that such costs be charged against equity rather than in the statement of financial performance. Where such costs are tax deductible AIFRS requires that the amount charged against equity be net of related tax and that a corresponding future income tax benefit also be recognised. AGAAP does not require the tax effect of the costs to be reflected in equity and in effect the tax balance of such costs is recognised over time as the deductions are allowed for tax purposes.

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**RISK FACTORS**

# 07. RISK FACTORS

## 7.1 GENERAL COMMENTS

A number of factors, both specific to SEEK and of a general nature, may affect the future operating and financial performance of SEEK and the outcome of an investment in SEEK. There can be no guarantee that SEEK will achieve its stated objectives, that its Forecasts will be met or that forward looking statements will be realised. The ability to achieve the Forecasts are dependent upon various general as well as Company-specific factors which are described in Sections 7.2 and 7.3.

Potential investors should read the entire Prospectus before deciding whether to invest in SEEK, and, in particular, should consider the assumptions underlying the prospective financial information [see Section 6] and the risk factors that could affect the financial performance of SEEK.

This Section describes certain risks associated with an investment in SEEK. Each of the risks included below could potentially have a material adverse impact on SEEK's operating and financial performance, and its ability to pay dividends. Prospective investors should specifically consider the risk factors contained within this Section and the other information contained in this Prospectus in light of their own personal circumstances and seek professional advice from an accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest in SEEK.

## 7.2 SPECIFIC RISK FACTORS

SEEK's future performance will depend on a number of factors, including SEEK's ability to:

- ~ continue to provide high quality customer service;
- ~ maintain adequate control over expenses;
- ~ attract, retain and motivate qualified employees with the 'SEEK' entrepreneurial spirit;
- ~ monitor and manage major operational risks (e.g. website upgrades);
- ~ secure favourable trading terms with counterparties including distribution arrangements with major online websites, suppliers and contractors; and
- ~ react to customer and market demands and changes in its competitive environment.

There can be no assurance given that SEEK will successfully address any or all of these factors, and the failure to do so could negatively impact the operating and financial performance of its business.

#### **Downturn in the Employment Market**

The performance of SEEK will be influenced by the overall employment market. This in turn is influenced by the general condition of the Australian economy which by its nature is cyclical and subject to change. A downturn in the Australian employment market may adversely impact SEEK's financial performance. SEEK's sensitivity to a downturn in the employment market is outlined further in Section 6.5.

#### **Competition**

The online employment classifieds sector is highly competitive. SEEK's financial performance could be adversely affected if existing or new competitors reduce SEEK's market share from its current level through price competition or other means.

#### **Reliance on Key Personnel**

SEEK has a number of key senior personnel. Although each senior management staff member has appropriate employment arrangements with SEEK and owns Shares or options which assist in aligning management's interests with those of Shareholders, there can be no assurance that SEEK will be able to retain these key personnel.

#### **Information Technology**

SEEK's management information and other IT systems are designed to enhance the efficiency of its operations with a focus upon the customer facing website. Business activities rely upon an IT infrastructure housed in two primary locations. Any interruptions to these operations could impair the ability for SEEK to continue normal transaction processing.

Standard backup and restoration procedures are in place, however despite this, a natural disaster or other unforeseen event that results in a loss of access to the SEEK website, the loss or corruption of data or the inability to process transactions could have a negative impact on SEEK's performance. SEEK has committed to the development of a formalised disaster recovery plan and has allocated capital in the 2006 budget to further manage this risk.

#### **Maintenance of Professional Reputation and Brand Name**

SEEK's success is heavily reliant on its reputation and branding. Unforeseen issues or events, which place SEEK's reputation at risk, may impact on its future growth and profitability. Many of SEEK's engagements are obtained from referrals by existing customers; any factors that diminish SEEK's reputation or that of any of its personnel could impede its ability to compete successfully and result in adverse effects on its future business plans.

#### **Threat of New Technology**

SEEK operates an online employment classifieds business. SEEK's financial performance or operating margins could be adversely affected if the popularity of the internet as a medium for employment advertising were to diminish due to the emergence of new technology.

#### **Structural Changes in the Nature of the Recruitment Market**

The performance of SEEK may be influenced by structural changes in the recruitment market. SEEK derives a significant proportion of its revenues from advertisements placed by recruitment consultants. If jobseekers were in the future to utilise the services of recruitment consultants less than the extent to which they are presently utilised, SEEK's revenues would be adversely impacted.

#### **Trading Post-Listing**

The price at which the Shares may trade following Listing will be affected by the supply and demand of Shares including, in particular, the fact that the only Existing Shareholders that have confirmed that they will not dispose of or otherwise deal in any Shares that they hold immediately following the Offer, until SEEK has reported its audited financial results for FY2006 (except in order to accept a takeover bid or participate in a scheme of arrangement proposed in accordance with the Corporations Act) are the entities associated with the Executive Directors. No other Existing Shareholder has given a similar confirmation.

### **7.3 GENERAL RISK FACTORS**

#### **Share Market Conditions**

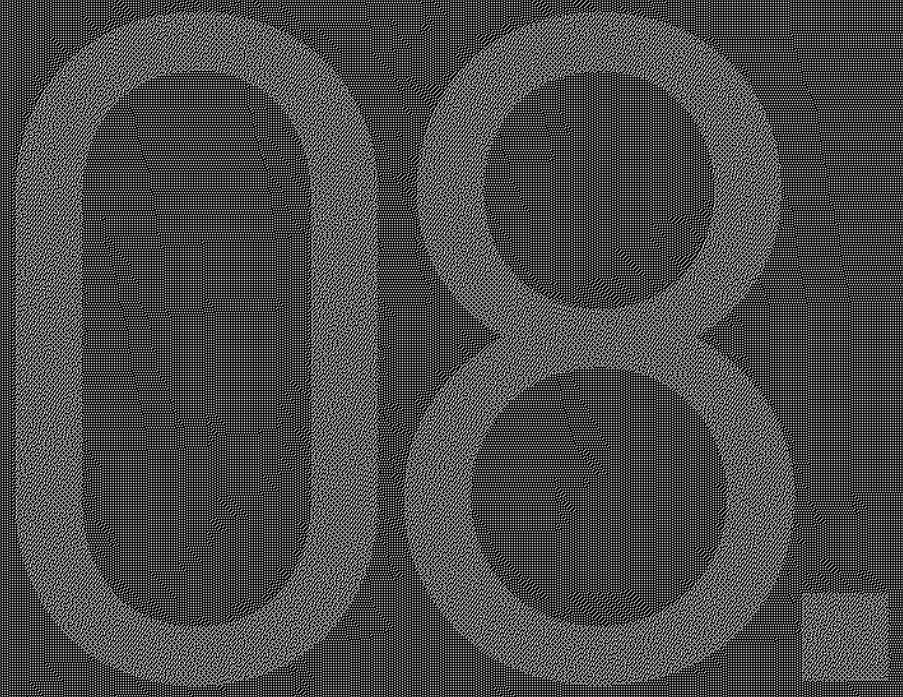
The Shares may trade on ASX following Listing at a price higher or lower than the Final Price. There can be no guarantee that an active market in the Shares will develop. The price at which the Shares trade following Listing will be affected by the financial performance of SEEK and by external factors, including movements on international share markets, the level of interest rates and exchange rates, general domestic and international economic conditions and government policies relating to taxation and other matters.

#### **General Economic Conditions and Outlook**

As a provider of employment classifieds, SEEK is dependent on the general conditions and outlook of the Australian economy. The Australian economy may in turn be affected by levels of business spending, inflation, interest rates, exchange rates, access to debt and capital market, and government fiscal, monetary and regulatory policies. Although SEEK believes that, as the leading online employment classifieds business in Australia and New Zealand, it is better positioned to withstand a downturn in business spending patterns than many other employment classifieds businesses, a prolonged and significant downturn in general economic conditions may have a material adverse impact upon SEEK's trading and financial performance.

#### **Acts of Terrorism and Outbreak of International Hostilities**

An act of terrorism or an outbreak of international hostilities may occur, adversely affecting consumer confidence, customer spending and share market performance. This may have an adverse impact on SEEK's operating, financial and Share price performance.



**INVESTIGATING  
ACCOUNTANT'S  
REPORT**



PricewaterhouseCoopers  
Securities Ltd  
ACN 003 311 617  
ABN 54 003 311 617  
Holder of Australian Financial  
Services Licence No 244572

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The Directors  
SEEK Limited  
Level 2, 3 Wellington Street  
St Kilda VIC 3182

23 March 2005

**Subject: Investigating Accountant's Report on Historical and Forecast Financial Information and Financial Services Guide**

Dear Sirs

We have prepared this report on historical and forecast financial information of SEEK Limited and its controlled entities (the Company or SEEK) for inclusion in a Prospectus dated on or about 23 March 2004 (the Prospectus) relating to the issue of New Shares. The final number of New Shares to be offered will be dependent on the participation of Existing Shareholders in the Buy-Back which SEEK is undertaking concurrently with this offer as described in Sections 2.1 and 9.3 of the Prospectus.

Expressions defined in the Prospectus have the same meaning in this report.

The nature of this Report is such that it should be given by an entity which holds an Australian Financial Services licence under the Corporations Act 2001 (Cwlth). PricewaterhouseCoopers Securities Ltd is wholly owned by PricewaterhouseCoopers and holds the appropriate Australian Financial Services licence.

**Scope**

You have requested PricewaterhouseCoopers Securities Ltd to prepare an Investigating Accountant's Report (the Report) covering the following information:

***Historical financial information***

- (a) the historical financial performance of the Company for the years ended 30 June 2003 and 30 June 2004, set out in Table 6.1 and Table 6.5 of the Prospectus; and

The Directors  
23 March 2005

- (b) the historical statement of financial position as at 31 December 2004 and the pro forma statement of financial position as at 31 December 2004, set out in Table 6.6 of the Prospectus, the latter of which assumes completion of the contemplated transactions disclosed in Section 6.13 of the Prospectus (the pro forma transactions).  
(collectively, the Historical Financial Information).

***Forecast financial information***

- (c) forecast financial performance of the Company for the years ending 30 June 2005 and 30 June 2006, set out in Table 6.1 and Table 6.5 of the Prospectus.  
(the Forecasts).

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Historical Financial Information or the Forecasts to which it relates for any purposes other than for which it was prepared.

**Scope of review of Historical Financial Information**

The Audited Historical Financial Information set out in Tables 6.1, 6.5 and 6.6 of the Prospectus has been extracted from the audited financial statements of the Company, which were audited by PricewaterhouseCoopers. PricewaterhouseCoopers issued an unmodified audit opinion on the financial statements.

The Historical Financial Information incorporates such adjustments as the Directors considered necessary to reflect the operations of the Company going forward. The Directors are responsible for the preparation of the Historical Financial Information, including determination of the adjustments.

We have conducted our review of the Historical Financial Information in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports". We made such inquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances including:

- an analytical review of the audited financial performance of the Company for the relevant historical period;
- a review of work papers, accounting records and other documents;





The Directors  
23 March 2005

- a review of the assumptions used to compile the pro forma statement of financial position;
- a comparison of consistency in application of the recognition and measurement principles in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Company disclosed in the Appendix to the Prospectus; and
- enquiry of directors, management and others.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

#### **Review statement on Historical Financial Information**

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the pro forma statement of financial position has not been properly prepared on the basis of the pro forma transactions;
- the pro forma transactions do not form a reasonable basis for the pro forma statement of financial position; and
- the Historical Financial Information, as set out in Table 6.1, Table 6.5 and Table 6.6 of Section 6 of the Prospectus does not present fairly:
  - (a) the historical financial performance of the Company for the years ended 30 June 2003 and 2004; and
  - (b) the historical and pro forma statement of financial position of the Company as at 31 December 2004.

in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and accounting policies adopted by the Company disclosed in the Appendix to the Prospectus.

#### **Scope of review of Forecast financial information**

The Directors are responsible for the preparation and presentation of the Forecasts, including the best estimate assumptions, which include the pro forma transactions, on which they are based.

