

# APPENDIX 4E PRELIMINARY FINAL REPORT



For the year ended  
30 June 2020

Lodged with the ASX  
under Listing Rule 4.3A

SEEK Limited ABN 46 080 075 314

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2020

# SEEK LIMITED

ABN 46 080 075 314

Year ended 30 June 2020

(Previous corresponding period: year ended 30 June 2019)

## Results for Announcement to the Market

		Percentage change		Amount \$m
Total revenue from ordinary activities	Up	2%	To	1,595.2
Reported loss from ordinary activities after tax attributable to the owners of SEEK Limited	Down	(162%)	To	(111.7)
Net profit for the period attributable to the owners of SEEK Limited (excluding significant items)	Down	(51%)	To	90.3

Reported profit/(loss) is prepared in accordance with the *Corporations Act 2001* and the Australian Accounting Standards, which comply with the International Financial Reporting Standards.

Reported loss after tax of \$111.7 million included a net loss of \$202.0 million after tax, treated as significant items. Excluding these significant items, the net profit for the period was \$90.3 million, down 51% on the previous corresponding period.

SEEK Limited (referred hereafter as 'the Group' or 'SEEK') believes that the removal of significant items in reporting of net profit for the period facilitates a more representative comparison of financial performance between financial periods. This amount is reported to provide shareholders with a greater understanding of the performance of SEEK's operations.

## Dividends

Dividends/distributions	Amount per security	Franked amount per security
2019 final dividend paid	22.0 cents	22.0 cents
2020 interim dividend paid	13.0 cents	13.0 cents
<b>2020 final dividend (declared after balance date)</b>	-	-
<b>Record date for determining entitlements to the final dividend</b>		N/A
<b>Payment date for final dividend</b>		N/A

The 2020 interim dividend was paid on 23 July 2020. With consideration to the continued uncertainty in the economic outlook due to the ongoing effects of the COVID-19 environment and the Group's consistent approach to prudent capital management, the Board has decided not to pay a 2020 final dividend.

## Net tangible assets per share

	2020 cents per share	2019 cents per share
<b>Net tangible assets per share</b>	<b>(331.59)</b>	<b>(292.27)</b>
<b>Net assets per share</b>	<b>393.28</b>	<b>483.11</b>

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

## Financial information

This report is based on accounts which are in the process of being audited. Audited consolidated financial statements for the year ended 30 June 2020 will be included in the SEEK Limited 2020 Annual Report.

## Entities where control was gained or lost

SEEK did not gain or lose control over any entities during the year ended 30 June 2020.

## Other information required by Listing Rule 4.3A

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in the following pages and other documents lodged with the ASX on 12 August 2020.

# PRELIMINARY FINANCIAL STATEMENTS

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## Page Basis of preparation

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

These financial statements:

- are general purpose financial statements;
- are for the consolidated entity consisting of SEEK Limited and its subsidiaries;
- have been prepared in accordance with Australian Accounting Standards (AASBs) and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*;
- comply with International Financial Reporting Standards as issued by the International Accounting Standards Board;
- have been prepared on a historical cost basis except for the revaluation of financial assets and liabilities (including derivative instruments) measured at fair value through profit and loss; and
- are presented in Australian dollars with all values rounded to the nearest hundred thousand dollars, or in certain cases, the nearest dollar, in accordance with the Australian Securities and Investments Commission Corporations Instrument 2016/191.

Accounting policies adopted are consistent with those of the previous financial year, with the exception of the areas described in Note 29 Changes in accounting policies.

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

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

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

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these financial statements.

While pervasive across the financial statements, the estimation uncertainty is predominantly related to the fair value measurement and recoverable amount assessments of non-financial assets where the Group recognised a gross impairment loss of \$203.1 million in respect to the carrying values of intangible assets and some Early Stage Ventures.

The financial statements have been prepared on a going concern basis. The Directors have made this assessment on the basis that, despite a downturn in business performance effected by COVID-19, the SEEK Group has sufficient liquidity, undrawn borrowing facilities and an active and ongoing capital management strategy which enables it to meet its obligations and pay its debts as and when they fall due. Notwithstanding, current liabilities exceed current assets by \$144.1m as at 30 June 2020, mainly due to unearned income of \$350.9m which represents non-refundable advances from customers.

## Consolidated Income Statement for the year ended 30 June 2020

	Notes	2020 \$m	2019 \$m
<b>Revenue</b>	2	<b>1,595.2</b>	1,557.3
Other income	3(a)	17.9	8.5
<b>Operating expenses</b>			
Direct cost of services		(377.5)	(228.7)
Employee benefits expenses		(510.7)	(541.6)
Marketing related expenses		(140.9)	(149.8)
Technology, product and development expenses		(51.2)	(37.7)
Operations and administration expenses		(121.6)	(148.3)
Depreciation and amortisation expenses		(133.9)	(85.8)
Finance costs	3(b)	(78.8)	(66.8)
Transaction costs		(1.7)	(6.4)
<b>Total operating expenses</b>		<b>(1,416.3)</b>	(1,265.1)
Impairment loss	12(c)	(203.1)	-
Share of results of equity accounted investments	20(b)	(39.9)	(16.5)
<b>(Loss)/Profit before income tax expense</b>		<b>(46.2)</b>	284.2
Income tax expense	5(a)	(44.6)	(85.8)
<b>(Loss)/Profit for the year</b>		<b>(90.8)</b>	198.4
<b>(Loss)/Profit is attributable to:</b>			
Owners of SEEK Limited		(111.7)	180.3
Non-controlling interests	19(c)	20.9	18.1
		<b>(90.8)</b>	198.4
<b>Earnings per share attributable to the owners of SEEK Limited:</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	4	(31.7)	51.3
Diluted earnings per share	4	(32.6)	50.1

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

## Consolidated Statement of Comprehensive Income for the year ended 30 June 2020

	Notes	2020 \$m	2019 \$m
<b>(Loss)/Profit for the year</b>		<b>(90.8)</b>	198.4
<b>Other comprehensive (loss)/income</b>			
<b>Items that may be reclassified to profit or loss:</b>			
Exchange differences on translation of foreign controlled entities		<b>(70.7)</b>	82.1
Exchange differences on translation of foreign equity accounted investments		<b>(11.0)</b>	5.5
Reserves recycled on disposal of equity accounted investment		-	(0.4)
Losses on net investment hedges		<b>(32.3)</b>	(18.2)
Losses on cash flow hedges		<b>(5.1)</b>	(13.1)
Other individually immaterial items		-	(0.9)
Income tax recognised in other comprehensive income	5(b)	<b>2.4</b>	4.2
<b>Items that will not be reclassified to profit or loss:</b>			
Losses on fair value hedges		<b>(0.9)</b>	0.1
Change in equity instruments held at fair value	8(b)(i)	<b>22.3</b>	-
Exchange differences on translation of equity instruments	8(b)(i)	<b>0.9</b>	0.5
<b>Other comprehensive (loss)/income for the year</b>		<b>(94.4)</b>	59.8
<b>Total comprehensive (loss)/income for the year</b>		<b>(185.2)</b>	258.2
<b>Total comprehensive (loss)/income for the year attributable to:</b>			
Owners of SEEK Limited		<b>(198.7)</b>	242.0
Non-controlling interests		<b>13.5</b>	16.2
		<b>(185.2)</b>	258.2

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## Consolidated Balance Sheet as at 30 June 2020

	Notes	2020 \$m	2019 \$m
<b>Current assets</b>			
Cash and cash equivalents	6(c)	604.8	382.9
Trade and other receivables	10	151.6	147.8
Other financial assets	8(b)	57.6	158.9
Current tax assets	5(a)	3.2	3.6
<b>Total current assets</b>		<b>817.2</b>	693.2
<b>Non-current assets</b>			
Investments accounted for using the equity method	20(b)	268.3	237.2
Plant and equipment		35.5	43.0
Intangible assets	11	2,550.0	2,719.5
Right-of-use assets	14(a)	55.5	-
Other receivables	10	114.9	151.5
Other financial assets	8(b)	436.4	359.8
Deferred tax assets	5(c)	58.7	46.0
<b>Total non-current assets</b>		<b>3,519.3</b>	3,557.0
<b>Total assets</b>		<b>4,336.5</b>	4,250.2
<b>Current liabilities</b>			
Trade and other payables	13	307.3	260.3
Borrowings	6(b)	143.4	133.1
Unearned income		350.9	401.1
Lease liabilities	14(b)	28.0	-
Other financial liabilities	8(b)	70.0	40.0
Current tax liabilities	5(a)	25.2	31.0
Provisions	15	36.5	39.1
<b>Total current liabilities</b>		<b>961.3</b>	904.6
<b>Non-current liabilities</b>			
Borrowings	6(b)	1,797.6	1,466.6
Lease liabilities	14(b)	36.0	-
Other financial liabilities	8(b)	3.1	24.0
Deferred tax liabilities	5(c)	127.5	138.6
Provisions	15	27.5	22.0
<b>Total non-current liabilities</b>		<b>1,991.7</b>	1,651.2
<b>Total liabilities</b>		<b>2,953.0</b>	2,555.8
<b>Net assets</b>		<b>1,383.5</b>	1,694.4
<b>Equity</b>			
Share capital	16	269.2	269.2
Foreign currency translation reserve		60.8	127.6
Hedging reserves	17(a)	(158.0)	(120.3)
Other reserves	17(b)	16.1	(10.6)
Retained profits		894.4	1,133.3
Non-controlling interests	19(c)	301.0	295.2
<b>Total equity</b>		<b>1,383.5</b>	1,694.4

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

## Consolidated Statement of Changes in Equity for the year ended 30 June 2020

Notes	Attributable to equity holders of the parent						Non-controlling interests \$m	Total equity \$m
	Share capital \$m	Foreign currency translation reserve \$m	Hedging reserves \$m	Other reserves \$m	Retained profits \$m	Total \$m		
<b>Balance as at 1 July 2018</b>	269.2	38.9	(91.9)	(0.1)	1,111.9	1,328.0	297.0	1,625.0
<b>Profit for the year</b>	-	-	-	-	180.3	180.3	18.1	198.4
Exchange differences on translation of foreign operations	-	89.9	-	-	-	89.9	(2.3)	87.6
(Losses)/gains on hedges	-	-	(32.5)	-	-	(32.5)	0.4	(32.1)
Exchange differences on translation of equity instruments 8(b)(i)	-	-	-	0.5	-	0.5	-	0.5
Income tax recognised in other comprehensive income 5(b)	-	0.1	4.1	-	-	4.2	-	4.2
Reserves recycled on disposal of equity accounted investment	-	(0.4)	-	-	-	(0.4)	-	(0.4)
<b>Total comprehensive income for the year</b>	-	89.6	(28.4)	0.5	180.3	242.0	16.2	258.2
<i>Transactions with owners:</i>								
Dividends provided for or paid 18	-	-	-	-	(161.5)	(161.5)	(9.6)	(171.1)
Employee share options scheme	-	-	-	15.4	-	15.4	2.7	18.1
Tax associated with employee share schemes 5(b)	-	-	-	1.0	1.3	2.3	-	2.3
Change in ownership of subsidiaries	-	(0.7)	-	(2.6)	-	(3.3)	1.7	(1.6)
Share of reserve movement of equity accounted investments	-	(0.2)	-	(4.4)	-	(4.6)	-	(4.6)
Zhaopin privatisation	-	-	-	(19.1)	-	(19.1)	(12.8)	(31.9)
Transfer between reserves	-	-	-	(1.3)	1.3	-	-	-
<b>Balance at 30 June 2019</b>	269.2	127.6	(120.3)	(10.6)	1,133.3	1,399.2	295.2	1,694.4
Impact on transition to AASB 16 29	-	-	-	-	(6.0)	(6.0)	(1.8)	(7.8)
<b>Adjusted balance at 1 July 2019</b>	269.2	127.6	(120.3)	(10.6)	1,127.3	1,393.2	293.4	1,686.6
<b>(Loss)/Profit for the year</b>	-	-	-	-	(111.7)	(111.7)	20.9	(90.8)
Exchange differences on translation of foreign operations	-	(73.4)	-	-	-	(73.4)	(8.3)	(81.7)
(Losses)/gains on hedges	-	-	(39.2)	-	-	(39.2)	0.9	(38.3)
Change in fair value of equity instruments 8(b)(i)	-	-	-	22.3	-	22.3	-	22.3
Exchange differences on translation of equity instruments 8(b)(i)	-	-	-	0.9	-	0.9	-	0.9
Income tax recognised in other comprehensive income 5(b)	-	0.9	1.5	-	-	2.4	-	2.4
<b>Total comprehensive (loss)/ income for the year</b>	-	(72.5)	(37.7)	23.2	(111.7)	(198.7)	13.5	(185.2)
<i>Transactions with owners:</i>								
Dividends provided for or paid 18	-	-	-	-	(123.2)	(123.2)	(7.4)	(130.6)
Employee share options scheme	-	-	-	9.7	-	9.7	1.5	11.2
Tax associated with employee share schemes 5(b)	-	-	-	(0.6)	2.4	1.8	-	1.8
Share of reserve movement of equity accounted investments 20(b)	-	5.7	-	(5.6)	(0.4)	(0.3)	-	(0.3)
<b>Balance at 30 June 2020</b>	269.2	60.8	(158.0)	16.1	894.4	1,082.5	301.0	1,383.5

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## Consolidated Statement of Cash Flows for the year ended 30 June 2020

	Notes	2020 \$m	2019 \$m
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of goods and services tax)		1,668.7	1,687.0
Payments to suppliers and employees (inclusive of goods and services tax)		(1,259.9)	(1,187.1)
		408.8	499.9
Interest received		16.1	13.9
Government grants received	3(a)	13.2	-
Interest paid		(66.2)	(45.0)
Transaction costs		(1.0)	(5.2)
Income taxes paid	5(a)	(66.6)	(91.0)
<b>Net cash inflow from operating activities</b>	7(a)	<b>304.3</b>	372.6
<b>Cash flows from investing activities</b>			
Payments for acquisition of subsidiary, net of cash acquired		(4.0)	(9.2)
Payments for interests in equity accounted investments		(126.2)	(121.9)
Proceeds from disposal of equity accounted investment		-	6.3
Dividends and distributions received from equity accounted investments		1.0	0.9
Return of capital from equity accounted investment		10.7	-
Payment for investment in financial assets		(15.5)	(50.0)
Payment for intangible assets		(114.3)	(106.1)
Payment for plant and equipment		(11.4)	(19.0)
Payment for convertible notes		(1.2)	(2.9)
Proceeds/(payments) from other investing arrangements		-	0.6
<b>Net cash outflow from investing activities</b>		<b>(260.9)</b>	(301.3)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		681.2	464.7
Repayment of borrowings		(353.1)	(202.3)
Transaction costs on establishment of debt facilities		(6.1)	(5.5)
Cash released from entrusted loan facilities	10(i)	139.3	35.8
Cash deposited for entrusted loan facilities	10(i)	(121.1)	(122.3)
Settlement of share options in subsidiaries		(6.5)	(0.9)
Zhaopin privatisation		-	(49.2)
Dividends paid to members of the parent	18	(77.4)	(161.5)
Dividends paid to non-controlling interests	19(c)	(7.4)	(9.6)
Payment for additional interest in subsidiary		-	(1.6)
Payment of lease liabilities		(27.3)	-
Net payment for other financing arrangements		(29.4)	(8.1)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>192.2</b>	(60.5)
<b>Net increase in cash and cash equivalents</b>		<b>235.6</b>	10.8
Cash and cash equivalents at the beginning of the year		382.9	361.7
Effect of exchange rate changes on cash and cash equivalents		(13.7)	10.4
<b>Cash and cash equivalents at the end of the year</b>		<b>604.8</b>	382.9

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

# Notes to the Preliminary Financial Statements

For the year ended 30 June 2020

## Performance

### 1. Segment information

#### Accounting Policy

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

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

SEEK's operating segments are aligned with Executive responsibilities and analysis of results as provided to the CODM.

A change has been made to SEEK's operating segments for FY2020 to align with Executive responsibilities and analysis of results as provided to the CODM. The main changes are:

- JobAdder moving from AP&A Other to SEEK Investments Early Stage Ventures (ESVs);
- SEEK Learning and GradConnection moving from AP&A Other to ANZ, reflecting their closer integration with the ANZ operations; and
- OCC Education moving from OCC to SEEK Investments ESVs.

Comparative information for the year ended 30 June 2019 has been restated. This has not resulted in any change to total EBITDA or net profit. The operating segments are as described below.

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

## (a) Segment information provided to the CODM

			Asia Pacific & Americas					SEEK Investments			Corporate Costs		Total
			ANZ	SEEK Asia	Brasil Online	OCC	Other	Total	Zhaopin	OES	ESVs	Total	
Year ended 30 June 2020	Notes	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Online employment marketplaces		385.7	161.0	52.4	25.1	1.2	625.4	427.1	-	58.0	485.1	-	1,110.5
Education		1.5	-	-	-	-	1.5	-	136.6	3.6	140.2	-	141.7
Business process outsourcing		-	-	-	-	-	-	191.4	-	-	191.4	-	191.4
Other sales revenue		-	1.9	-	-	0.8	2.7	131.1	-	-	131.1	-	133.8
<b>Sales revenue</b>	2	387.2	162.9	52.4	25.1	2.0	629.6	749.6	136.6	61.6	947.8	-	1,577.4
<b>Segment EBITDA<sup>(1)</sup></b>		223.5	72.8	5.8	7.2	(14.3)	295.0	123.7	34.8	(6.8)	151.7	(31.8)	414.9
Depreciation		(4.0)	(6.1)	(1.7)	(1.8)	(0.1)	(13.7)	(24.4)	(1.4)	(1.7)	(27.5)	(2.8)	(44.0)
Amortisation	11	(40.0)	(9.1)	(3.7)	(2.7)	(2.9)	(58.4)	(17.8)	(10.6)	(2.8)	(31.2)	(0.3)	(89.9)
Impairment loss	12(c)	-	-	(100.7)	(42.7)	(20.8)	(164.2)	-	-	(38.9)	(38.9)	-	(203.1)
Net interest (expense)/income		-	(1.6)	1.1	0.6	-	0.1	(8.0)	0.1	(0.3)	(8.2)	(51.2)	(59.3)
Share-based payments and other LTI	25(b)	(8.3)	(0.5)	(0.4)	-	(0.2)	(9.4)	(3.3)	-	(4.1)	(7.4)	(5.4)	(22.2)
Share of results of equity accounted investments	20(b)	-	-	-	-	(2.3)	(2.3)	-	-	(37.6)	(37.6)	-	(39.9)
Related party services		3.6	(3.6)	-	-	-	-	-	-	-	-	-	-
Transaction costs		-	-	-	-	-	-	-	-	-	-	(1.7)	(1.7)
Other financing activities		-	-	-	-	-	-	-	-	-	-	(1.0)	(1.0)
<b>Profit/(loss) before income tax expense</b>		174.8	51.9	(99.6)	(39.4)	(40.6)	47.1	70.2	22.9	(92.2)	0.9	(94.2)	(46.2)
Income tax expense	5(a)	(51.4)	(9.2)	4.2	(1.1)	5.3	(52.2)	(15.7)	(7.4)	1.6	(21.5)	29.1	(44.6)
<b>Profit/(loss) for the year</b>		123.4	42.7	(95.4)	(40.5)	(35.3)	(5.1)	54.5	15.5	(90.6)	(20.6)	(65.1)	(90.8)
Non-controlling interests	19(c)	-	-	-	0.8	-	0.8	(21.0)	(3.1)	2.4	(21.7)	-	(20.9)
<b>Profit/(loss) attributable to owners of SEEK Limited</b>		123.4	42.7	(95.4)	(39.7)	(35.3)	(4.3)	33.5	12.4	(88.2)	(42.3)	(65.1)	(111.7)

(1) Segment EBITDA is earnings before interest, tax, depreciation and amortisation and excludes share of results of equity accounted investments, share-based payments expense, gains/losses on investing activities and other non-operating gains/losses. Effective 1 July 2019, the Group has applied the new AASB 16 Leases standard using the modified retrospective approach. Lease costs such as property rental payments are now accounted for as depreciation and interest expense below Segment EBITDA for FY2020. Comparative information for 30 June 2019 has not been restated.