(3)



The Directors  
23 March 2005

Our review of the best estimate assumptions underlying the Forecasts was conducted in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports". Our procedures consisted primarily of enquiry and comparison and other such analytical review procedures we considered necessary so as to adequately evaluate whether the best estimate assumptions provide a reasonable basis for the Forecasts. These procedures included discussion with the Directors and management of the Company and have been undertaken to form an opinion whether anything has come to our attention which causes us to believe that the best estimate assumptions do not provide a reasonable basis for the preparation of the Forecasts and whether, in all material respects, the Forecasts are properly prepared on the basis of the assumptions and are presented fairly in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies of the Company disclosed in the Appendix to the Prospectus so as to present a view of the Company which is consistent with our understanding of the Company's past, current and future operations.

The Forecasts have been prepared by the Directors to provide investors with a guide to the Company's potential future financial performance based upon the achievement of certain economic, operating, development and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur. There is a considerable degree of subjective judgement involved in the preparation of Forecasts. Actual results may vary materially from the Forecasts and the variation may be materially positive or negative. Accordingly, investors should have regard to the investment risks set out in Section 7 of the Prospectus.

Our review of the Forecasts that are based on best estimate assumptions is substantially less in scope than an audit examination conducted in accordance with Australian Auditing and Assurance Standards. A review of this nature provides less assurance than an audit. We have not performed an audit and we do not express an audit opinion on the Forecasts included in the Prospectus.

**Review statement on the Forecasts**

Based on our review of the Forecasts, which is not an audit, and based on an investigation of the reasonableness of the best estimate assumptions giving rise to the Forecasts, nothing has come to our attention which causes us to believe that:

(4)

The Directors  
23 March 2005

- (a) the best estimate assumptions set out in Section 6.3 and 6.4 of the Prospectus do not provide a reasonable basis for the preparation of the Forecasts;
- (b) the Forecasts are not properly prepared on the basis of the best estimate assumptions and presented fairly in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Company disclosed the Appendix to the Prospectus; and
- (c) the Forecasts are unreasonable.

The underlying assumptions are subject to significant uncertainties and contingencies often outside the control of the Company. If events do not occur as assumed, actual results and distributions achieved by the Company may vary significantly from the Forecasts. Accordingly, we do not confirm or guarantee the achievement of the Forecasts, as future events, by their very nature, are not capable of independent substantiation.

**Subsequent events**

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief no material transactions or events outside of the ordinary business of the Company have come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

**Disclosure of Interest**

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of this issue other than the preparation of this Report and participation in due diligence procedures for which normal professional fees will be received.

**Financial Services Guide**

We have included our Financial Services Guide as Appendix A to our Report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our Report.

**PRICEWATERHOUSECOOPERS** 

The Directors  
23 March 2005

Yours faithfully



Jock O'Callaghan  
Authorised Representative of  
PricewaterhouseCoopers Securities Ltd

(6)



The Directors  
23 March 2005

## Appendix A

### PRICEWATERHOUSECOOPERS SECURITIES LTD FINANCIAL SERVICES GUIDE

**This Financial Services Guide is dated 23 March 2005**

#### 1. **About us**

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) ("**PwC Securities**") has been engaged by **SEEK Limited** ("**SEEK**") to provide a report in the form of an Investigating Accountant's Report in relation to the Historical and Forecast Financial Information (the "Report") for inclusion in the Prospectus.

Applicants have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

#### 2. **This Financial Services Guide**

This Financial Services Guide ("**FSG**") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

#### 3. **Financial services we are licensed to provide**

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

(7)

The Directors  
23 March 2005

4. **General financial product advice**

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

5. **Fees, commissions and other benefits we may receive**

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees have been charged on an hourly rate and are disclosed in Section 9 of the Prospectus.

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6. **Associations with issuers of financial products**

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business. PricewaterhouseCoopers is the auditor of SEEK and provides ongoing taxation advice.



The Directors  
23 March 2005

7. **Complaints**

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Industry Complaints Service ("FICS"), an external complaints resolution service. You will not be charged for using the FICS service.

8. **Contact Details**

PwC Securities can be contacted by sending a letter to the following address:

Jock O'Callaghan  
PricewaterhouseCoopers Securities Ltd  
333 Collins Street  
MELBOURNE VIC 3000

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**ADDITIONAL  
INFORMATION**



# 09. ADDITIONAL INFORMATION

## 9.1 REGISTRATION AND CORPORATE STRUCTURE

SEEK was registered as a proprietary company in Victoria on 17 September 1997 under the name Wildenbridge Proprietary Limited.

On 7 November 1997, SEEK changed its name from Wildenbridge Proprietary Limited to Gusto Communications Pty Ltd. On 21 November 1997, it changed its name to SEEK Communications Pty Ltd.

On 28 March 2000, SEEK converted from a proprietary company to a public company.

On 15 October 2003, SEEK changed its name from SEEK Communications Limited to SEEK Limited.

## 9.2 SHARE CAPITAL

### 9.2.1 Share subdivision

On 11 March 2005, Shareholders approved a resolution to subdivide the Shares on a three for one basis. The subdivision did not change any Shareholder's proportionate interest in SEEK. The effect of the subdivision was to increase the number of issued Shares in the capital of SEEK from 89,239,406 Shares to 267,718,218 Shares.

### 9.2.2 Special Shares

There are 83,660 Special Shares on issue in SEEK. These Special Shares have been issued by SEEK to various recruitment companies over time. The holders of the Special Shares have limited rights. For example, these shares do not entitle the holders to attend or vote at any general meeting of SEEK.

In accordance with their terms of issue, the Board has resolved to convert the Special Shares into Shares on the Listing of SEEK on the basis that the holders of the Special Shares will receive three Shares for every Special Share they hold. The three for one conversion takes into account the subdivision referred to above.

### 9.2.3 Options

As at the date of this Prospectus:

- 930,000 Options have been issued pursuant to the SEOP with exercise prices ranging between \$0.5833 and the Final Price;
- 9,118,028 Options have been issued pursuant to the SOP with exercise prices ranging between \$0.04993 and \$0.8333;

- 780,000 Options with an exercise price of \$0.5833 each have been issued to employees of SEEK in connection with the Selfcert acquisition referred to in Section 4.3; and
- 2,250,000 Options have been issued, as referred to in Section 9.6, to each of Paul Bassat, Andrew Bassat and Matthew Rockman with an exercise price equal to the Final Price.

### 9.3 THE BUY-BACK PROCESS AND TIMETABLE

#### 9.3.1 Background

- (a) On 11 March 2005, Shareholders approved an equal access buy back by SEEK of up to 100% of the Shares held by Shareholders at the Buy-Back Price.
- (b) The Buy-Back is subject to a maximum limit of 126.9 million Shares, calculated following the Share subdivision (being 42.3 million Shares, calculated prior to the Share subdivision) ('Maximum Buy-Back Limit'). The Maximum Buy-Back Limit represents approximately 47% of the total number of Shares as at the date of this Prospectus.
- (c) The Buy-Back applies only to Shareholders, and not to Optionholders. However, SEEK will make an offer to Optionholders to buy back Options issued under the SEOP and the SOP which have vested but which have not been exercised, for the Buy-Back Price less any applicable exercise price. There are currently 6,196,512 vested Options capable of being bought back. That buy-back of Options will take place at the same time as the Buy-Back, and pursuant to the terms and conditions of the SEOP and the SOP. No Director holds Options that are capable of being bought back under the Employee Option Buy-Back.
- (d) The Buy-Back will not apply to the Special Shares. At the time of the Buy-Back Offer, those Special Shares will not yet have been converted to Shares.

#### 9.3.2 Terms of the Buy-Back

The material terms of the Buy-Back are as follows:

- (a) SEEK will make a Buy-Back Offer to each Shareholder to buy back up to 100% of the Shares in the capital of SEEK up to the Maximum Buy-Back Limit.
- (b) SEEK will, on or after the date of this Prospectus, send the Buy-Back Documents to all Shareholders, together with a copy of this Prospectus.
- (c) On receipt of the Buy-Back Documents, each Shareholder will have the following choices in relation to the Buy-Back:
  - (i) accept the Buy-Back Offer in respect of all of the Shares held by them; or
  - (ii) accept the Buy-Back Offer in respect of some of the Shares held by them; or
  - (iii) reject the Buy-Back Offer by doing nothing.
- (d) The maximum number of Shares which may be sold by each Shareholder under the Buy-Back Offer will be 100% of the Shares held by that Shareholder, subject to the Maximum Buy-Back Limit which will be calculated based on the aggregate number of Shares in respect of which valid acceptances under the Buy-Back are received. If any Shareholder chooses not to participate in the Buy-Back, the number of Shares held by that Shareholder will not change.
- (e) If the number of valid acceptances received results in the Maximum Buy-Back Limit being exceeded, a pro rata scale back will operate to reduce the number of Shares to be bought back from participating Shareholders to the Maximum Buy-Back Limit.
- (f) The Buy-Back Price to be paid by SEEK to participating Shareholders in respect of the Buy-Back Shares will be funded from the proceeds of the Offer.
- (g) The Buy-Back is conditional on:
  - (i) SEEK receiving acceptances to the Buy-Back Offer of at least the Minimum Level of Participation and those acceptances not being withdrawn; and
  - (ii) SEEK complying with all the requirements of the Corporations Act in relation to the Buy-Back; and
  - (iii) completion of the Offer.

(h) The Board currently anticipates that the Buy-Back will be completed by 21 April 2005.

23 March 2005	Buy-Back Offer period commences
4 April 2005	Closing Date for acceptances of Buy-Back Offer
6 April 2005	Board determines number of Buy-Back Shares and any scale back
15 April 2005	Institutional Bookbuild completes
21 April 2005	Payment of Buy-Back Price to participating Shareholders
21 April 2005	Buy-Back Shares cancelled and the ASIC notified

(i) If the Final Price is below the Indicative Institutional Bookbuild Price Range, accepted Buy-Back Offers may be either withdrawn or the level of participation in the Buy-Back amended by participating Shareholders within 48 hours of SEEK notifying Shareholders of the Buy-Back Price.

#### 9.3.3 Determination and payment of Buy-Back Price

The Buy-Back Price will be the same as the Final Price and will be paid by SEEK to participating Shareholders as soon as practicable after the Buy-Back Date.

#### 9.3.4 Corporations Act Requirements

SEEK's ability to purchase its Shares is governed by the Corporations Act. For the purposes of the Corporations Act, the Buy-Back is an equal access scheme. The number of Buy-Back Shares will exceed 10% of the smallest number of voting shares that SEEK had on issue during the 12 months preceding the Buy-Back (referred to in the Corporations Act as the "10/12 limit"). The Buy-Back Offer was, at an extraordinary general meeting of SEEK held on 11 March 2005, approved by more than 50% of Shareholders entitled to vote in accordance with section 257C(1) of the Corporations Act.

#### 9.3.5 Participation

For each Buy-Back Share, a Share will be issued under the Offer. The number of Shares issued under the Offer will be more than the number of Buy-Back Shares as SEEK will be raising some additional capital. Further details are set out in Section 2.3.

The SEEK Directors, and those entities which they control or with which they are associated, are entitled to participate in the Buy-Back in the same manner as all other Shareholders.

As noted in Section 2.3, certain Shareholders have either agreed to sell or indicated their intention to sell all or part of their Shares into the Buy-Back.

Windfyr, a wholly owned subsidiary of PBL, currently has a relevant interest in approximately 24.6% of the total voting rights in SEEK and has indicated that it will not participate in the Buy-Back. Windfyr has been guaranteed an allocation of approximately 4.2 million Shares (based on the mid-point of the Indicative Institutional Bookbuild Price Range) as part of the Offer to enable it to increase its holding in SEEK to 25.0% as at the completion of the Offer. Windfyr held 25.0% of SEEK at the time that it initially invested in SEEK in October 2003. Windfyr will pay the Final Price for each Share it receives under the Offer.

#### 9.3.6 Effect on Buy-Back Shares

All rights attaching to the Buy-Back Shares will be suspended on the Buy-Back Date and SEEK will be prohibited from dealing in the Buy-Back Shares.

Immediately after registration of the transfer to SEEK of the Buy-Back Shares, the Buy-Back Shares will be cancelled as required by the Corporations Act.