Restated Year ended 30 June 2019	Notes	Asia Pacific & Americas					SEEK Investments				Corporate Costs		Total
		ANZ	SEEK Asia	Brasil Online	OCC	Other	Total	Zhaopin	OES	ESVs	Total		
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Online employment marketplaces		439.3	174.0	64.1	26.5	1.7	705.6	465.8	-	46.2	512.0	-	1,217.6
Education		0.7	-	-	-	-	0.7	-	127.5	6.0	133.5	-	134.2
Business process outsourcing		-	-	-	-	-	-	53.0	-	-	53.0	-	53.0
Other sales revenue		-	2.6	-	-	0.8	3.4	129.1	-	-	129.1	-	132.5
<b>Sales revenue</b>	<b>2</b>	<b>440.0</b>	<b>176.6</b>	<b>64.1</b>	<b>26.5</b>	<b>2.5</b>	<b>709.7</b>	<b>647.9</b>	<b>127.5</b>	<b>52.2</b>	<b>827.6</b>	<b>-</b>	<b>1,537.3</b>
<b>Segment EBITDA<sup>(1)</sup></b>		<b>263.8</b>	<b>91.3</b>	<b>11.5</b>	<b>5.0</b>	<b>(18.1)</b>	<b>353.5</b>	<b>99.1</b>	<b>36.7</b>	<b>(9.3)</b>	<b>126.5</b>	<b>(25.0)</b>	<b>455.0</b>
Depreciation		(1.6)	(2.8)	(1.2)	(1.0)	-	(6.6)	(7.3)	(0.5)	(0.2)	(8.0)	(2.2)	(16.8)
Amortisation	11	(32.6)	(6.3)	(3.8)	(1.3)	(3.2)	(47.2)	(9.9)	(9.6)	(2.2)	(21.7)	(0.1)	(69.0)
Net interest (expense)/income		-	(2.1)	3.0	0.6	-	1.5	(9.5)	0.9	(0.3)	(8.9)	(37.0)	(44.4)
Share-based payments and other LTI	25(b)	(7.4)	1.7	(0.2)	(0.3)	(0.2)	(6.4)	(7.0)	-	(2.3)	(9.3)	(5.9)	(21.6)
Share of results of equity accounted investments		-	(0.4)	-	-	(1.7)	(2.1)	-	-	(14.4)	(14.4)	-	(16.5)
Gain on disposal of equity accounted investment		-	-	-	-	-	-	-	-	2.5	2.5	-	2.5
Fair value gain on financial asset		-	-	-	-	-	-	3.2	-	-	3.2	-	3.2
Related party services		3.8	(3.5)	-	-	(0.3)	-	-	-	-	-	-	-
Transaction costs		(0.3)	-	-	-	-	(0.3)	(5.2)	-	-	(5.2)	(0.9)	(6.4)
Other financing activities		-	-	-	-	-	-	-	-	-	-	(1.8)	(1.8)
<b>Profit/(loss) before income tax expense</b>		<b>225.7</b>	<b>77.9</b>	<b>9.3</b>	<b>3.0</b>	<b>(23.5)</b>	<b>292.4</b>	<b>63.4</b>	<b>27.5</b>	<b>(26.2)</b>	<b>64.7</b>	<b>(72.9)</b>	<b>284.2</b>
Income tax expense	5(a)	(65.9)	(18.0)	(1.9)	(0.7)	6.5	(80.0)	(21.2)	(8.6)	1.5	(28.3)	22.5	(85.8)
<b>Profit/(loss) for the year</b>		<b>159.8</b>	<b>59.9</b>	<b>7.4</b>	<b>2.3</b>	<b>(17.0)</b>	<b>212.4</b>	<b>42.2</b>	<b>18.9</b>	<b>(24.7)</b>	<b>36.4</b>	<b>(50.4)</b>	<b>198.4</b>
Non-controlling interests	19(c)	-	-	-	-	-	-	(16.3)	(3.8)	2.0	(18.1)	-	(18.1)
<b>Profit/(loss) attributable to owners of SEEK Limited</b>		<b>159.8</b>	<b>59.9</b>	<b>7.4</b>	<b>2.3</b>	<b>(17.0)</b>	<b>212.4</b>	<b>25.9</b>	<b>15.1</b>	<b>(22.7)</b>	<b>18.3</b>	<b>(50.4)</b>	<b>180.3</b>

(1) Segment EBITDA is earnings before interest, tax, depreciation and amortisation and excludes share of results of equity accounted investments, share-based payments expense, gains/losses on investing activities and other non-operating gains/losses.

## (b) Segment financial position

	Segment assets		Segment liabilities	
	2020 \$m	Restated 2019 \$m	2020 \$m	Restated 2019 \$m
ANZ	396.5	272.4	(163.4)	(143.9)
SEEK Asia	1,317.5	1,315.0	(88.8)	(99.2)
Brasil Online	64.3	224.1	(21.7)	(24.1)
OCC	39.4	98.6	(15.4)	(18.5)
AP&A Other	21.7	36.7	(0.8)	(1.7)
Zhaopin	1,586.1	1,489.0	(445.4)	(414.8)
OES	382.4	398.4	(31.9)	(23.4)
ESVs	388.0	305.8	(18.3)	(9.4)
Corporate	78.7	60.6	(73.6)	(51.5)
<b>Total of segments</b>	<b>4,274.6</b>	<b>4,200.6</b>	<b>(859.3)</b>	<b>(786.5)</b>
Current tax asset	3.2	3.6		
Deferred tax assets	58.7	46.0		
<b>Total assets</b>	<b>4,336.5</b>	<b>4,250.2</b>		
Borrowings			(1,941.0)	(1,599.7)
Current tax liabilities			(25.2)	(31.0)
Deferred tax liabilities			(127.5)	(138.6)
<b>Total liabilities</b>			<b>(2,953.0)</b>	<b>(2,555.8)</b>

## (c) Geographical information

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

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

Non-current assets are allocated to a country based on the geographical location of the asset. Intangible assets that relate only to one country have been allocated to that country. Intangible assets acquired as part of the JobsDB and JobStreet acquisitions (goodwill, brands and other intangible assets) relate to several countries and have been shown as "South East Asia" as they cannot practically be split between the individual country locations. This is consistent with the approach for impairment testing (refer to Note 11 Intangible assets).

	Sales revenue		Non-current assets (excluding deferred tax assets)	
	2020 \$m	2019 \$m	2020 \$m	2019 \$m
Australia	522.8	559.0	838.2	873.9
China	749.6	647.9	1,207.5	1,151.7
South East Asia	163.7	176.8	1,122.1	1,103.6
Brazil	53.5	66.3	46.8	182.1
New Zealand	51.9	54.0	6.1	5.9
Mexico	27.4	29.3	58.0	124.8
United Kingdom and Europe	7.0	2.4	162.6	30.8
Rest of the world	1.5	1.6	19.3	38.2
<b>Total</b>	<b>1,577.4</b>	<b>1,537.3</b>	<b>3,460.6</b>	<b>3,511.0</b>

## 2. Revenue

### Accounting Policy

#### Recognition criteria

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

The Group recognises revenue when the contract has been identified, it is probable that the entity will collect the consideration to which it is entitled and specific criteria have been met as described below for the material classes of revenue.

Class of revenue	Recognition criteria
<b>Online employment marketplaces</b>	
Job advertisements	over the period in which the advertisements are placed. If it is expected that the customer will not use all the services they are entitled to, the excess is recognised in the same pattern as for the services that the customer does use.
CV search/download	over the period in which the searches/downloads occur. If it is expected that the customer will not use all the services they are entitled to, the excess is recognised in the same pattern as for the services that the customer does use.
CV online	over the period in which the jobseeker can access the services.
<b>Education</b>	
Provision of education services to students	over the period in which the student studies a particular unit. For Higher Education it is typically four months. For Vocational Education (VET), the length of time to complete units can vary so an estimate is made.
<b>Business process outsourcing</b>	
HR agent services	when the service is provided to the customer. Revenue is recognised on a net basis as the business operates as the agent under the terms and conditions of the contractual arrangement.
Labour outsourcing services	when the service is provided to the customer. Revenue is recognised on a gross basis as the business operates as the principal under the terms and conditions of the contractual arrangement.
Labour dispatch services	when the service is provided to the customer. Revenue was recognised on a gross basis when the business operated as the principal under the terms and conditions of contractual arrangements.  Commencing from Q3 FY2020, the standardised contractual terms and conditions were modified for new contracts. The revisions to the contract provide a refined scope of services with the customer now bearing any potential employment risks associated with the contract. Upon transition to the new agreement, the business operates as an agent and revenue is recognised on a net basis.
<b>Other sales revenue</b>	
Campus recruitment services	when the service is provided to the customer.
Provision of training services	when the service is provided to the customer.
<b>Other revenue</b>	
Dividend income	when the right to receive payment is established.
Interest income	on a time proportion basis using the effective interest method.

#### Allocation of transaction price to services in a bundled contract

Where a contract identifies multiple services (performance obligations) that can be used independently of one another, the consideration is allocated between them on the basis of their relative standalone selling prices. This is usually the price at which the service is sold separately.

#### Contract costs

Costs incurred in the acquisition of contracts, predominantly sales commissions, are considered to be recoverable.

Applying the practical expedient in paragraph 94 of AASB 15 *Revenue from Contracts with Customers*, the Group recognises the incremental costs of obtaining contracts as an expense when incurred because the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

#### Variable consideration

Certain education contracts include variable amounts of consideration dependent on the occurrence or non-occurrence of future events. The Group estimates the amount of revenue to be recognised based on historical and forecast information.

	2020 \$m	2019 \$m
Online employment marketplaces	1,110.5	1,217.6
Education	141.7	134.2
Business process outsourcing	191.4	53.0
Other sales revenue	133.8	132.5
<b>Sales revenue</b>	<b>1,577.4</b>	<b>1,537.3</b>
Interest income	17.8	20.0
<b>Revenue</b>	<b>1,595.2</b>	<b>1,557.3</b>

Sales revenue recognised during the financial year ended 30 June 2020 includes \$399.6m (2019: \$366.9m) that was included in the opening balance of unearned income at the beginning of the corresponding period.

At 30 June 2020, the Group is party to contracts with customers for services that have not yet been delivered (or fully delivered) at that date. Some amounts have already been invoiced to the customer in line with the terms of the contract, and are therefore recognised within unearned income, whereas other amounts are yet to be invoiced.

The Group has chosen to apply the practical expedient in paragraph 121 of AASB 15 *Revenue from Contracts with Customers* and therefore has not disclosed information about contracts that are expected to be completed in one year or less. Of the contracts with a duration of more than one year, the Group expects to recognise future revenue of \$4.0m (2019: \$6.0m).

The Group has provided temporary customer relief in response to COVID-19 by its investment in hirer support packages including pausing minimum commitments, extending contract lives and providing credits for job advertisements no longer needed in Q4 FY2020.

### 3. Other income and expenses

This note provides a breakdown of the items included in other income, finance costs and the recognition of any other gains/(losses) during the financial year.

#### (a) Other income

	Notes	2020 \$m	2019 \$m
Gain on disposal of equity accounted investments		-	2.5
Fair value gain on financial asset	8(b)(i)	-	3.2
Government grants (i)		13.2	2.8
Others		4.7	-
<b>Total other income</b>		<b>17.9</b>	<b>8.5</b>

#### (i) Government grants

In FY2020, the Group has recognised the subsidy payments from the following governments: Australia \$9.7m, People's Republic of China \$3.2m, South East Asia \$0.2m and New Zealand \$0.1m.

Due to the economic impacts of COVID-19, many geographies in which SEEK operates have provided government support. The Group recognised \$8.4m from these initiatives comprising Australia and New Zealand \$8.2m and South East Asia \$0.2m.

In accordance with AASB 120 *Accounting for Government Grants and Disclosure of Government Grants*, the Group has elected to present Government grants received in FY2020 as other income.

#### (b) Finance costs

	Notes	2020 \$m	2019 \$m
Interest expense		73.9	64.4
Interest expense on lease liabilities	14(b)(ii)	3.2	-
Borrowing costs written off		1.0	1.8
Other finance charges paid/payable		0.7	0.6
<b>Total finance costs</b>		<b>78.8</b>	<b>66.8</b>

#### (c) Other gains/(losses)

Profit/(loss) before income tax expense includes net gains on foreign exchange movements of \$2.9m (2019: \$8.0m gain), which are classified as 'Operations and administration' costs in the Consolidated Income Statement.

## 4. Earnings per share

### Accounting Policy

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

- the impact on profit if the subsidiaries' outstanding employee options were fully exercised, resulting in SEEK's ownership being diluted; and
- the effect of employee options and rights in SEEK Limited, calculated by comparing the number of shares that would be issued if all options/rights were exercised with the number of shares the Company could hypothetically buy back on market using the exercise price (the dilutive impact being the difference between the two). Employee options and rights are only treated as dilutive when their conversion to ordinary shares would decrease EPS or increase the loss per share.

	2020 Cents	2019 Cents
Basic earnings per share	(31.7)	51.3
Diluted earnings per share	(32.6)	50.1

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

	2020 \$m	2019 \$m
Profit/(loss) attributable to owners of SEEK Limited (for basic EPS)	(111.7)	180.3
Potential dilutive adjustment for subsidiary option plans	(3.2)	(3.1)
Adjusted profit/(loss) attributable to owners of SEEK Limited (for diluted EPS)	(114.9)	177.2

### (b) Weighted average number of shares

	2020 number	2019 number
Weighted average number of shares used as denominator in calculating basic EPS	352,082,752	351,183,978
Weighted average of potential dilutive ordinary shares:		
- WSP Options	-	-
- WSP Rights	-	2,032,436
- Equity Rights and Performance Rights	-	392,227
Weighted average number of shares used as the denominator in calculating diluted EPS	352,082,752	353,608,641

The weighted average of potential ordinary shares excludes 1,004,229 Wealth Sharing Plan (WSP) Options (2019: 536,013) which have an exercise price that is higher than the average share price for the period. If these WSP Options were to be exercised the Company could hypothetically use the proceeds to buy back more shares than it issues, resulting in a net positive impact to shareholders.

The conversion of share rights would decrease the loss per share for the year ended 30 June 2020 and therefore its impact has been excluded from the diluted earnings per share calculation.

## 5. Income tax

### Critical accounting estimates and assumptions

#### Uncertain tax positions

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

#### Research and development incentive

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

#### Tax rate applicable to Beijing Wangpin, ATS and Zhilian HR Services (PRC subsidiaries of Zhaopin Ltd)

Beijing Wangpin Consulting Co., Ltd and Enlightenment Personnel Assessment Technology (Beijing) Co. Ltd (ATS) both qualified as a High and New Technology Enterprise (HNTE) from 1 January 2017 to 31 December 2019. They reapplied for HNTE status for a three year period from 1 January 2020 and are expected to maintain that status. Zhilian HR Resources Services Co., Ltd qualifies as a HNTE from 1 January 2018 to 31 December 2020. An income tax rate of 15% applies to entities with HNTE status and as such, income tax for the year and deferred tax balances of Beijing Wangpin, ATS and Zhilian HR Services as at 30 June 2020 have been calculated using a 15% tax rate.

### Accounting Policy

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

Deferred tax assets and liabilities are recognised on all deductible and taxable temporary differences respectively, except for:

- the initial recognition of goodwill;
- any undistributed profits of the Company's subsidiaries, associates or joint ventures where either the distribution of those profits would not give rise to a tax liability or the directors consider they have the ability to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future; and
- the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit or loss.

Deferred tax assets:

- are recognised only to the extent that it is probable that there are sufficient future taxable profits to recover these assets. This assessment is reviewed at each reporting date;
- are offset against deferred tax liabilities in the same tax jurisdiction, when there is a legally enforceable right to do so and they relate to taxes levied by the same taxation authority; and

- acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. If the changed circumstances existed at the acquisition date, it would be treated as a reduction to goodwill (as long as it does not exceed goodwill), otherwise through profit or loss.

SEEK Limited and its wholly-owned Australian subsidiaries formed an Australian income tax consolidated group in 2004. These entities have tax sharing and tax funding agreements in place. Refer to Note 21 for further information.

#### Adoption of Voluntary Tax Transparency Code

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

SEEK's latest Tax Transparency Report can be found on the Reports & Presentations page in the Investors section of the Company's website at <https://www.seek.com.au/about/investors/reports-presentations>.

## (a) Income tax expense

	2020 \$m	2019 \$m
Current tax	60.9	77.9
Deferred tax	(16.7)	6.7
Under provision in prior years (current tax)	0.6	3.6
Over provision in prior years (deferred tax)	(0.2)	(2.4)
<b>Income tax expense in the Consolidated Income Statement</b>	<b>44.6</b>	<b>85.8</b>
<b>Deferred income tax expense included in income tax expense comprises:</b>		
Increase in deferred tax assets	(12.5)	(5.7)
(Decrease)/increase in deferred tax liabilities	(4.4)	10.0
	<b>(16.9)</b>	<b>4.3</b>

## (i) Reconciliation of income tax expense

	2020 \$m	2019 \$m
<b>(Loss)/profit before income tax expense</b>	<b>(46.2)</b>	<b>284.2</b>
Income tax calculated @ 30% (2019: 30%)	(13.9)	85.3
<b>Increase/(decrease) in income tax expense due to:</b>		
Impairment loss (a)	57.5	-
Post-tax share of results of equity accounted investments (b)	12.0	4.9
Financing, transaction and legal costs (c)	6.2	8.1
Non-deductible employee benefits (d)	4.6	7.2
Research and development incentive (e)	(15.7)	(14.2)
Overseas tax rate differential (f)	(9.1)	(4.5)
Under provision in prior years	0.4	1.2
Other	2.6	(2.2)
<b>Income tax expense in the Consolidated Income Statement</b>	<b>44.6</b>	<b>85.8</b>

**Explanation of key items:**

- (a) Non-deductible accounting impairment loss excluding brand intangibles (refer Note 12 Impairment).
- (b) SEEK's share of associates' results is taken up net of associates' tax expense.
- (c) Non-deductible financing, transaction and legal costs throughout the Group.
- (d) Non-deductible share-based payments and other employee benefits throughout the Group.
- (e) Research and development incentives utilised throughout the Group.
- (f) The Group's international profits are taxed at local rates which vary from the Australian corporate tax rate.