#### 9.3.7 Impact of the Buy-Back on the financial position of SEEK

The Board has considered the financial position of SEEK (including present and future liabilities and contingent liabilities of SEEK) and, as the Buy-Back Price will be fully funded from the proceeds of the Offer, consider that:

- (a) there will be no adverse effect on SEEK's state of affairs if the Buy-Back is completed;
- (b) the Buy-Back will not materially prejudice SEEK's ability to pay its creditors; and
- (c) SEEK is and will remain solvent after the Buy-Back is completed.

The Board also considers that the entry into and completion of the Buy-Back will not materially adversely affect SEEK's day-to-day operations.

### 9.4 CONSTITUTION AND RIGHTS ATTACHING TO SHARES

Shares issued pursuant to this Prospectus will be fully paid ordinary shares in the capital of SEEK, ranking equally with all other issued Shares. The rights attaching to Shares are set out in the Constitution and in certain circumstances regulated by the Corporations Act, the Listing Rules, the ASTC Settlement Rules and the general law.

A summary of the rights attaching to the Shares and certain provisions of the Constitution is set out below. This summary is not intended to be exhaustive. Investors who wish to inspect the Constitution may do so during the Offer Period at the registered office of SEEK during normal business hours.

#### 9.4.1 Meetings of Shareholders

Each holder of Shares will be entitled to receive notice of and to attend and vote at, general meetings of SEEK and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the Listing Rules.

#### 9.4.2 Voting

Subject to any restrictions imposed by the Constitution, the Corporations Act and the ASX Listing Rules, every Shareholder present in person at a meeting of the Shareholders of SEEK or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held. In the case of an equality of votes, the Chairman of the meeting does not have a second or casting vote.

The quorum required for a meeting of Shareholders is two members present at the time when the meeting proceeds to business.

#### 9.4.3 Dividends

The Directors may from time to time determine to distribute SEEK's profits by way of dividends. Dividends are payable on all Shares. If any shares are partly paid, the dividend will be payable in proportion to the amount paid up on those shares.

#### 9.4.4 Further issues of Shares and Options

The allotment and issue of Shares and Options is under the control of the Directors. Subject to any restrictions imposed by the Constitution, the Listing Rules or the Corporations Act, the Directors may allot, issue or otherwise dispose of Shares or Options to any person on such terms and conditions as they see fit.

#### 9.4.5 Transfer of Shares

Shareholders may transfer Shares by a written transfer instrument in the usual form, any form approved by the Directors or while SEEK is listed on the ASX, Shares can be transferred electronically in accordance with the ASX Settlement Rules and ASX requirements. All transfers must comply with the Constitution, the Corporations Act, the Listing Rules and the ASX Settlement Rules. The Directors may refuse to register a transfer of Shares, including in circumstances where the transfer is not in registrable form or the refusal to register the transfer is permitted by the Listing Rules or ASX. Subject to the Listing Rules, Shares are freely transferable. The Directors must refuse to register a transfer of Shares where required to do so by the Listing Rules. In addition, subject to the Corporations Act and the Listing Rules, the Directors may, in limited circumstances as described in the Constitution, apply a holding lock to prevent a transfer of Shares.

#### 9.4.6 Proportional takeover provisions

The Constitution contains provisions which prohibit the registration of any transfer of Shares giving effect to an offer made under a proportional takeover bid until the persons holding Shares in a class for which the offer under the takeover bid was made have passed a resolution approving the bid. The bidder and any associate of the bidder are excluded from voting on that resolution. To remain effective, these provisions must be renewed by SEEK in its general meeting every three years.

#### 9.4.7 Winding-up

Subject to the rights attaching to any Shares on a winding-up of SEEK all assets that may be legally distributed among the Shareholders will be distributed to Shareholders in order to return capital paid up on their Shares and distribute any surplus in proportion to the amount paid up (not credited) on Shares held by them.

#### 9.4.8 Share buy-backs

Subject to the provisions of the Corporations Act and the Listing Rules, SEEK may buy-back its Shares on terms and at times determined from time to time by the Directors.

#### 9.4.9 Directors

The minimum number of Directors is three. No person other than a retiring Director shall be eligible for election as a Director at a general meeting unless he or some other member, at least 35 business days before the general meeting, gives a signed notice in writing giving consent to the nomination and signifying his candidature for the office. However, in the case of a person recommended by the Directors for election, 10 business days only shall be necessary.

A Director other than a Managing Director shall not hold office for more than three years or beyond the third annual general meeting following his appointment without submitting himself for re-election. The Directors may, from time to time, appoint one or more of their body to the office of Managing Director for such period and on such terms as they think fit.

The quorum for a Directors' meeting is two or any greater number determined from time to time by the Directors.

#### 9.4.10 Alteration of Constitution

In accordance with the provisions of the Corporations Act, the Constitution may only be amended by a special resolution passed by at least three-quarters of Shareholders present and voting at a general meeting of SEEK.

### 9.5 EMPLOYEE AND DIRECTOR SHARE AND OPTION PLANS

#### 9.5.1 Staff Option Plan

There are 9,118,028 Options on issue under the SOP. SEEK does not intend to issue any further Options under the SOP.

#### Invitation and Eligibility

The Board has the authority to invite employees to apply for Options. The total number of Options on issue under the SOP cannot exceed 10% of the total number of Shares on issue in the capital of SEEK.

### **Vesting of Options**

Options vest in instalments over a period of four years from the issue date. Vested Options must be exercised during a relevant exercise period or as otherwise determined by the Board.

### **Terms of Options**

Options acquired under the SOP cannot be transferred or otherwise disposed of except with the prior written consent of the Board.

Optionholders are not entitled to participate in any rights issues by SEEK or to receive any dividends paid by SEEK prior to the exercise of the Options. The Options will not confer a right to notices of general meetings, a right to attend or speak at general meetings nor a right to vote at general meetings except as may be required by law.

If SEEK makes a bonus issue of Shares to Shareholders, each Optionholder shall receive a bonus issue of Options to maintain the same proportion of Options held by the Optionholder to the number of Shares on issue.

### **Cessation of Employment**

If an Optionholder ceases to be employed by SEEK:

- all Options which have not yet vested will lapse;
  - all vested but unexercised Options must be exercised at the first exercise period as determined by the Board following the Optionholder's cessation of employment; and
  - any Options which have vested but are not exercised by the Optionholder will lapse.
- All Options will automatically lapse if not exercised pursuant to the SOP within six years of their issue.

### **Liquidity Events**

The occurrence of certain liquidity events may result in the acceleration of vesting of Options. The liquidity events include a disposal of SEEK's business and a disposal by Shareholders of 100% of the Shares, or the acquisition by one of the Shareholders of all of the remaining Shares.

### **Variation of the SOP**

- Subject to the Listing Rules, the Board shall have the power to amend or vary the SOP.
- Where a variation to the SOP is likely to have a material adverse effect on the rights of Optionholders, then such a variation will require the approval of the holders of more than 50% of the Options which have been issued under the SOP and have not yet been exercised (including both vested and unvested Options).

#### **9.5.2 Senior Executive Option Plan**

There are 930,000 Options on issue under the SEOP. SEEK does not intend to issue any further Options under the SEOP.

### **Invitation and Eligibility**

The Board has the authority to invite Senior Executives to apply for Options under the SEOP.

The Board retains sole discretion in determining who is eligible for appointment as a Senior Executive, the number of Options to be issued to Senior Executives and the internal system used to rate Senior Executives.

The total number of Options on issue in aggregate under the SEOP and SOP cannot exceed 10% of the total number of Shares on issue in the capital of SEEK.

### **Vesting**

Options will vest over a four year period commencing on the date that the Options are issued or at such other date determined by the Board. Vesting is subject to the rating achieved by the Senior Executive in SEEK's internal performance management system.

### **Terms of Options**

Options acquired under the SEOP cannot be transferred or otherwise disposed of except with the prior written consent of the Board.

Senior Executives are not entitled to participate in any rights issues by SEEK or to receive any dividends paid by SEEK prior to the exercise of the Options. The Options will not confer a right to notices of general meetings, a right to attend or speak at general meetings nor a right to vote at general meetings except as may be required by law.

If SEEK makes a bonus issue of Shares to Shareholders, each Senior Executive will receive a bonus issue of Options to maintain the same proportion of Options held by the Senior Executive to the number of Shares on issue.

### **Cessation of employment**

If a Senior Executive ceases to be employed within 12 months of being issued with Options (or another date determined by SEEK), all Options will lapse, irrespective of whether those Options have already vested.

If a Senior Executive ceases employment after 12 months of being issued Options (or another date determined by SEEK), then, upon their cessation of employment, a certain number of Options may vest in the Senior Executive for the period during which they cease employment, based on their most recent rating in SEEK's internal performance management system. That Senior Executive will have to exercise all vested Options within 30 days of ceasing to be employed by SEEK. Thereafter, all unexercised Options will lapse.

All Options will automatically lapse if not exercised within six years of their issue.

### **Liquidity Events**

The occurrence of certain liquidity events may result in the acceleration of vesting of Options. The liquidity events include a disposal of SEEK's business and a disposal by Shareholders of 100% of the Shares, or the acquisition by one of the Shareholders of all of the remaining Shares.

### **Variation of the SEOP**

Subject to the Listing Rules, the Board will have the power to amend or vary the SEOP.

Where a variation to the SEOP is likely to have a material adverse effect on the rights of Senior Executives, then such a variation will require the approval of Senior Executives who hold in aggregate 50% or more of the Options on issue to Senior Executives which have not yet been exercised (including both vested and unvested Options).

#### **9.5.3 Exempt Share Plan**

No invitations have yet been issued to Employees to acquire Shares under the ESP. SEEK intends to issue invitations to certain Employees under the ESP during the Offer Period as part of the Priority Offer.

### **Invitation and Eligibility**

The Board has the authority to invite Employees to apply for Shares under the ESP.

An invitation to acquire Shares under the ESP may specify, at the election of the Board, that Shares will be allocated to an Employee or to a trustee company ("Trustee") on behalf of the Employee. SEEK has appointed CPU Share Plans Pty Ltd as Trustee.

The total number of securities on issue under all Employee Equity Incentive Plans (not including any Shares purchased on market under a salary sacrifice arrangement) cannot exceed or be capable of exceeding 10% of the total number of Shares on issue at any time in the capital of SEEK.

### **Conditions**

Invitations to acquire Shares under the ESP must contain:

- no conditions which must be satisfied before the Employee has beneficial interest in the Shares;
- no conditions that could result in an Employee forfeiting their Shares under the ESP; and
- a condition specifying that an Employee may not dispose of Shares acquired under the ESP for three years.

### **Allocation of Shares**

Upon receipt of a duly signed acceptance form from an Employee, SEEK will allocate to the Employee the number of Shares applied for under the ESP. Shares will, at the discretion of the Board, be allocated by being issued or transferred to, or purchased for, the Employee (or the Trustee on behalf of the Employee).

### **Purchase Price**

The Board has the sole discretion to determine the purchase price for the Shares. The purchase price for the Shares issued under the Priority Offer following the acceptance of invitations made under the ESP shall be the Final Price.

### **Amendment**

The Board may at any time by written instrument or by resolution, amend all or any of the provisions of the ESP. Where a proposed amendment to the ESP will or is likely to have a material adverse effect on the rights or interests of the Employees, then such amendment or variation will require the approval of more than 50% of those Employees who hold Shares under the ESP.

#### **9.5.4 Deferred Share Plan**

No invitations have yet been issued to Employees to acquire Shares under the DSP. SEEK intends to issue invitations to certain Employees during the Offer Period as part of the Priority Offer.

### **Invitation and Eligibility**

The Board has the authority to invite Employees to apply for Shares under the DSP.

An invitation to acquire Shares under the DSP may specify, at the election of the Board, that Shares will be allocated to an Employee or to a trustee company on behalf of the Employee ("**Trustee**"). SEEK has appointed CPU Share Plans Pty Ltd as Trustee. The invitation will also specify the conditions for participation in the DSP, and the period during which an Employee may not Dispose of their Shares ("**Non-Disposal Period**"). The invitations issued to Employees under the DSP as part of the Priority Offer will specify a Non-Disposal Period of three years.

The total number of securities on issue under all Employee Equity Incentive Plans (not including any Shares purchased on market under a salary sacrifice arrangement) cannot exceed or be capable of exceeding 10% of the total number of Shares on issue at any time in the capital of SEEK.