## 5. Income tax continued

### (ii) Effective tax rate

	SEEK Group		Australian operations <sup>(1)</sup>	
	2020 \$m	2019 \$m	2020 \$m	2019 \$m
(Loss)/profit before income tax expense	(46.2)	284.2	43.7	135.2
Add: Impairment loss	203.1	-	-	-
Add: Post-tax share of results of equity accounted investments	39.9	16.5	28.9	11.1
(A) Adjusted profit before income tax expense <sup>(2)</sup>	196.8	300.7	72.6	146.3
(B) Income tax expense	44.6	85.8	23.2	43.9
<b>Effective tax rate (B/A)</b>	<b>22.7%</b>	<b>28.5%</b>	<b>32.0%</b>	<b>30.0%</b>

(1) Excludes dividends within the Group.

(2) Impairment loss and post-tax share of results from SEEK's equity accounted investments have been excluded from the effective tax rate calculation to ensure the effective tax rate accurately reflects the actual tax payable on SEEK's profit.

### (iii) Reconciliation of income tax expense to net current tax liabilities

	2020 \$m	2019 \$m
<b>Income tax expense in the Consolidated Income Statement</b>	<b>44.6</b>	<b>85.8</b>
Add/(subtract):		
Deferred tax assets charged to income	12.3	3.3
Deferred tax liabilities credited/(charged) to income	4.4	(10.0)
Under provision in prior years	(0.4)	(1.2)
<b>Current year tax included in income tax expense</b>	<b>60.9</b>	<b>77.9</b>
Add/(subtract):		
Net opening balance carried forward	27.4	38.4
Tax payments made to tax authorities	(66.6)	(91.0)
Under provision in prior years (current tax)	0.6	3.6
Current tax recognised directly in equity	(2.4)	(1.3)
Acquisition of subsidiary's tax payable	-	0.1
Foreign exchange	1.2	0.8
Other	0.9	(1.1)
<b>Net current tax liabilities</b>	<b>22.0</b>	<b>27.4</b>
<b>Net current tax liabilities comprises:</b>		
Current tax assets in the Consolidated Balance Sheet	(3.2)	(3.6)
Current tax liabilities in the Consolidated Balance Sheet	25.2	31.0
<b>Net current tax liabilities</b>	<b>22.0</b>	<b>27.4</b>

### (b) Amounts recognised directly in equity

Tax relating to certain taxable or deductible items are recognised in other comprehensive income or directly in equity rather than through the Consolidated Income Statement.

	2020 \$m	2019 \$m
<b>Relating to items recognised in other comprehensive income:</b>		
Deferred tax credited directly to foreign currency translation reserve	0.9	0.1
Deferred tax credited directly to cash flow hedge reserve	1.5	4.1
<b>Total tax recognised in other comprehensive income</b>	<b>2.4</b>	<b>4.2</b>
<b>Relating to items recognised directly in equity:</b>		
Deferred tax credited directly to retained profits	1.2	-
Deferred tax (debited)/credited directly to share-based payment reserve	(0.6)	1.0
Current tax credited directly to retained profits on issuance of new shares	2.4	1.3
<b>Total tax recognised directly in equity</b>	<b>3.0</b>	<b>2.3</b>

## (c) Deferred taxes

## (i) Deferred tax balances

Deferred tax balances in the Consolidated Balance Sheet comprise temporary differences attributable to the following items:

As at 30 June	2020 \$m	2019 \$m
Share-based payments	7.0	8.8
Provisions and accruals	28.5	22.9
Employee benefits	11.0	12.3
Unrealised foreign exchange	9.5	3.7
Research and development incentive	(24.9)	(24.9)
Tax losses recognised	11.2	9.5
Property plant and equipment	6.1	2.7
Cash flow hedge	5.3	3.7
Other	5.0	7.3
<b>Deferred tax assets</b>	<b>58.7</b>	<b>46.0</b>
Intangible assets	86.6	99.4
Withholding tax on undistributed profits	35.0	33.8
Other	5.9	5.4
<b>Deferred tax liabilities</b>	<b>127.5</b>	<b>138.6</b>
<b>Net deferred tax liabilities</b>	<b>68.8</b>	<b>92.6</b>

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

## (ii) Deferred tax charged to income

For the year ended 30 June	2020 \$m	2019 \$m
Share-based payments	0.4	0.9
Provisions and accruals	(7.0)	(5.0)
Employee benefits	1.2	(0.6)
Unrealised foreign exchange	(6.0)	(3.7)
Research and development incentive	-	0.7
Tax losses recognised	(2.4)	(0.7)
Property plant and equipment	(1.9)	(1.4)
Other	3.2	4.1
<b>Deferred tax assets</b>	<b>(12.5)</b>	<b>(5.7)</b>
Intangible assets	(6.5)	(2.4)
Withholding tax on undistributed profits	2.2	10.7
Other	(0.1)	1.7
<b>Deferred tax liabilities</b>	<b>(4.4)</b>	<b>10.0</b>
<b>Net deferred tax (credited)/charged to income</b>	<b>(16.9)</b>	<b>4.3</b>

## (iii) Deferred tax movements

For the year ended 30 June	2020 \$m	2019 \$m
Opening net deferred tax liabilities	92.6	90.3
(Credited)/charged to income	(16.9)	4.3
Credited to other comprehensive income and equity	(3.0)	(5.2)
Acquisition of subsidiaries	-	0.9
Other reserves	-	(0.9)
Exchange differences	(3.9)	3.2
<b>Closing net deferred tax liabilities</b>	<b>68.8</b>	<b>92.6</b>

## Financing and risk management

### 6. Net debt

#### Accounting Policy

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

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

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

#### (a) Cash and cash equivalents

Cash and short-term deposits held in certain Asian countries (including China) are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from those countries, other than through normal dividends. Cash and bank balances at 30 June 2020 include RMB41.2m (A\$8.5m) held by some subsidiaries in the People's Republic of China, which is not freely convertible into other currencies for transfer around the Group (2019: A\$6.9m).

At 30 June 2020, cash and cash equivalents include \$63.9m (2019: \$64.8m) of short-term deposits and debentures held by ANZ, Brasil Online (BOL), Catho and Sidekicker. These highly liquid deposits and investments are readily convertible into known cash amounts and are subject to insignificant risk of changes of value.

#### (b) Borrowings

	Current		Non-current	
	2020 \$m	2019 \$m	2020 \$m	2019 \$m
Bank Loans - unsecured	59.8	3.7	1,156.7	995.3
Bank Loans - secured	83.6	129.4	323.3	302.7
Capital Markets Debt - unsecured	-	-	325.0	175.0
Less: transaction costs capitalised	-	-	(7.4)	(6.4)
<b>Total borrowings</b>	<b>143.4</b>	<b>133.1</b>	<b>1,797.6</b>	<b>1,466.6</b>

The Group had access to \$322.5m in undrawn facilities at 30 June 2020 (2019: \$603.3m).

## Financing and credit facilities

The overall funding structure of the SEEK Group includes bank loans and capital markets debt funding as follows:

		Drawn		Undrawn		Total	
Facility Type	Maturity	2020 \$m	2019 \$m	2020 \$m	2019 \$m	2020 \$m	2019 \$m
SEEK Limited - Non-current							
Bank facilities - unsecured (i)							
Tranche A (Revolving)	Nov 2022	A\$362.5m	A\$335.0m	-	A\$40.0m	A\$362.5m	A\$375.0m
Tranche B (Revolving)	Nov 2023	A\$105.0m	A\$90.0m	A\$145.0m	A\$160.0m	A\$250.0m	A\$250.0m
Tranche C (Revolving)	Nov 2024	US\$175.3m	US\$100.3m	US\$77.2m	US\$174.7m	US\$252.5m	US\$275.0m
Tranche D (Term Loan)	Nov 2023	US\$100.0m	US\$100.0m	-	-	US\$100.0m	US\$100.0m
Tranche E (Term Loan)	Nov 2024	US\$200.0m	US\$200.0m	-	-	US\$200.0m	US\$200.0m
Capital Markets Debt (ii)							
A\$ Floating Rate Notes	Apr 2022	A\$175.0m	A\$175.0m	-	-	A\$175.0m	A\$175.0m
A\$ Subordinated Floating Rate Notes	Jun 2026	A\$150.0m	n/a	-	n/a	A\$150.0m	n/a
Zhaopin - Current							
Bank facilities - unsecured (iii)							
Working Capital Facilities	Jul 2020	RMB290.9m	RMB18.0m	RMB19.0m	RMB182.0m	RMB309.9m	RMB200.0m
Bank facilities - secured (iv)							
Loan Facility	Jul 2020	US\$30.0m	US\$30.0m	-	-	US\$30.0m	US\$30.0m
Amortising Term Loan Facility	Sep 2020	US\$27.5m	US\$27.5m	-	-	US\$27.5m	US\$27.5m
Zhaopin - Non-current							
Bank facilities - secured (iv)							
Loan Facility	Aug 2022	US\$70.0m	US\$70.0m	-	-	US\$70.0m	US\$70.0m
Amortising Term Loan Facility	Sep 2022	US\$55.0m	US\$82.5m	-	-	US\$55.0m	US\$82.5m
Loan Facility	Oct 2022	US\$97.5m	US\$29.7m	USD\$2.5m	US\$70.3m	US\$100.0m	US\$100.0m
Revolving Credit Facility	Aug 2023	-	US\$63.2m	US\$40.0m	US\$11.8m	US\$40.0m	US\$75.0m

(i) As at 30 June 2020, A\$1,156.7m principal had been drawn down against the facility, comprising A\$467.5m and US\$475.3m (2019: A\$995.3m, comprising A\$425.0m and US\$400.3m). The SEEK Limited Borrower Group includes SEEK Limited and all subsidiaries in which its ownership is at least 90%.

(ii) A Guaranteed Euro Medium Term Note (EMTN) Programme was originally established in March 2017 with a programme limit of EUR 1 billion. Under the programme the Group may from time to time issue notes denominated in any currency, with funds raised under the programme to be used for general corporate purposes. In December 2019, the Group issued A\$150.0m of A\$ Subordinated Floating Rate Notes with a maturity date of June 2026 and a first optional redemption date of June 2023. These notes are unsecured and subordinate to SEEK's existing unsecured bank debt and A\$ Floating Rate Notes. The Group initiated a redemption of the April 2022 A\$175.0m Floating Rate Notes in June 2020, that completed in July 2020 and was funded from available cash balances. The Group also completed an A\$75.0m "tap" issuance of the June 2026 A\$ Subordinated Floating Rate Notes in July 2020, increasing the total outstanding to A\$225.0m.

(iii) The facilities are non-recourse to the SEEK Limited Borrower Group. In July 2020, total RMB working capital facilities increased from RMB309.9m to RMB439.9m, and maturity dates were extended. Updated facilities include two RMB facilities of RMB300.0m and RMB100.0m that were extended until December 2020 and July 2021 respectively, and a new facility of RMB40.0m maturing in January 2021.

(iv) The facilities are supported by funds on deposit of A\$442.8m within Zhaopin Limited and are non-recourse to the SEEK Limited Borrower Group (2019: A\$466.2m). During July 2020 Zhaopin implemented and drew down on a new US\$30.0m loan facility maturing in July 2023, and repaid the US\$30.0m facility expiring in July 2020.

## 6. Net debt continued

### (c) Net debt

	Facility limit	Borrowings \$m Note 6(b)	Cash \$m	Short-term investments \$m Note 8(b)	Funds on deposit \$m Note 10(i)	Net cash/ (debt) \$m
<b>Year ended 30 June 2020</b>						
SEEK Limited A\$ bank debt	A\$612.5m	(467.5)				
SEEK Limited US\$ bank debt	US\$552.5m	(689.2)				
SEEK Limited A\$ Floating Rate Notes	A\$175.0m	(175.0)				
SEEK Limited A\$ Subordinated Floating Rate Notes	A\$150.0m	(150.0)				
		(1,481.7)				(1,481.7)
Cash & short-term investments			337.7	0.1		337.8
<b>SEEK Limited Borrower Group<sup>(1)</sup></b>		(1,481.7)	337.7	0.1	-	(1,143.9)
Zhaopin	RMB309.9m	(59.8)				
Zhaopin	US\$322.5m	(406.9)				
		(466.7)	245.8	-	442.8	221.9
Other		-	21.3	0.1	-	21.4
<b>SEEK GROUP</b>	<b>A\$2,270.9m</b>	<b>(1,948.4)</b>	<b>604.8</b>	<b>0.2</b>	<b>442.8</b>	<b>(900.6)</b>
Less: transaction costs capitalised		7.4				
<b>Per Consolidated Balance Sheet</b>		<b>(1,941.0)</b>				

Consolidated net interest cover: EBITDA<sup>(2)</sup> / Net interest

7.0

Consolidated net leverage ratio: Net debt / EBITDA<sup>(2)</sup>

2.2

(1) Borrower Group includes SEEK Limited and all subsidiaries in which its ownership is at least 90%. Borrower Group EBITDA for the year ended 30 June 2020 was \$310.3m (2019: \$368.7m) inclusive of cash dividends received from excluded subsidiaries OES \$29.6m (2019: \$37.5m) and amounts received from equity accounted investments in the form of cash dividends or return of capital \$11.6m (June 19: \$0.9m).

(2) EBITDA is defined and reconciled to consolidated profit before income tax expense in Note 1 Segment information.

	Facility limit	Borrowings \$m Note 6(b)	Cash \$m	Short-term investments \$m Note 8(b)	Funds on deposit \$m Note 10(i)	Net cash/ (debt) \$m
<b>Year ended 30 June 2019</b>						
SEEK Limited A\$ bank debt	A\$625.0m	(425.0)				
SEEK Limited US\$ bank debt	US\$575.0m	(570.3)				
SEEK Limited A\$ Floating Rate Notes	A\$175.0m	(175.0)				
		(1,170.3)	60.7	-	-	(1,109.6)
Cash & short-term investments		-	130.8	0.1	-	130.9
<b>SEEK Limited Borrower Group</b>		(1,170.3)	191.5	0.1	-	(978.7)
Zhaopin	RMB200.0m	(3.7)				
Zhaopin	US\$385.0m	(432.1)				
		(435.8)	147.4	-	466.2	177.8
Other		-	44.0	-	-	44.0
<b>SEEK GROUP</b>	<b>A\$2,209.4m</b>	<b>(1,606.1)</b>	<b>382.9</b>	<b>0.1</b>	<b>466.2</b>	<b>(756.9)</b>
Less: transaction costs capitalised		6.4				
<b>Per Consolidated Balance Sheet</b>		<b>(1,599.7)</b>				

Consolidated net interest cover: EBITDA / Net interest

10.2

Consolidated net leverage ratio: Net debt / EBITDA

1.7

## 7. Notes to the cash flow statement

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

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

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

	2020 \$m	2019 \$m
<b>(Loss)/profit for the year</b>	<b>(90.8)</b>	198.4
<b>Non-cash items</b>		
Impairment loss	203.1	-
Depreciation and amortisation	133.9	85.8
Share of results of equity accounted investments	39.9	16.5
Amortisation of share-based payments	17.2	18.1
Aggregated tax amounts arising in the reporting period recognised directly in equity	(1.8)	(2.3)
Net loss on derivative instruments at fair value through profit and loss	14.8	-
Other	5.5	2.3
<b>Non-operating items</b>		
Gain on disposal of equity accounted investment	-	(2.5)
Fair value gain on financial asset	-	(3.2)
Write-off of borrowing costs	1.0	1.8
<b>Change in operating assets and liabilities:</b>		
(Increase)/decrease in trade and other receivables	44.0	(2.5)
(Increase)/decrease in current tax assets	0.4	(3.6)
(Increase)/decrease in deferred tax assets	(12.7)	(12.1)
Increase/(decrease) in trade and other payables	3.6	19.7
Increase/(decrease) in unearned income	(50.2)	33.8
Increase/(decrease) in current tax liabilities	(5.8)	(7.4)
Increase/(decrease) in provisions	2.9	2.6
Increase/(decrease) in deferred tax liabilities	(11.1)	14.4
Exchange gains/(losses) on translation of foreign operations	10.4	12.8
<b>Net cash inflow from operating activities</b>	<b>304.3</b>	372.6

## 7. Notes to the cash flow statement continued

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

This disclosure, which is a requirement of AASB 107 *Statement of Cash Flows*, allows users to understand changes in the balance of certain liabilities such as borrowings. It also includes certain assets where cash flows have been, or will be, included in cash flows from financing activities. The disclosure identifies changes from cash flows as well as non-cash changes such as acquisitions and exchange differences.

		Trade and other receivables	Other financial assets			Borrowings	Other financial liabilities	
		Funds on deposit for entrusted loan facilities \$m	Short term investments \$m	Funds on deposit for entrusted loan facilities \$m	Derivative assets \$m	Total Borrowings \$m	Put option \$m	Derivative liabilities \$m
2019	Movement type							
Opening balance		118.7	0.1	249.9	10.6	1,299.2	18.8	3.2
Net cash flows from financing activities	Cash	26.2	-	60.3	-	256.9	-	-
Interest received/receivable	Non-cash	4.2	-	(0.1)	-	-	0.4	-
Amortisation	Non-cash	-	-	-	(0.2)	3.5	-	-
Fair value through OCI	Non-cash	-	-	-	(3.8)	-	-	24.7
Fair value through profit and loss	Non-cash	-	-	-	1.7	-	-	5.6
Foreign exchange movements	Non-cash	2.4	-	4.6	-	40.1	-	-
Closing balance		151.5	0.1	314.7	8.3	1,599.7	19.2	33.5
2020								
Net cash flows from financing activities	Cash	15.4	0.1	(33.6)	-	322.0	-	(15.0)
Interest received/receivable	Non-cash	(2.9)	-	2.7	-	-	-	-
Amortisation	Non-cash	-	-	-	-	-	-	-
Fair value through OCI	Non-cash	-	-	-	3.6	10.6	-	26.6
Fair value through profit and loss	Non-cash	-	-	-	(6.2)	4.5	-	4.1
Write-off borrowing costs	Non-cash	-	-	-	-	1.0	-	-
Foreign exchange movements	Non-cash	(1.7)	-	(3.3)	-	3.2	-	-
Closing balance		162.3	0.2	280.5	5.7	1,941.0	19.2	49.2

## 8. Financial instruments and fair value measurement

### Accounting Policy

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

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

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

The Group uses the hypothetical derivative method and the critical terms match method to assess effectiveness of its hedge arrangements.