### **Conditions**

The Board may, when inviting Employees to acquire Shares under the DSP, impose any conditions it deems fit for participation in the DSP or for the vesting of beneficial interests in Shares pursuant to the DSP including, without limitation:

- performance criteria relating to any (or any combination) of the Employee, SEEK, a division of SEEK's business and the group; and
- conditions relating to an Employee's continued employment with the group

The Board may, when inviting Employees to acquire Shares under the DSP, also specify conditions or circumstances that will or may (at the Board's discretion) result in an Employee forfeiting their rights to Shares, and rights under the DSP. The invitations issued to Employees under the DSP as part of the Priority Offer will not specify any particular vesting or forfeiture conditions.



### **Allocation of Shares**

Upon receipt of a duly signed acceptance form from an Employee, SEEK will allocate to the Employee the number of Shares applied for under the DSP. Shares will, at the discretion of the Board, be allocated by being issued or transferred to, or purchased for, the Employee (or the Trustee on behalf of the Employee).

### **Purchase Price**

The Board has the sole discretion to determine the purchase price for the Shares. The purchase price for the Shares issued under the Priority Offer following the acceptance of invitations made under the DSP shall be the Final Price.

### **Amendment**

The Board may at any time by written instrument or by resolution, amend all or any of the provisions of the DSP. Where a proposed amendment to the DSP will or is likely to have a material adverse effect on the rights or interests of holders of Shares under the DSP, then such amendment or variation will require the approval of more than 50% of those Employees who hold Shares under the DSP.

### **9.5.5 Performance Rights and Options Plan**

There are no Options on issue under the PROP.

### **Invitation and Eligibility**

The Board has the authority to invite Employees to apply for Options under the PROP. The invitation will specify the conditions for participation in the PROP.

The total number of securities on issue under all Employee Equity Incentive Plans (not including any Shares purchased on market under a salary sacrifice arrangement) cannot exceed or be capable of exceeding 10% of the total number of Shares on issue at any time in the capital of SEEK.

### **Conditions**

The Board may, when inviting Employees to acquire Options under the PROP, impose any conditions it deems fit for participation in the PROP or for the vesting of beneficial interests in Options pursuant to the PROP including, without limitation:

- performance criteria relating to any (or any combination) of the Employee, SEEK, a division of SEEK's business and the group; and
- conditions relating to an Employee's continued employment with the group.

The Board may, when inviting Employees to acquire Options under the PROP, also specify conditions or circumstances that will or may (at the Board's discretion) result in an Employee forfeiting their rights to Options, and rights under the PROP.

### **Exercise**

Vested Options must be exercised during relevant exercise periods as determined by the Board.

### **Terms of Options**

Options acquired under the PROP cannot be transferred or otherwise disposed of except with the prior written consent of the Board.

Optionholders are not entitled to participate in any rights issues by SEEK or to receive any dividends paid by SEEK prior to the exercise of the Options. The Options will not confer a right to notices of general meetings, a right to attend or speak at general meetings nor a right to vote at general meetings except as may be required by law.

If SEEK makes a bonus issue of Shares to Shareholders, each Optionholder shall receive a bonus issue of Options to maintain the same proportion of Options held by the Optionholder to the number of Shares on issue.

The Board may impose disposal restrictions which apply to the Shares issued on exercise of Options.

### **Cessation of Employment**

if an Optionholder ceases to be employed by SEEK:

- all Options which have not yet vested will lapse;
- all vested but unexercised Options must be exercised during the first exercise period following the Optionholder's cessation of Employment; and
- any Options which have vested but are not exercised by the Optionholder will lapse.

All Options will automatically lapse if not exercised pursuant to the PROP within the option term, which may not exceed 10 years after the date of issue.

### **Variation of the PROP**

Subject to the Listing Rules, the Board shall have the power to amend or vary the PROP.

Where a variation to the PROP is likely to have a material adverse effect on the rights of Optionholders, then such a variation will require the approval of the holders of more than 50% of the Options which have been issued under the PROP and have not yet been exercised (including both vested and unvested Options).

## **9.6 EMPLOYMENT AND OPTION AGREEMENTS**

SEEK has entered into separate employment and options agreements with each of Paul Bassat, Andrew Bassat and Matthew Rockman, on substantially similar terms. The key commercial terms are described below:

### **9.6.1 Employment**

SEEK has committed to employ each Executive Director for an initial term of two years from the date of the Listing, during which term the Executive Director has agreed not to resign. In addition, no Executive Director will resign when such resignation would take effect within four months of another Executive Director resigning. Each Executive Director will be paid a salary of \$360,000 per annum plus compulsory superannuation. The salary will be reviewed annually.

### **9.6.2 Options**

Each Executive Director is to be issued with 2,250,000 Options. The Options vest, subject to that Executive Director still being employed by SEEK, as to 30% on 1 January 2007, as to another 35% on 1 January 2008 and as to the balance on 1 January 2009.

Options which have vested only become capable of exercise if and to the extent of the satisfaction of a performance hurdle based on a comparison of the total shareholder return (appreciation in share price plus dividends) of SEEK to the total shareholder returns of a group of companies identified in the agreements as SEEK's peers for the period from Listing to the date of vesting. SEEK must rank at or above the median of that peer group in terms of total shareholder return over the period in order for any vested options to be capable of exercise. To the extent that SEEK's total shareholder return for a relevant period ranks above that median, further vested options relating to that period become capable of exercise. Where SEEK's ranking for a period is above 75% of the peer group, that achievement may be credited to other periods where not all of the vested options relating to that period became capable of exercise.

The Exercise Price for the Options is the Final Price.

## 9.7 DIVIDEND REINVESTMENT PLAN

The Board has established a DRP to provide Shareholders with the opportunity of reinvesting some or all of their dividends in Shares, rather than receiving those dividends in cash. The DRP is not currently operative, and there are no current plans to make the DRP operative. If the Board resolves to make the DRP operative, SEEK will immediately advise Shareholders and the ASX. The following is a summary of the main features of the DRP:

### 9.7.1 Eligibility

All Shareholders are eligible to participate in the DRP except Shareholders whose address is outside of Australia or New Zealand. However, the Board is entitled to make a final determination as to whether a Shareholder is eligible to participate in the DRP and to change any such determination.

### 9.7.2 Participation

Eligible Shareholders under the DRP may elect to participate in the DRP in respect of all or some of their Shares. A Shareholder may vary or terminate their participation in the DRP by notice to SEEK's Registry.

### 9.7.3 Operation of the Plan

The Board may, in its absolute discretion, determine to issue new Shares or cause the transfer of existing Shares to a Shareholder who elects to participate in the DRP.

### 9.7.4 Allocation Price of Shares

Shares will be issued or transferred under the DRP at the volume weighted average market price of all Shares sold on the ASX during the five consecutive trading days immediately preceding, and inclusive of, the relevant Record Date, less a percentage discount (if any) determined by the Board from time to time. However, the price may be adjusted in such manner as the Board considers appropriate to preserve equity between DRP Participants and other non-participating Shareholders.

### 9.7.5 Entitlement

The number of Shares to be issued to a DRP Participant will be determined by dividing the amount available for reinvestment by the Allocation Price and rounding that number up to the nearest whole number. The amount available for reinvestment is the dividend payable on the Participating Shares as at the Record Date for that dividend less any withholding tax or other sum which SEEK is entitled or required to retain in relation to the dividend.

### 9.7.6 Variation, Suspension and Termination by the Board

The Board has the power to terminate the DRP by giving notice to Participants and to amend, vary or substitute any of the terms of the DRP. If the DRP is suspended, the Board may determine to recommence the DRP at any time, and on such conditions as the Board thinks fit.

### 9.7.7 Costs

No brokerage, commission, stamp duty or other transaction costs will be payable by any Participant in respect of the issue or transfer of Participating Shares under the DRP.

### 9.7.8 Quotation

SEEK will apply to ASX for quotation of Shares issued under the DRP in accordance with the Listing Rules.

## 9.8 TAXATION CONSIDERATIONS

The Australian taxation consequences of any investment in Shares will depend upon an investor's particular circumstances. You should make your own enquiries concerning the taxation consequences of an investment in SEEK. If you are in doubt as to the course you should follow, you should consult your stockbroker, lawyer, accountant or other professional adviser.

The Directors expect that SEEK will be taxed in Australia as a public company.

## 9.9 OFFER MANAGEMENT AGREEMENT

On 23 March 2005, SEEK and the Lead Manager entered into the Offer Management Agreement. Under the Offer Management Agreement, the Lead Manager agreed to manage the Offer, including the bookbuild and allocation process for the Offer.

SEEK has agreed to pay the Lead Manager a management fee of 2.0% of the total proceeds of the Offer on the date of issue of the New Shares, and an incentive fee of up to 1.25% of the proceeds of the Offer within 14 days of the issue of the New Shares. The incentive fee is payable at the absolute discretion of SEEK acting reasonably and in good faith having regard to the quality of the execution of the Offer, the quality of new investors attracted to SEEK's share register, and the pricing of the Offer in the context of prevailing market conditions.

SEEK has also agreed to pay or reimburse the Lead Manager for various costs incurred in connection with the Offer, including all legal costs (up to a maximum of \$50,000), additional out of pocket expenses, any stamp duty in relation to the Offer Management Agreement and all reasonable costs paid or incurred in respect of any review of this Prospectus undertaken by ASX, ASIC or any other regulatory body. The Lead Manager will pay all stamping, handling or other fees payable to retail brokers in respect of the Offer.

Under the Offer Management Agreement, SEEK gives certain representations, warranties and undertakings. The undertakings include that SEEK will not, without the prior written consent of the Lead Manager (such consent not to be unreasonably withheld or delayed), at any time after the date of the Offer Management Agreement and before the expiration of 60 days after the issue of the New Shares, allot or agree to allot or indicate in any way that it may or will allot or agree to allot any Shares or other securities that are convertible or exchangeable into equity, or that represent the right to receive equity, of SEEK or a related body corporate of SEEK, or do anything economically equivalent to any of those things, other than pursuant to:

- the Offer;
- the Offer Management Agreement;
- the Employee Equity Incentive Plans; or
- a purchase agreement entered into by SEEK under which Shares or other equity in SEEK are to be allotted to one or more parties to that agreement, provided that any allotment of Shares or other equity does not in aggregate exceed 5% of the issued capital of SEEK.

Subject to certain exclusions relating to, among other things, fraud, recklessness, wilful misconduct and negligence by an indemnified party, SEEK agrees to keep the Lead Manager and its related bodies corporate and their respective officers, employees and advisers indemnified from losses suffered in connection with the Offer.

The performance of the Lead Manager's obligations under the Offer Management Agreement is subject to conditions customary for an agreement of this type, and is also conditional on SEEK receiving valid acceptances under the Buy-Back for the Minimum Level of Participation by 6 April 2005 (or such other date agreed to by SEEK and the Lead Manager).