The Group designates certain derivatives as either:

#### Cash flow hedge

Risk that is being hedged	The risk of uncertain cash flows attributable to a particular risk associated with an asset, liability or future transaction.
Treatment of gains or losses	The effective portion of changes in the fair value is recognised in other comprehensive income and accumulated in reserves in equity.  The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within 'operations and administration expenses'.
Treatment if the hedge relationship finishes	The hedge relationship will end when the hedging instrument expires or is sold or terminated, or when it no longer meets the criteria for hedge accounting, or when the hedged risk occurs.  Gains and losses accumulated in equity remain in equity until the hedged item affects profit or loss. At this time, the accumulated gain or loss is reclassified to profit or loss within: <ul style="list-style-type: none"> <li>• 'finance costs' for interest rate derivatives hedging variable rate borrowings; and</li> <li>• 'operations and administration expenses' for other derivative instruments, where the underlying exposure is not relating to funding the Company.</li> </ul> When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

#### Fair value hedge

Risk that is being hedged	The risk of changes in the fair value of a financial asset, liability or unrecognised firm commitment.
Treatment of gains or losses	The effective portion of changes in the fair value is recognised in other comprehensive income and accumulated in reserves in equity.  The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within 'operations and administration expenses'. Where the hedged item is an equity instrument for which an election has been made to present changes in fair value in other comprehensive income, the ineffective portion shall remain in other comprehensive income.
Treatment if the hedge relationship finishes	The hedge relationship will end when the hedging instrument expires or is sold or terminated, or when it no longer meets the criteria for hedge accounting, or when the hedged item is disposed of.  Gains and losses accumulated in equity remain in equity until the hedged item affects profit or loss. If the hedged item is an equity instrument for which an election has been made to present changes in fair value in other comprehensive income, those amounts shall remain in other comprehensive income.

#### Net investment hedge

Risk that is being hedged	The risk of changes in foreign currency when net assets of a foreign operation are translated from their functional currency to Australian dollars.
Treatment of gains or losses	The effective portion of changes in the fair value is recognised in other comprehensive income and accumulated in reserves in equity.  The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within 'operations and administration expenses'.
Treatment if the hedge relationship finishes	The hedge relationship will end when the hedging instrument expires or is sold or terminated, or when it no longer meets the criteria for hedge accounting, or when the hedged item is disposed of.  Gains and losses accumulated in equity remain in equity until the foreign operation ceases to be consolidated. At this time, the accumulated gain or loss is recognised in profit or loss as part of the gain or loss on disposal.

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

Derivatives are only used for economic hedging purposes and not as speculative investments. However, certain derivative instruments do not qualify for hedge accounting or are not designated for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify or is not designated for hedge accounting are recognised immediately in profit or loss and are included in 'operations and administration expenses' or 'finance costs'.

## 8. Financial instruments and fair value measurement continued

This note provides information about the Group's financial instruments, including:

- (a) Valuation methodology of financial instruments;
- (b) Composition of financial instruments held by the Group; and
- (c) Derivative financial instruments.

### (a) Valuation methodology of financial instruments

For financial instruments measured and carried at fair value, the Group uses the following fair value measurement hierarchy:

Level 1: fair value is calculated using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: fair value is estimated using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### (b) Composition of the Group's financial instruments

Financial Instruments	Valuation method	Note	Current		Non-current	
			2020 \$m	2019 \$m	2020 \$m	2019 \$m
Cash and cash equivalents	Amortised cost	6(c)	604.8	382.9	-	-
Net trade receivables	Amortised cost	10	46.6	90.0	-	-
Funds on deposit for entrusted loan facilities	Amortised cost	10	47.4	-	114.9	151.5
Other financial assets	Various	8(b)	57.6	158.9	436.4	359.8
Trade and other payables	Amortised cost	13	(307.3)	(260.3)	-	-
Lease liabilities	Amortised cost	14(b)	(28.0)	-	(36.0)	-
Borrowings	Amortised cost	6(b)	(143.4)	(133.1)	(1,797.6)	(1,466.6)
Other financial liabilities	Various	8(b)	(70.0)	(40.0)	(3.1)	(24.0)

Further information regarding the Group's other financial assets and liabilities is provided below.

Other financial assets	Hierarchy level	Current		Non-current	
		2020 \$m	2019 \$m	2020 \$m	2019 \$m
<b>Financial assets held at amortised cost</b>					
Funds on deposit for entrusted loan facilities	n/a	43.3	141.2	237.2	173.5
Short-term investments	n/a	0.2	0.1	-	-
Security deposits	n/a	-	-	1.4	1.1
<b>Financial assets at fair value through profit and loss (FVPL)</b>					
Investment in equity instruments (i)	Level 3	-	-	113.6	102.2
Convertible loans (ii)	Level 3	8.4	9.3	1.2	26.5
Derivative financial instruments (c)	Level 2	1.3	7.5	-	-
<b>Financial assets at fair value through other comprehensive income (FVOCI)</b>					
Investment in equity instruments (i)	Level 2	-	-	82.0	50.0
Investment in equity instruments (i)	Level 3	-	-	1.0	6.5
Derivative financial instruments (c)	Level 2	4.4	0.8	-	-
<b>Total other financial assets</b>		<b>57.6</b>	<b>158.9</b>	<b>436.4</b>	<b>359.8</b>

		Current		Non-current	
	Hierarchy level	2020 \$m	2019 \$m	2020 \$m	2019 \$m
Other financial liabilities					
Financial liabilities at fair value through profit and loss (FVPL)					
Derivative financial instruments (c)	Level 2	(10.0)	(5.9)	-	-
Put option (iii)	Level 3	(19.2)	-	-	(19.2)
Contingent consideration	Level 3	(1.6)	(6.5)	(3.1)	(4.8)
Financial liabilities at fair value through other comprehensive income (FVOCI)					
Derivative financial instruments (c)	Level 2	(39.2)	(27.6)	-	-
Total other financial liabilities		(70.0)	(40.0)	(3.1)	(24.0)

Other financial assets and liabilities held by the Group as at 30 June 2020 are carried at an amount which closely approximates their fair value.

The Group's exposure to various risks associated with financial instruments is discussed in Note 9 Financial risk management.

#### (i) Investment in equity instruments

As part of its overall investment strategy, the Group holds various investments in equity instruments that do not meet the requirements of either consolidation or equity accounting, and which are not held for the purposes of trading. They are therefore held at fair value.

The following table shows the summary of changes in the fair value of the Group's investment in equity instruments:

	FVPL \$m	FVOCI \$m	Total \$m
Opening fair value 1 July 2018	97.7	6.0	103.7
Additions	-	50.0	50.0
Unrealised gain recognised in other income	3.2	-	3.2
Foreign exchange movements	1.3	0.5	1.8
<b>Closing fair value as at 30 June 2019</b>	<b>102.2</b>	<b>56.5</b>	<b>158.7</b>
Additions	<b>12.6</b>	<b>3.3</b>	<b>15.9</b>
Change in fair value recognised in other comprehensive income	-	<b>22.3</b>	<b>22.3</b>
Foreign exchange movements	<b>(1.2)</b>	<b>0.9</b>	<b>(0.3)</b>
<b>Closing fair value as at 30 June 2020</b>	<b>113.6</b>	<b>83.0</b>	<b>196.6</b>

#### (ii) Convertible loans

The Group has extended convertible loans to certain Early Stage Ventures. These loans are interest-bearing and subject to various terms and conditions.

#### (iii) Put option

A put option has been recognised relating to the remaining shares held by non-controlling interests in JobAdder. Movements in the estimated exercise value of this put option are recognised in the Consolidated Income Statement.

#### (c) Derivative financial instruments

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

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

Derivative instrument	Current assets		Current liabilities	
	2020 \$m	2019 \$m	2020 \$m	2019 \$m
<b>Derivatives designated as cash flow hedges</b>				
Forward foreign exchange contracts & options	0.2	-	-	(0.1)
Interest rate options contracts	-	-	(2.5)	(1.2)
Interest rate swap contracts	-	-	(0.4)	(11.2)
<b>Derivatives designated as net investment hedges</b>				
Forward foreign exchange contracts	0.9	-	-	(0.7)
Foreign exchange options	-	-	(23.3)	(2.6)
Cross currency interest rate swap contracts	3.3	0.8	(13.0)	(11.8)
<b>Derivatives not designated as hedges</b>				
Forward foreign exchange contracts & options	1.3	1.2	(6.8)	(2.2)
Cross currency interest rate swap contracts	-	6.3	(1.7)	-
Interest rate options & swap contracts	-	-	(1.5)	(3.7)
<b>Total derivative financial instruments</b>	<b>5.7</b>	<b>8.3</b>	<b>(49.2)</b>	<b>(33.5)</b>

## 9. Financial risk management

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

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

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

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

### Exposure to risks

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

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

A summary of the Group's derivative financial instruments and its application of hedge accounting is outlined in Note 8 Financial instruments and fair value measurement.

## (a) Foreign exchange risk

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

As a result of this international presence, the Group is exposed to both translation and transaction risk.

### Risk management policy

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

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

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

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

### Material arrangements in place at reporting date

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

The Group has foreign exchange options, forwards and cross currency swaps in hedging relationships to hedge the Group's SGD, GBP and EUR net investments. At 30 June 2020, there is a net liability on the foreign exchange options of \$23.3m (2019: net liability of \$2.6m). Cross currency interest rate swap contracts have a net liability of \$9.7m (2019: net liability of \$11.0m).

The Group also manages the foreign currency exposure on USD debt which is not designated as a net investment hedge and therefore revalued to profit and loss, by entering foreign exchange forward and option contracts. At 30 June 2020, there is a net liability on these derivatives of \$5.5m (2019: net liability \$1.0m).

### Material exposures and sensitivities

As noted above, the Group has significant offshore operations. In addition to the revenue and earnings for these operations as set out in the segment information (refer to Note 1) and other related disclosures, there are also significant assets which are subject to foreign exchange fluctuations, as set out in Note 11 Intangible assets and Note 19 Interests in controlled entities. The method for translating the Group's offshore results, assets and liabilities is described in Note 28 Other significant accounting policies.