The Lead Manager may terminate the Offer Management Agreement by notice to SEEK at any time after the Lead Manager becomes aware of the happening of any one or more of the following events (although, in the case of the termination events marked with an asterisk, the Lead Manager may not terminate the agreement unless it has reasonable and bona fide grounds to believe and does believe that the event: {a} has or is likely to have a materially adverse effect on the outcome of the Offer; or {b} could give rise to a contravention by the Lead Manager of, or the Lead Manager being involved in a contravention of, the Corporations Act or any other applicable law, or a liability of the Lead Manager under any applicable law):

- a statement contained in this Prospectus is misleading or deceptive, or a matter is omitted from this Prospectus (having regard to the provisions of sections 710, 711, 715A and 716 of the Corporations Act); or

- ~ \* the due diligence report prepared by the due diligence committee formed by SEEK in connection with the Offer, or any other information supplied by or on behalf of SEEK to the Lead Manager in relation to SEEK and each related body corporate of SEEK (the "Group") or the Offer is misleading or deceptive; or
- ~ \* any adverse change occurs, or any development involving a prospective material adverse change, in the assets, liabilities, financial position or performance, profits, losses or prospects of SEEK or the Group; or
- ~ there occurs a new circumstance in relation to SEEK or any entity in the Group that has arisen since this Prospectus was lodged that would have been required to be included in this Prospectus if it had arisen before this Prospectus was lodged; or
- ~ \* hostilities not presently existing commence (whether war has been declared or not) or a major act of terrorism or escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand and the USA; or
- ~ the S&P/ASX200 Index of ASX falls by an amount that is 10% or more of the level as at the close of trading on the date of the Offer Management Agreement, and:
  - ~ remains below that level for a period of three consecutive business days; or
  - ~ \* until the end of the closing date of the Institutional Offer; or
- ~ there is introduced or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State or Territory of Australia a new law, or the Reserve Bank of Australia, or any government agency, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of this agreement), any of which does or, in the reasonable opinion of the Lead Manager, is likely to materially adversely prohibit or regulate the Offer, capital issues or stock markets or materially adversely affect the taxation treatment of the Shares offered under this Prospectus; or
- ~ \* a change in senior management or of the Board occurs without the prior written consent of the Lead Manager, such consent not to be unreasonably withheld or delayed; or
- ~ \* a Director is charged with an indictable offence or any regulatory body commences any public action against SEEK or any Director in his or her capacity as Director or announces that it intends to take any such action; or
- ~ \* a contravention by SEEK or any entity in the Group of the Corporations Act, its constitution, or any of the Listing Rules or any other applicable law; or
- ~ this Prospectus or any aspect of the Offer does not comply with the Corporations Act, the Listing Rules or any other applicable law; or
- ~ approval is refused or approval is not granted which is unconditional or conditional on only customary listing conditions which would not, in the reasonable opinion of the Lead Manager, have a material adverse effect on the success of the Offer to:
  - ~ SEEK's admission to the Official List, or
  - ~ the quotation of all of the Shares on ASX,
 on or before 15 April 2005 or such other date as consented to by the Lead Manager, or if granted, the approval is subsequently withdrawn, qualified or withheld (or ASX indicates to SEEK or the Lead Manager that such approval is likely to be withdrawn, qualified or withheld); or
- ~ any of the following notifications are made:
  - ~ ASIC issues an order under section 739 of the Corporations Act;
  - ~ an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to this Prospectus or ASIC commences any investigation or hearing under Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth) in relation to this Prospectus;
  - ~ any person gives a notice under section 733(3) of the Corporations Act or any person who has previously consented to the inclusion of its name in this Prospectus (or any supplementary prospectus) or to be named in this Prospectus withdraws that consent; or
  - ~ any person gives a notice under section 730 of the Corporations Act in relation to this Prospectus; or
- ~ SEEK withdraws this Prospectus or the Offer; or
- ~ \* a default by SEEK in the performance of any of its obligations under the Offer Management Agreement occurs; or
- ~ \* a representation or warranty contained in the Offer Management Agreement on the part of SEEK is not true or correct; or
- ~ \* any certificate given under the Offer Management Agreement by SEEK is false, misleading or inaccurate; or
- ~ \* an event specified in the timetable of the Offer is delayed; or

- either of the following occurs:
  - a general moratorium on commercial banking activities in Australia, the USA or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or
  - trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for one day on which that exchange is open for trading,

in either case the effect of which is such as to make it, in the reasonable judgement of the Lead Manager, impractical to continue to promote the Offer or to enforce contracts to issue Shares under this Prospectus.

#### 9.10 DIRECTORS' INTERESTS

Other than as set out in this Prospectus, no Director has, or had within two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the promotion or formation of SEEK;
- (b) property acquired or proposed to be acquired in connection with its promotion or formation of the Offer; or
- (c) the Offer of Shares under this Prospectus.

Other than as set out in this Prospectus, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director:

- (a) to induce him to become, or to qualify him as, a Director; or
- (b) for services rendered by him in connection with the formation or promotion of SEEK or the Offer.

##### 9.10.1 Director Shareholdings

Details of the Shares held by each Director, or by entities associated with each Director, are as follows:

Director	Interest in Shares before the Offer and Buy-Back	%	Interest in Shares after completion of the Offer and Buy-Back	%
James Packer	65,853,390	24.6	70,053,390 <sup>(1)</sup>	25.0
Paul Bassat	21,872,976	8.17	14,672,976	5.2
Andrew Bassat	21,872,976	8.17	14,672,976	5.2
Matthew Rockman	21,872,976	8.17	11,372,976	4.1
Bob Watson	12,786,636	4.77	7,938,648	2.8
Chris Anderson	65,853,390	24.6	70,053,390 <sup>(1)</sup>	25.0
Colin Carter	0	0	Refer note 2	

Notes:

(1) Based on the mid-point of the Indicative Institutional Bookbuild Price Range.

(2) As at the date of this Prospectus, Colin Carter does not own any Shares. If he purchases any Shares pursuant to the Offer, SEEK will, in accordance with the Listing Rules, notify ASX of any such purchases within five business days of the Listing.

#### 9.10.2 PBL

SEEK has entered into an agreement with ninemsn, an entity 50% owned by PBL, on ordinary commercial terms and conditions under which it pays a fee for the number of users which ninemsn refers to the SEEK website. SEEK has paid or agreed to pay ninemsn under this agreement during the 12 month periods ending 31 December 2003 and 31 December 2004, \$718,172 and \$2,143,957 respectively.

SEEK also provides recruitment advertising to PBL on standard terms and conditions. PBL has paid SEEK for this advertising during the 12 month periods ending 31 December 2003 and 31 December 2004, \$4,935 and \$27,100 respectively.

SEEK and PBL have entered into an agreement whereby PBL has provided advertising to SEEK with a commercial value of \$116,982 for the 12 month period ending 31 December 2003 and \$985,432 for the 12 month period ending 31 December 2004 for no consideration and also entered into barter transactions with PBL with a value of \$nil for the 12 month period ending 31 December 2003 and \$5,000 for the 12 month period ending 31 December 2004.

#### 9.10.3 Director Indemnification

Each Director has entered into a Deed of Indemnity with SEEK pursuant to which:

- each Director is entitled to enforce against SEEK the indemnity conferred on them in the Constitution; and
- SEEK undertakes to use all reasonable endeavours to obtain Insurance Cover for each Director as provided for in the Constitution.

Under the Constitution, SEEK may indemnify a director to the full extent permissible by the law, out of SEEK's property, against:

- any liability incurred by that Director as an officer of SEEK; and
- legal costs incurred in defending an action for a liability incurred by the Director as a Director of SEEK,

except in respect of a liability or legal costs for which SEEK is prohibited from indemnifying the Director pursuant to the law.

The Board has arranged Insurance Cover for the Directors for:

- liabilities incurred by the Director as an officer of SEEK; and
- liability for costs and expenses incurred in defending proceedings relating to the Director acting as a Director of SEEK, whether civil or criminal, and whatever the outcome,

except any liability in respect of which SEEK is prohibited from doing so pursuant to the Law.

#### 9.11 DIRECTORS' REMUNERATION

Non-Executive Directors will collectively be paid from a fixed sum out of the funds of SEEK as remuneration for their services as Directors. The fixed sum has been set by the Board at \$500,000 per annum. Following Listing, this amount can only be increased by the passing of an ordinary resolution of Shareholders. The Board will, following Listing, determine the allocation of this fixed sum among the Non-Executive Directors, but does not expect to allocate the entire fixed sum in the short term.

In addition to any fees, SEEK will also pay the Non-Executive Directors' superannuation contributions up to an amount necessary to meet the minimum level of superannuation contributions required under any applicable legislation.

Any Non-Executive Director who is called to perform services for SEEK which, in the opinion of the Board, are outside the scope of their ordinary duties, may be paid a fixed sum determined by the Board for the provision of such services.

All Directors will be paid travelling and other expenses properly incurred by them in attending meetings of the Board, or any committee of the Board, or general meetings of SEEK, or otherwise in connection with the business of SEEK.

## 9.12 INTERESTS OF PROFESSIONALS, ADVISERS AND PROMOTERS

Other than as set out in this Prospectus:

- (a) no person named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus or as a promoter of SEEK has, or during the last two years prior to the date of the Offer has had, an interest in:
  - (i) the formation or promotion of SEEK;
  - (ii) any property acquired or proposed to be acquired by SEEK in connection with its formation or promotion or the Offer; or
  - (iii) the Offer under this Prospectus; and
- (b) no amount has been paid or agreed to be paid and no value or any benefit has been given or agreed to be given to any person named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus for services in connection with the formation or promotion of SEEK or the Offer under this Prospectus.

### 9.12.1 Lead Manager

The fees and other expenses payable by SEEK to the Lead Manager are described in Section 9.9. In addition, as noted in Sections 2.3 and 2.4, the Macquarie Technology Funds have agreed to sell all of their 10.4 million Shares into the Buy-Back.

### 9.12.2 Solicitors to the Offer

ABL has acted as Solicitors to the Offer, has performed work in relation to legal due diligence enquiries and advised SEEK generally in relation to the Offer. SEEK estimates that it will pay approximately \$650,000 (excluding disbursements and GST) to ABL in respect of these services.

Entities associated with Mark Leibler AC, ABL's Senior Partner, have an interest in 477,625 Shares.

### 9.12.3 Accounting and Taxation

PwC has acted as SEEK's statutory auditor and has audited the historical results and cash flows up to 31 December 2004, performed work in relation to taxation and information technology advice to SEEK in connection with the Offer.

PwCS has prepared an Investigating Accountant's Report on the forecast results and cash flows for the years ending 30 June 2005 and 30 June 2006.

SEEK estimates that it will pay approximately \$700,000 (excluding disbursements and GST) to PwC and PwCS in respect of these services.

### 9.12.4 Register

Computershare Investor Services Pty Ltd has been engaged to maintain SEEK's Register, both in relation to the Offer and generally. SEEK will pay Computershare fees in accordance with Computershare's standard commercial terms.

CPU Share Plans Pty Ltd has been engaged to act as trustee for the purposes of the ESP and the DSP. SEEK will pay CPU Share Plans Pty Ltd fees in accordance with Computershare's standard commercial terms.

Computershare has had no involvement in the preparation of any part of the Prospectus other than being named as SEEK's Register. Computershare has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus.



### 9.13 CONSENTS TO BE NAMED IN THIS PROSPECTUS

Written consents to being named in this Prospectus have been given and, at the time of lodgement of this Prospectus with ASIC, had not been withdrawn by the following parties:

- MECM has given, and has not before the lodgement of this Prospectus with ASIC, withdrawn their consent to being named in this Prospectus as Lead Manager to the Offer in the form and context so named. MECM has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus.
- ABL has given, and has not before lodgement of this Prospectus with ASIC, withdrawn its consent to being named in this Prospectus as Solicitors to the Offer in the form and context so named. ABL has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus.
- PwC has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as SEEK's statutory auditor in the form and context so named. PwC has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the audited financial statements referred to in this Prospectus.
- PwCS has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Investigating Accountant in relation to the forecasts and certain historical financial information included in Section 06 of this Prospectus in the form and context in which it is included and has given and not withdrawn its consent to the inclusion in this Prospectus of its Investigating Accountant's Report in the form and context in which it is included. PwCS has not authorised or caused the issue of this Prospectus and has not made, nor purports to have made, any statement other than the Investigating Accountant's Report. The liability of PwCS is limited to the contents of the IAR and the FSG.
- Computershare has given, and has not before lodgement of this Prospectus with ASIC, withdrawn its consent to being named as SEEK's Registry in the form and context so named. Computershare has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus.
- CPU Share Plans Pty Ltd has given, and has not before lodgement of this Prospectus with ASIC, withdrawn its consent to being named as trustee for the purposes of the ESP and the DSP in the form and context so named. CPU Share Plans Pty Ltd has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus.
- Nielsen//NetRatings has given, and has not before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in the Prospectus and to the inclusion of the references to it in the form and context in which they are included. Nielsen//NetRatings has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the references referred to above.
- Access Economics Pty Ltd has given, and has not before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in the Prospectus and to the inclusion of the references to it in the form and context in which they are included. Access Economics Pty Ltd has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the references referred to above.
- Newspoll Market Research has given, and has not before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in the Prospectus and to the inclusion of the references to it in the form and context in which they are included. Newspoll Market Research has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the references referred to above.
- Australia & New Zealand Banking Group Ltd has given, and has not before lodgement of this Prospectus with ASIC, withdrawn its consent to the references to the ANZ Job Advertisement Series in the Prospectus and to the inclusion of these references in the form and context in which they are included. Australia & New Zealand Banking Group Ltd has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the references referred to above.
- Frost & Sullivan has given, and has not before lodgement of this Prospectus with ASIC, withdrawn its consent to the references to the ANZ Job Advertisement Series in the prospectus and to the inclusion of the references to it in the form and context in which they are included. Frost & Sullivan has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the references referred to above.
- Hewitt Associates Pty Ltd has given, and has not before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in the Prospectus and to the inclusion of the references to it in the form and context in which they are included. Hewitt Associates Pty Ltd has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the statement referred to above.

- Pinpoint HRM has given, and has not before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in the Prospectus and to the inclusion of the references to it in the form and context in which they are included. Pinpoint HRM has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the references referred to above.
- Melinda Morley has given, and has not before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in the Prospectus and to the inclusion of the references to it in the form and context in which they are included. Melinda Morley has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the references referred to above.
- Netherlane Pty Ltd has given, and has not before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in the Prospectus and to the inclusion of the references to it in the form and context in which they are included. Netherlane Pty Ltd has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the references referred to above.
- Kiteford Pty Ltd has given, and has not before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in the Prospectus and to the inclusion of the references to it in the form and context in which they are included. Kiteford Pty Ltd has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the references referred to above.
- Jonstead Pty Ltd has given, and has not before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in the Prospectus and to the inclusion of the references to it in the form and context in which they are included. Jonstead Pty Ltd has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the references referred to above.
- Daleford Way Pty Ltd and Bob Watson have given, and have not before lodgement of this Prospectus with ASIC, withdrawn their consent to be named in the Prospectus and to the inclusion of the references to them in the form and context in which they are included. Daleford Way Pty Ltd has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the references referred to above.

No entity referred to above has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. Each of the entities and persons referred to above expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus. This applies to the maximum extent permitted by law but does not apply to any matter to the extent to which consent is given above.

#### **9.14 COSTS OF THE OFFER**

The total estimated costs of the Offer, including fees payable to the Lead Manager under the Offer Management Agreement, legal, accounting, taxation, listing fees, Register, printing, mailing and other expenses are currently estimated to be approximately \$6.8 million (based on the mid-point of the Indicative Institutional Bookbuild Price Range and on SEEK's current expectations regarding the size of the Offer). All of these costs will be paid by SEEK from the proceeds of the Offer.

#### **9.15 REFERENCES TO PUBLICATIONS**

References are made in this Prospectus to material that is attributed to various sources. Some of these references are based on statements already published in public documents, or a book, journal or comparable publication. Those organisations did not prepare those materials specifically for this Prospectus and have had no involvement in the preparation of any part of this Prospectus.

#### **9.16 LITIGATION AND CLAIMS**

As far as the Directors are aware, there is no current or threatened litigation, arbitration proceeding or administrative appeal or criminal or governmental prosecution of a material nature in which SEEK is directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of SEEK, other than, on 21 March, 2005, SEEK received a letter from lawyers representing a competitor of SEEK Learning Pty Ltd alleging that certain employees of the SEEK Learning business had engaged in misleading and deceptive conduct, and had made defamatory statements. SEEK is currently considering the letter, and taking legal advice as to the appropriate response. However, SEEK does not consider that this claim is likely to have a material adverse impact on its business or financial position.

#### **9.17 GOVERNING LAW**

This Prospectus and the contracts that arise from the acceptance of the Applications are governed by the law as applicable in Victoria and each Applicant submits to the exclusive jurisdiction of the courts of Victoria.

#### **9.18 ASX ADMISSION AND QUOTATION**

SEEK will apply to the ASX for admission to the Official List and quotation of the Shares on the ASX within seven days after the date of this Prospectus.

#### **9.19 EXPIRY DATE**

No Shares will be offered on the basis of this Prospectus later than 13 months after the date of this Prospectus.

#### **9.20 DOCUMENTS AVAILABLE FOR INSPECTION**


Copies of SEEK's Constitution, each Employee Equity Incentive Plan and the consents referred to in Section 9.13 are available for inspection during the Offer Period, during normal business hours, free of charge, at SEEK's registered office.

#### **9.21 STATEMENT OF DIRECTORS**

The Directors report that after due enquiries by them, in their opinion since the date of the financial statements in the Appendix, there have not been any circumstances that have arisen that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of SEEK other than as disclosed in this Prospectus.

This Prospectus is authorised by each Director of SEEK who consents to its issue and lodgement with ASIC.

This Prospectus has been approved by the unanimous resolution of the Board and the Directors have authorised Paul Bassat to sign on their behalf.



Paul Bassat

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## GLOSSARY

# 10. GLOSSARY

Term	Meaning
<b>ABL</b>	Arnold Bloch Leibler.
<b>AEST</b>	Australian Eastern Standard Time.
<b>AGAAP</b>	Australian Generally Accepted Accounting Principles.
<b>Allocation Price</b>	The price at which the Participating Shares will be issued or transferred under the DRP.
<b>Applicant</b>	A person that lodges an Application Form pursuant to this Prospectus.
<b>Application</b>	An application to subscribe for Shares under this Prospectus made on the Application Form attached to, or accompanying, the Prospectus, and accompanied by the relevant Application Monies.
<b>Application Form</b>	The form attached to this Prospectus on which Applications for Shares can be made.
<b>Application Monies</b>	The monies payable in connection with an Application, being the amount of money accompanying an Application Form.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>Associate (of an Officer)</b>	A person who an Officer proposes to act in concert with, either formally or informally including, without limitation, members of the Officer's family and entities, such as companies and trusts, controlled by the Officer.
<b>ASTC Settlement Rules</b>	The settlement rules of the ASX Settlement & Transfer Corporation Pty Ltd (ABN 49 008 504 532).
<b>ASX</b>	Australian Stock Exchange Limited (ABN 98 008 624 691).
<b>Board</b>	The Board of Directors of SEEK.
<b>Broker Firm Offer</b>	Invitation under this Prospectus to Australian and New Zealand resident retail clients of brokers who have received a firm allocation from their broker.
<b>Buy-Back</b>	The buy-back of up to 126.9 million Shares at the Buy-Back Price by SEEK, as described in Section 9.3.2.
<b>Buy-Back Date</b>	The first business day after the day on which SEEK has the right to access the Application Monies held by SEEK in accordance with Section 722 of the Corporations Act.

Term	Meaning
<b>Buy-Back Documents</b>	The offer and the acceptance and the withdrawal/amendment forms to be sent to Existing Shareholders in connection with the Buy-Back.
<b>Buy-Back Offer</b>	Invitation to Existing Shareholders to buy back Shares concurrently with the Offer pursuant to the terms described in Section 9.3.2.
<b>Buy-Back Price</b>	The price at which Shares will be bought back under the Buy-Back Offer. The Buy-Back Price equals the Final Price.
<b>Buy-Back Shares</b>	The Shares which SEEK will buy back from Existing Shareholders pursuant to the Buy-Back.
<b>CEO</b>	Chief Executive Officer of SEEK.
<b>Chairman</b>	Chairman of SEEK.
<b>CHESS</b>	Clearing House Electronic Subregister System, operated in accordance with the Corporations Act.
<b>Closing Date</b>	Unless SEEK and the Lead Manager jointly agree to vary any of the following dates, for the Broker Firm Offer, 5.00pm on 15 April 2005, for the Priority Offer, 5.00pm on 13 April 2005, and for the Institutional Offer, 5.00pm on 15 April 2005.
<b>Company</b>	SEEK Limited (ABN 46 080 075 314).
<b>Computershare</b>	Computershare Investor Services Pty Limited (ABN 48 078 279 277).
<b>Constitution</b>	The Constitution of SEEK.
<b>Corporations Act</b>	Corporations Act 2001 (Commonwealth).
<b>CPI</b>	Consumer Price Index.
<b>Deed of Indemnity</b>	Deed of Indemnity, Insurance and Access between SEEK and each Director.
<b>Directors</b>	The Directors of SEEK.
<b>DRP</b>	Dividend Reinvestment Plan.
<b>DSP</b>	Deferred Share Plan.
<b>EBITA</b>	Earnings Before Interest Tax and Amortisation.
<b>EBITDA</b>	Earnings Before Interest Tax Depreciation and Amortisation.
<b>Eligible Employee</b>	Those employees of SEEK, as determined by the Board, to be eligible to participate in the Employee Offer.
<b>Employee</b>	An employee of SEEK.
<b>Employee Equity Incentive Plans</b>	Any plan adopted by SEEK relating to the issue of Shares or Options to Employees.
<b>Employee Offer</b>	Invitation under this Prospectus to Eligible Employees.

Term	Meaning
<b>Employee Option Buy-Back</b>	The offer by SEEK to buy back Options from Optionholders referred to in Section 9.3.1(c).
<b>EPS</b>	Earnings Per Share.
<b>ESP</b>	Exempt Share Plan.
<b>Executive Directors</b>	Paul Bassat, Andrew Bassat and Matthew Rockman.
<b>Existing Shareholder Offer</b>	Invitation under this Prospectus to Existing Shareholders.
<b>Existing Shareholders</b>	Those holding Shares in SEEK as at 5.00pm, 9 March 2005.
<b>Exposure Period</b>	The seven day period from the date of this Prospectus (excluding public holidays).
<b>Final Price</b>	The Final Price for the Shares offered under this Prospectus.
<b>Forecast</b>	The forecast financial information for SEEK for the Forecast Period.
<b>Forecast Period</b>	The 12 month period ending 30 June 2005 and the 12 month period ending 30 June 2006.
<b>FSG</b>	Financial Services Guide
<b>GDP</b>	Gross Domestic Product.
<b>GST</b>	Goods and Services Tax.
<b>H1</b>	The six month period to 31 December.
<b>H2</b>	The six month period to 30 June.
<b>IAR</b>	Investigating Accountant's Report.
<b>Indicative Institutional Bookbuild Price Range</b>	\$1.80 to \$2.20 per Share. As described in 2.6.2.
<b>Insurance Cover</b>	SEEK's Director's and Officer's liability insurance policy in place from time to time.
<b>Institutional Bookbuild</b>	The bidding process to be conducted in respect of the Institutional Offer to determine the Final Price to be paid by investors for Shares offered under this Prospectus as described in Section 2.6.2.
<b>Institutional Offer</b>	The invitation to institutional investors under this Prospectus as described in Section 2.6.2.
<b>IT</b>	Information Technology.
<b>Lead Manager</b>	Macquarie Equity Capital Markets Limited (ABN 60 001 374 572).
<b>Listing</b>	Listing of the Shares on ASX.
<b>Listing Rules</b>	The listing rules of the ASX.
<b>Maximum Buy-Back Limit</b>	The maximum number of Shares SEEK will Buy-Back, being 126.9 million.

Term	Meaning
<b>MECM</b>	Macquarie Equity Capital Markets Limited [ABN 60 001 374 572].
<b>Minimum Level of Participation</b>	The minimum number of Shares to be bought back in the Buy-Back, being 30.9 million.
<b>New Shares</b>	Shares to be issued under the Offer.
<b>NPAT</b>	Net Profit After Tax.
<b>Offer</b>	Offer of Shares under this Prospectus.
<b>Offer Period</b>	The period from the date of this Prospectus until the Closing Date.
<b>Official List</b>	The official list of entities that the ASX has admitted and not removed from listing.
<b>Officers</b>	Directors, members of SEEK's executive team, members of SEEK's senior management development programme and any other Employees of SEEK who have regular access to confidential financial information relating to SEEK as specified from time to time by the CEO.
<b>Options</b>	Options to acquire Shares pursuant to the SEOP, SOP, PROP or the ESP.
<b>Optionholders</b>	Holders of Options.
<b>Participants</b>	Shareholders who elect to participate in the DRP.
<b>Participating Shares</b>	Shares in SEEK which are subject to the DRP.
<b>PBL</b>	Publishing and Broadcasting Limited (ABN 52 009 071 167).
<b>PE</b>	Price Earnings.
<b>Priority Offer</b>	The Priority Offer being extended to Eligible Employees and Existing Shareholders of SEEK and certain other individuals identified by SEEK as described in Section 2.6.1.
<b>PROP</b>	Performance Rights and Options Plan.
<b>Prospectus</b>	This document (including the electronic form of this Prospectus), and any supplementary or replacement Prospectus in relation to this document.
<b>PwC</b>	PricewaterhouseCoopers.
<b>PwCS</b>	PricewaterhouseCoopers Securities Limited [ABN 54 003 311 617].
<b>Record Date</b>	As defined in the Listing Rules.
<b>Register</b>	The SEEK Securities Register.
<b>Registry</b>	The Registry for this Offer is Computershare.
<b>Retail Price</b>	The Retail Price will be the Final Price.



Term	Meaning
<b>Retail Offer</b>	The invitation for retail investors under this Prospectus as described in Section 2.6.1. The Retail Offer includes the Employee Offer, the Existing Shareholder Offer and the Broker Firm Offer.
<b>Securities</b>	Shares, partly paid shares, preference shares, hybrid shares, hybrid securities, debentures, legal or equitable rights or interests in the aforementioned securities and any derivatives including but not limited to options in respect of the aforementioned securities.
<b>SEEK</b>	SEEK Limited (ABN 46 080 075 314).
<b>Senior Executives</b>	The employees of SEEK to be determined by the Board to be 'Senior Executives' eligible to participate in the SEOP.
<b>SEOP</b>	Senior Executive Option Plan.
<b>Settlement</b>	The date on which the New Shares are allotted.
<b>Skillsoft</b>	Skillsoft Asia Pacific Ltd (ACN 090 774 619).
<b>SMEs</b>	Small and Medium sized Enterprises.
<b>Shares</b>	Fully paid ordinary shares in the capital of SEEK.
<b>Shareholder</b>	An owner of Shares.
<b>SOP</b>	Staff Option Plan.
<b>Special Shares</b>	As described in Section 9.2.2.
<b>Unique Browser</b>	An individual internet browser program that accesses a particular website in a given time period. A browser is identified as unique via an assigned unique ID (commonly referred to as a 'cookie').
<b>Windfyr</b>	Windfyr Pty Ltd (ABN 55 105 295 136).
<b>Yield</b>	The amount of revenue (excluding GST) earned per advertisement.

APPENDIX  
**HISTORICAL  
FINANCIAL  
STATEMENTS**

**SEEK Limited** ABN 46 080 075 314  
**Financial report – 31 December 2004**

# SEEK Limited

## Financial report – 31 December 2004

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This financial report covers SEEK Limited as a consolidated entity.

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

Level 2  
Wellington Street  
St. Kilda  
VIC 3182

**SEEK Limited**  
**Statement of financial performance**  
For the six month period ended 31 December 2004

	Notes	Consolidated		
		Dec 2004 \$'000 (6 months)	June 2004 \$'000 (12 months)	June 2003 \$'000 (12 months)
<b>Revenue from ordinary activities</b>	2	32,135	40,856	25,924
<b>Expenses from ordinary activities</b>				
Cost of sales of goods		(899)	-	-
Sales and marketing		(6,857)	(8,792)	(7,260)
Business development		(6,588)	(10,771)	(7,934)
Operations and administration		(5,744)	(6,740)	(4,909)
<b>Expenses from ordinary activities</b>		<b>(20,088)</b>	<b>(26,303)</b>	<b>(20,103)</b>
<b>Profit from ordinary activities before related income tax expense</b>	3	<b>12,047</b>	14,553	5,821
Income tax expense	4	(3,811)	(718)	-
<b>Profit from ordinary activities after related income tax expense</b>		<b>8,236</b>	13,835	5,821
Net exchange differences on translation of financial report of foreign controlled entity	6(a)	(15)	18	(7)
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	6(c)	<b>8,221</b>	13,853	5,814

*The above statement of financial performance should be read in conjunction with the accompanying notes.*

**SEEK Limited**  
**Statement of financial position**  
As at 31 December 2004

	Notes	Consolidated		
		Dec 2004 \$'000	June 2004 \$'000	June 2003 \$'000
<b>Current assets</b>				
Cash		26,728	29,795	10,014
Receivables		7,250	5,259	4,396
Inventories		203	-	-
Other		379	245	147
<b>Total current assets</b>		<b>34,560</b>	<b>35,299</b>	<b>14,557</b>
<b>Non-current assets</b>				
Property, plant and equipment		2,241	1,770	482
Intangibles	5	7,970	5,502	-
Future income tax benefit		1,108	1,051	-
<b>Total non-current assets</b>		<b>11,319</b>	<b>8,323</b>	<b>482</b>
<b>Total assets</b>		<b>45,879</b>	<b>43,622</b>	<b>15,039</b>
<b>Current liabilities</b>				
Payables		7,151	5,326	3,628
Current tax liabilities		5,531	1,769	-
<b>Total current liabilities</b>		<b>12,682</b>	<b>7,095</b>	<b>3,628</b>
<b>Non-current liabilities</b>				
Provisions		398	245	-
<b>Total non-current liabilities</b>		<b>398</b>	<b>245</b>	<b>-</b>
<b>Total liabilities</b>		<b>13,080</b>	<b>7,340</b>	<b>3,628</b>
<b>Net assets</b>		<b>32,799</b>	<b>36,282</b>	<b>11,411</b>
<b>Equity</b>				
Contributed equity		40,579	39,792	28,774
Foreign Currency Translation Reserve	6	14	29	11
Retained losses	6	(7,794)	(3,539)	(17,374)
<b>Total equity</b>		<b>32,799</b>	<b>36,282</b>	<b>11,411</b>

*The above statement of financial position should be read in conjunction with the accompanying notes.*

**SEEK Limited**  
**Statement of cash flows**  
For the six month period ended 31 December 2004

	Notes	Consolidated		
		Dec 2004 \$'000 (6 months)	June 2004 \$'000 (12 months)	June 2003 \$'000 (12 months)
<b>Cash flows from operating activities</b>				
Receipts from customers (inclusive of goods and services tax)		33,951	44,046	28,090
Payments to suppliers and employees (inclusive of goods and services tax)		(21,440)	(28,495)	(23,051)
		<u>12,511</u>	<u>15,551</u>	<u>5,039</u>
Income taxes paid		(118)	-	-
Interest received		506	1,057	288
<b>Net cash inflow from operating activities</b>	<b>7</b>	<u><b>12,899</b></u>	<u><b>16,608</b></u>	<u><b>5,327</b></u>
<b>Cash flows from investing activities</b>				
Payments for property, plant and equipment		(733)	(1,768)	(295)
Cash outflow on acquisition of controlled entity, net of cash acquired	<b>8</b>	(3,392)	(5,997)	-
Payments for bank guarantee related term deposits		(135)	(79)	-
<b>Net cash (outflow) from investing activities</b>		<u><b>(4,260)</b></u>	<u><b>(7,844)</b></u>	<u><b>(295)</b></u>
<b>Cash flows from financing activities</b>				
Proceeds from issues of shares	<b>6</b>	787	31,475	204
Payment for share buy-back	<b>6</b>	-	(20,457)	-
Dividends paid	<b>6</b>	(12,491)	-	-
<b>Net cash (outflow)/inflow from financing activities</b>		<u><b>(11,704)</b></u>	<u><b>11,018</b></u>	<u><b>204</b></u>
<b>Net (decrease)/increase in cash held</b>		<b>(3,065)</b>	<b>19,783</b>	<b>5,236</b>
Cash at the beginning of the financial year		29,795	10,014	4,778
Effects of exchange rate changes on cash		(2)	(2)	-
<b>Cash at the end of the financial period/year</b>		<u><b>26,728</b></u>	<u><b>29,795</b></u>	<u><b>10,014</b></u>

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

**SEEK Limited**  
**Notes to the financial statements**  
31 December 2004

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## **Note 1 Summary of significant accounting policies**

This is a non statutory, special purpose financial report that has been prepared for the purpose of providing to the directors a record of the consolidated entity's financial position as at 31 December 2004 and its performance for the six months then ended, as represented by the results of its operations and its cash flows. The special purpose financial report has been prepared for use by the directors as part of the proposed listing of the company on the Australian Stock Exchange and must not be used for any other purpose. The special purpose financial report has been prepared in accordance with the measurement and recognition requirements, but not the disclosure requirements, of all applicable Accounting Standards and Urgent Issues Group Consensus Views. The directors have determined that the accounting policies adopted in the preparation of this special purpose financial report are appropriate to meet the above stated purposes. The company is not required to prepare and has not prepared this financial report pursuant to any Corporations Act 2001 requirements.

It is prepared in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted and consistent with those of the previous year.

### **(a) Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by SEEK Limited as at 31 December 2004 and the results of all controlled entities for the period then ended. SEEK Limited and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of financial performance from the date on which control commences.

### **(b) Income tax**

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial position is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

#### ***Tax consolidation legislation***

SEEK Limited and its wholly-owned Australian controlled entities intend to implement the tax consolidation legislation as of 1 July 2004. The Australian Taxation Office has not yet been notified of this decision.

As a consequence, SEEK Limited, as the head entity in the tax consolidated group, will recognise current and deferred tax amounts relating to transactions, events and balances of the wholly-owned Australian controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. Amounts receivable or payable under a funding agreement with the tax consolidated entities are to be recognised separately as tax-related amounts receivable or payable. The impact on the income tax expense and the results of SEEK Limited from consolidating for tax purposes is unlikely to be material.

The entities also intend to enter into a tax-sharing agreement under the tax law under which each company in the Group will only be liable for their reasonable share of the groups liability in the event of default. Such an agreement has no immediate impact on the financial statements of the consolidated group.

The deferred tax balances are to be recognised by the parent entity in relation to wholly-owned entities joining the tax consolidated group are measured based on their carrying amounts at the level of the tax consolidated group before the implementation of the tax consolidated regime, with one exception. The deferred tax balances relating to assets that have their tax values reset on joining the tax consolidated group, will be remeasured based on the carrying amount of those assets at the tax-consolidated group level and their reset tax values. The remeasurement adjustments to these deferred tax balances are also to be recognised in the consolidated financial statements as income tax expense or revenue, or as direct debits to the asset revaluation reserve to the extent the adjustments relate to the revaluation of assets.

The financial effect of the implementation of the legislation has not been recognised in the financial statements for the period ended 31 December 2004.

## **Note 1 Summary of significant accounting policies (continued)**

### **(c) Foreign currency translation**

#### *(i) Transactions*

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are brought to account in determining the profit or loss for the year.

#### *(ii) Foreign controlled entity*

As the foreign controlled entity is self-sustaining, its assets and liabilities are translated into Australian currency at rates of exchange current at balance date, while its revenues and expenses are translated at the average of rates ruling during the year. Exchange differences arising on translation are taken to the foreign currency translation reserve.

### **(d) Acquisitions of assets**

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Goodwill is brought to account on the basis described in note 1(f).

### **(e) Revenue recognition**

Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

Revenues from the provision of job advertisements on the Company's web-site are recognised in the period in which the advertisements are placed.

Revenues from banner advertising on the Company's web-site are generated based on a fixed price per thousand page impressions each banner receives. These revenues are recognised in the period that the impressions occur.

Revenues received in advance of the provision of services over multiple periods is initially credited to deferred revenue and then is recognised on a straight-line basis over the period during which the service is delivered.

Where the entity receives advertising services in return for providing the same service on its own website, no revenue is recognised.

Revenues from Internet Learning sales are recognised when the customer obtains unconditional access to the course material.

### **(f) Receivables**

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition for debtors.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

### **(g) Inventories**

Inventory consists of software licences for resale. They are stated at the lower of purchase cost and net realisable value.

### **(h) Recoverable amount of non-current assets**

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. The expected net cash flows have not been discounted to present values in determining the recoverable amount.

## Note 1 Summary of significant accounting policies (continued)

### (i) Depreciation of property, plant and equipment

Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of property, plant and equipment (excluding land) over its expected useful life to the consolidated entity. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

Plant and equipment	1-4 years
---------------------	-----------

### (j) Intangible assets and expenditure carried forward

#### (i) Goodwill

Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of acquisition over the fair value of the identifiable net assets acquired, including any liability for restructuring costs, is brought to account as goodwill and amortised on a straight line basis over a period during which the benefits are expected to arise, being 4 years for acquisitions to date.

#### (ii) Website and software

Costs incurred on the Company's operational website and software are expensed immediately.

### (k) Trade and other creditors

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

### (l) Employee entitlements

#### (i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised as a payable in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

#### (ii) Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### (iii) Profit sharing and bonus plans

A liability for employee benefits in the form of profit sharing and bonus plans is recognised as a payable when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there are formal terms in the plan for determining the amount of the benefit
- the amounts to be paid are determined before the time of completion of the financial report, or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for profit sharing and bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

## **Note 1 Summary of significant accounting policies (continued)**

*(iv) Superannuation*

Contributions are made by the company to employee superannuation funds and are charged as expenses when incurred.

*(v) Employee benefit on-costs*

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

*(vi) Equity-based compensation benefits*

Equity-based compensation benefits are provided to employees via the SEEK Limited Option Plan. No accounting entries are made in relation to the SEEK Limited Option Plan until options are exercised, at which time the amounts receivable from employees are recognised in the statement of financial position as share capital.

**(m) Cash**

For purposes of the statement of cash flows, cash includes investments which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

**(n) Comparatives**

The special purpose financial report provides the consolidated entity's financial position as at 31 December 2004 and its performance for the six months then ended, as represented by results of its operations and its cash flows.

Comparative figures used in the special purpose financial report are for the full year ended 30 June 2004 and 30 June 2003. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2004 lodged with ASIC. The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 30 June 2004 and 30 June 2003 financial report.

**(o) Rounding of amounts**

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

## Note 2 Revenue

	Consolidated		
	Dec 2004 \$'000 (6 months)	June 2004 \$'000 (12 months)	June 2003 \$'000 (12 months)
<b>Revenue from operating activities</b>			
SEEK classified advertising revenue	28,529	39,745	25,611
SEEK learning	<u>2,865</u>	<u>-</u>	<u>-</u>
	<b>31,394</b>	<b>39,745</b>	<b>25,611</b>
<b>Revenue from outside the operating activities</b>			
Interest	<u>741</u>	<u>1,111</u>	<u>313</u>
Revenue from ordinary activities	<b>32,135</b>	<b>40,856</b>	<b>25,924</b>

## Note 3 Profit from ordinary activities

	Consolidated		
	Dec 2004 \$'000 (6 months)	June 2004 \$'000 (12 months)	June 2003 \$'000 (12 months)
Profit from ordinary activities before related income tax includes the following specific net gains and expenses:			
<b>Expenses</b>			
Depreciation			
Plant and equipment	<u>399</u>	<u>480</u>	<u>382</u>
Total depreciation	<b>399</b>	<b>480</b>	<b>382</b>
Amortisation			
Goodwill	<u>1,209</u>	<u>495</u>	<u>71</u>
Total amortisation	<b>1,209</b>	<b>495</b>	<b>71</b>
Other charges against assets			
Bad and doubtful debts – trade debtors	17	15	196
Research and development costs	-	-	630
Rental expense relating to operating leases			
Minimum lease payments	<b>314</b>	<b>385</b>	<b>287</b>

## Note 4 Income tax

	Consolidated		
	Dec 2004 \$'000 (6 months)	June 2004 \$'000 (12 months)	June 2003 \$'000 (12 months)
<b>(a) Income tax expense</b>			
The income tax expense for the period / financial year differs from the amount calculated on the profit. The differences are reconciled as follows:			
Profit from ordinary activities before income tax expense	12,047	14,553	5,821
Income tax calculated @ 30% (2004, 2003 – 30%)	3,614	4,367	1,746
Tax effect of permanent differences:			
Research and development claim	(38)	(45)	(158)
Non-deductible depreciation and amortisation	363	206	71
Non-deductible interest expense	14	17	-
Other non-deductible expenses	-	-	220
Sundry items	(27)	-	9
Income tax adjusted for permanent differences	3,926	4,545	1,888
Benefit of tax losses not previously brought to account	(150)	(3,153)	-
Effect of higher rates of tax on overseas income	35	21	-
Future income tax benefits attributable to timing differences not previously brought to account	-	(695)	(1,888)
	<b>3,811</b>	<b>718</b>	<b>-</b>
<b>(b) The directors estimate the potential future income tax benefit at 31</b>			
December of tax losses not brought to account is:	-	179	3,332
	<b>-</b>	<b>179</b>	<b>3,332</b>

### Tax consolidation legislation

SEEK Limited and its wholly-owned Australian controlled entities intend to implement the tax consolidation legislation as of 1 July 2004. The Australian Taxation Office has not yet been notified of this decision. The accounting policy on implementation of the legislation is set out in note 1(b).

## Note 5 Non-current assets – Intangibles

	Consolidated		
	Dec 2004 \$'000	June 2004 \$'000	June 2003 \$'000
Goodwill on purchase of businesses	9,839	6,162	165
Less: Accumulated amortisation	(1,869)	(660)	(165)
	<b>7,970</b>	<b>5,502</b>	<b>-</b>

## Note 6 Reserves and retained profits

	Notes	Consolidated		
		Dec 2004 \$'000	June 2004 \$'000	June 2003 \$'000
<b>(a) Reserves</b>				
Foreign currency translation reserve				
Opening balance		29	11	18
Net exchange differences on translation of foreign controlled entity		(15)	18	(7)
<b>Closing Balance</b>		<b>14</b>	<b>29</b>	<b>11</b>
<b>(b) Accumulated losses</b>				
Accumulated losses at the beginning of the financial year		(3,539)	(17,374)	(23,195)
Net profit		8,236	13,835	5,821
Dividends provided for or paid		(12,491)	-	-
<b>Accumulated losses at the end of the financial year</b>		<b>(7,794)</b>	<b>(3,539)</b>	<b>(17,374)</b>
<b>(c) Reconciliation of total equity</b>				
Total equity at the beginning of the financial year		36,282	11,411	5,393
Total changes in equity recognised in the statement of financial performance		8,221	13,853	5,814
New contributions of equity		787	31,475	204
Selective capital reduction		-	(20,457)	-
Dividend paid		(12,491)	-	-
<b>Total equity at the end of the financial year</b>		<b>32,799</b>	<b>36,282</b>	<b>11,411</b>

## Note 7 Reconciliation of profit from ordinary activities after income tax to net cash inflow from operating activities

	Consolidated		
	Dec 2004 \$'000 (6 months)	June 2004 \$'000 (12 months)	June 2003 \$'000 (12 months)
Profit from ordinary activities after related income tax	8,236	13,835	5,821
Depreciation and amortisation	1,608	976	453
Net exchange difference	(11)	18	(7)
Change in operating assets and liabilities, net of effects from purchase of controlled entity			
(Increase) in receivables	(1,664)	(863)	(325)
(Increase) in other operating assets	(166)	(19)	(45)
(Increase) in future income tax benefit	(57)	(1,051)	-
Increase/(decrease) in payables	4,722	3,467	(725)
Increase in other provisions	231	245	155
<b>Net cash inflow from operating activities</b>	<b>12,899</b>	<b>16,608</b>	<b>5,327</b>

## Note 8 Acquisition of controlled entity

On 1 July 2004 SEEK Limited acquired 100% of the share capital of SEEK Learning Pty Ltd (formerly Business Information Systems Pty Ltd, trading as Selfcert) for \$4,075,000 including \$177,000 relating to acquisition costs. The operating results of this newly controlled entity have been included in the consolidated statement of the financial performance since the date of acquisition.

There is currently \$350,000 of the purchase price held in escrow. At the date of this financial report it is anticipated that \$150,000 of the funds held in escrow will be returned to SEEK Limited. As such \$150,000 has been excluded from the calculation of the purchase consideration given above.

At the date of acquisition, the acquired entity was involved in the provision of on-line training programs to IT professionals.

	\$'000
<b>(a) Details of the acquisition are as follows:</b>	
Fair value of identifiable net assets of controlled entity acquired:	
Plant and equipment	138
Trade debtors	178
Prepayments	36
Cash	780
Trade creditors	(757)
Provision for employee entitlements	(30)
	<u>345</u>
Goodwill on consolidation	3,730
Cash consideration	<u>4,075</u>
<b>(b) Outflow of cash to acquire controlled entity, net of cash required:</b>	
Cash consideration	4,075
Add: Contingent consideration held in escrow	150
Less: Balances acquired	
Cash	(780)
	<u>3,445</u>
Total Outflow of cash	3,445
Less: Professional fees paid in the prior year	(53)
Outflow of cash in the current year	<u>3,392</u>

## Note 9 Investment in controlled entity

Name of entity	Country of incorporation	Class of shares	Equity Holding		
			Dec 2004 %	June 2004 %	June 2003 %
SEEK Campus Proprietary Limited	Australia	Ordinary	100%	100%	100%
SEEK (NZ) Ltd	New Zealand	Ordinary	100%	100%	100%
SEEK Learning Proprietary Limited*	Australia	Ordinary	100%	-	-

\* Formerly known as Business Information Systems Pty Ltd and trading as Self Cert.



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# How to complete this form

## A Application Monies

Enter the amount of Application Monies.

## B Applicant Name(s)

Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

## C Postal Address

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

## D Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

## E CHES

SEEK Limited (the Company) will apply to the ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. In CHES, the company will operate an electronic CHES Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of Ordinary Shares allotted. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Ordinary Shares allotted to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

## F Payment

Make your cheque or bank draft payable to SEEK Limited Share Offer in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian branch of an Australian Bank.

Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box B.

**Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Pin (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.**

Before completing the Application Form the applicant(s) should read the Replacement Prospectus to which this Application relates. By lodging the Application Form, the applicant agrees that this Application for Ordinary Shares in SEEK Limited is upon and subject to the terms of the Replacement Prospectus and the Constitution of SEEK Limited, agrees to take any number of Ordinary Shares that may be allotted to the Applicant(s) pursuant to the Replacement Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

## Lodgement of Application

Application Forms must be received at the Melbourne office of Computershare Investor Services Pty Limited by no later than 5:00pm AEST on Wednesday 13 April 2005. Return the Application Form with cheque(s) attached to:

Computershare Investor Services Pty Limited  
GPO Box 52  
MELBOURNE VIC 8060

OR  
Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
ABBOTSFORD VIC 3067

## Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or E-mail [privacy@computershare.com.au](mailto:privacy@computershare.com.au)

If you have any enquiries concerning your Application, please contact the SEEK Limited Share Offer Information Line on 1300 131 262.

## Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Ordinary Shares. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and the surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual - Use given name(s) in full, not initials	Mr John Alfred Smith	J.A Smith
Joint - Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company - Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts - Use trustee(s) personal name(s) - Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Deceased Estates - Use executor(s) personal name(s) - Do not use the name of the deceased	Mr Michael Smith <Est. John Smith A/C>	Estate of Late John Smith
Minor (a person under the age of 18) - Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
Partnerships - Use partners personal name(s) - Do not use the name of the partnership	Mr John Smith & Mr Michael Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names - Use office bearer(s) personal name(s) - Do not use the name of the club etc	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds - Use the name of trustee of the fund - Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund

# CORPORATE DIRECTORY

## Directors

James Packer (Chairman)

Paul Bassat (Chief Executive Officer)

Andrew Bassat (Executive Director)

Matthew Rockman (Executive Director)

Bob Watson (Non-Executive Director)

Chris Anderson (Non-Executive  
Director)

Colin Carter (Non-Executive Director)

## Company Secretary

Ian McAuliffe

## Registered Office

Level 2

3 Wellington Street  
St Kilda VIC 3182

The SEEK website

[www.seek.com.au](http://www.seek.com.au)

The SEEK Offer Information Line

1300 131 262

+613 9415 4244 (for international  
callers)

## Auditor to SEEK

PricewaterhouseCoopers

333 Collins Street

Melbourne VIC 3000

## Investigating Accountant

PricewaterhouseCoopers Securities Ltd

333 Collins Street

Melbourne VIC 3000

## Registry

Computershare Investor Services Pty

Limited

452 Johnston Street

Abbotsford VIC 3067

## Lead Manager

Macquarie Equity Capital Markets

Limited

Level 23

101 Collins Street

Melbourne VIC 3000

## Solicitors to the Offer

Arnold Bloch Leibler

Level 21

333 Collins Street

Melbourne VIC 3000