A sensitivity analysis has been performed over possible movements in relevant foreign currencies against the underlying functional currencies in the short term subsequent to 30 June 2020. Utilising a range of +5% to -5%, the analysis showed that the impact to the profit and loss would be less than \$1.5m for each of the common currency pairings.

At 30 June 2020, the Group's largest exposure to foreign currency exchange risk is in regards to the USD denominated borrowings. This is the largest exposure that the Group has in relation to a foreign currency denominated asset or liability as it is repayable in USD but held by an Australian entity which operates in Australian dollars.

At 30 June 2020, the amount of USD borrowings drawn down on SEEK Limited's USD bank debt was US\$475.3m (2019: US\$400.3m). US\$239.9m of this loan has been designated as a net investment hedge with a further US\$35.0m designated as a fair value hedge for accounting purposes and therefore movements are taken directly to equity, rather than impacting profit or loss. The remaining US\$200.4m of this loan has been economically hedged by cross currency interest rate swap contracts, forward foreign exchange contracts and USD denominated assets.

## 9. Financial risk management continued

### (b) Interest rate risk

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

#### Risk management policy

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

#### Material arrangements in place at reporting date

The Group has entered into interest rate swaps and options under which it receives interest at variable rates and pays interest at fixed rates. As shown in the table below, swaps and options in place at 30 June 2020 cover approximately 26% (2019: 36%) of the variable loan principal outstanding on the Group's loan facility.

	2020		2019	
	Weighted average interest rate %	\$m	Weighted average interest rate %	\$m
<b>AUD denominated borrowings</b>				
Bank loans - principal	2.5%	467.5	3.3%	425.0
Subordinated note	4.5%	150.0	n/a	-
Senior Euro Medium Term Note	3.1%	175.0	4.2%	175.0
Less amounts covered by interest rate swaps	1.9%	(435.0)	1.8%	(450.0)
		357.5		150.0
<b>USD denominated borrowings</b>				
Bank loan - principal	3.6%	689.2	4.2%	570.3
Entrusted loan facilities	3.2%	406.9	3.9%	432.1
Less amounts covered by interest rate swaps or options	2.6%	(72.5)	2.2%	(135.4)
		1,023.6		867.0
<b>RMB denominated borrowings</b>				
Loan facility	3.9%	59.8	4.8%	3.7
Less amounts covered by interest rate swaps	n/a	-	n/a	-
		59.8		3.7
<b>Total Group borrowings</b>				
Total borrowings	3.2%	1,948.4	3.8%	1,606.1
Less amounts covered by interest rate swaps	2.0%	(507.5)	1.9%	(585.4)
		1,440.9		1,020.7

As at 30 June 2020, the Group has a net liability on its interest rate swaps and options of \$4.4m (2019: net liability \$16.1m). During the year, the Group restructured some of its interest rate swap contracts to optimise its level of hedge cover and take advantage of lower interest rates.

#### Material exposures and sensitivities

The weighted average interest rate for the year ended 30 June 2020 was 3.2% (2019: 3.8%). If the weighted average interest rate had been 10% higher or 10% lower, interest expense would increase/decrease by \$5.7m.

While the Group's bank accounts are predominantly interest bearing accounts, funds that are in excess of short-term liquidity requirements are generally invested in short-term deposits. Where excess funds are significantly in excess of short-term requirements, they are then applied to reduce the syndicated loan facility balance. Given this, at 30 June 2020, there is not a material interest rate risk relating to the Group's cash balances.

### (c) Liquidity risk

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

#### Risk management policy

Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping the cash reserves of the business accessible. The Group maintains borrowing facilities to enable the Group to borrow funds when necessary. For details of these facilities, refer to Note 6 Net debt.

#### Material arrangements in place at reporting date

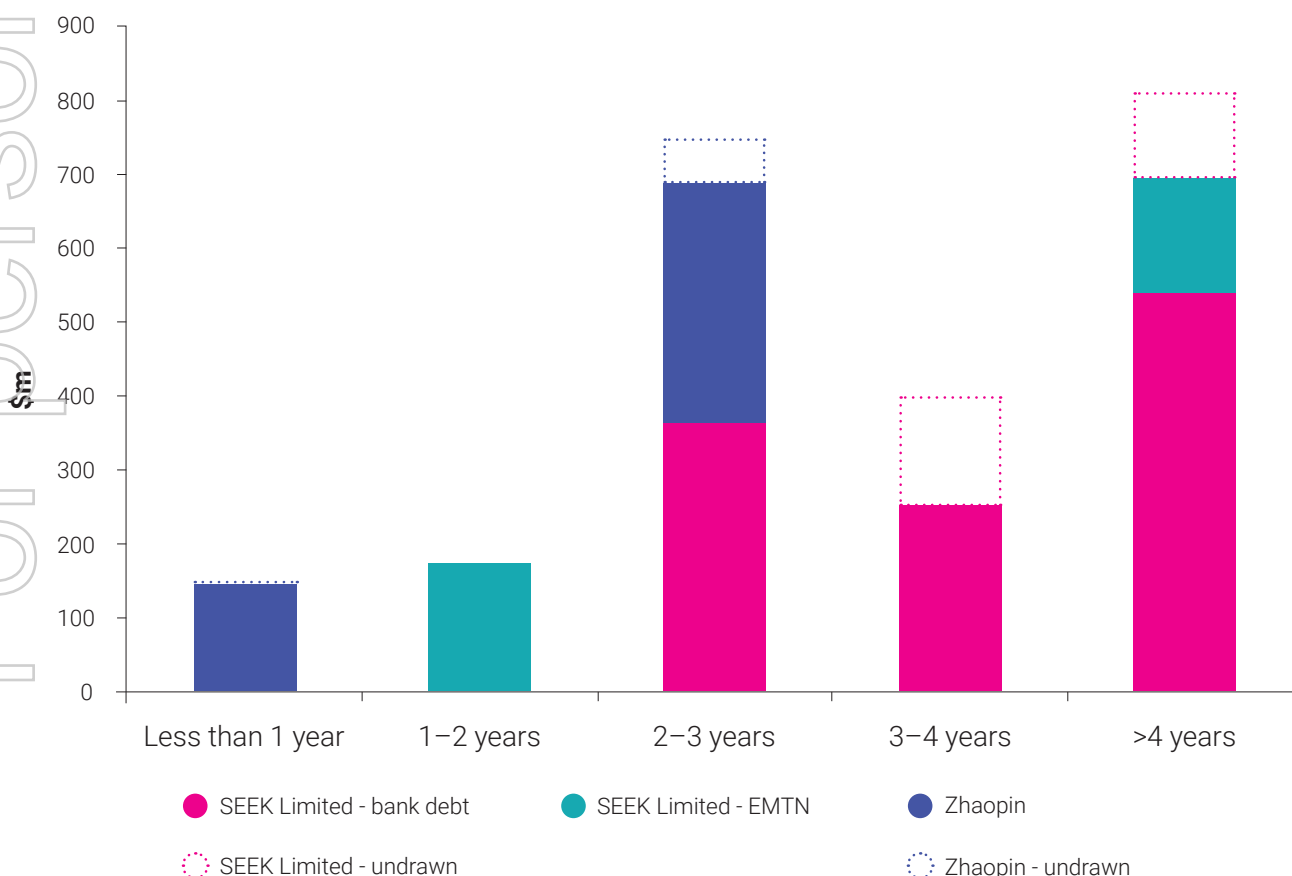
At 30 June 2020, the Group had access to borrowing facilities totalling \$147.2m expiring within one year and \$2,123.7m expiring beyond one year (2019: \$187.6m expiring within one year and \$2,021.8m expiring beyond one year). The table below outlines the level of drawn and undrawn debt at the balance sheet date.

	Drawn		Undrawn		Total	
	2020 \$m	2019 \$m	2020 \$m	2019 \$m	2020 \$m	2019 \$m
<b>Floating rate</b>						
Expiring within one year	143.4	133.1	3.8	54.5	147.2	187.6
Expiring beyond one year	1,805.0	1,473.0	318.7	548.8	2,123.7	2,021.8
	1,948.4	1,606.1	322.5	603.3	2,270.9	2,209.4

Subject to continuing to meet certain financial covenants, certain revolving bank loan facilities may be drawn down at any time. The Group is not subject to externally imposed capital requirements, other than the contractual banking covenants and obligations. SEEK has obtained a temporary increase to key covenant limits in its senior syndicated debt facility through to June 2021. The Group has complied with all bank lending requirements during the year and at the date of this report.

#### Material exposures

The below graph outlines the contractual undiscounted maturities of the Group's borrowing portfolio as at 30 June 2020 and prior to the redemption and new issue activities set out in Note 6 Net debt:



## 9. Financial risk management continued

### Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual undiscounted maturities for:

- (a) all non-derivative financial liabilities, and
- (b) net and gross settled derivative financial instruments.

Contractual maturities of financial liabilities	Less than 6 months \$m	6 to 12 months \$m	Between 1 and 2 years \$m	Between 2 and 5 years \$m	Over 5 years \$m	Total contractual (inflows)/outflows \$m	Carrying amount (assets)/liabilities \$m
<b>At 30 June 2020</b>							
<b>Non-derivatives</b>							
Trade payables	307.3	-	-	-	-	307.3	307.3
Lease liabilities	14.8	13.3	20.8	18.9	-	67.8	64.0
Put option	10.5	8.7	-	-	-	19.2	19.2
Contingent consideration	1.6	-	1.9	1.2	-	4.7	4.7
Borrowings	166.8	21.8	217.8	1,530.1	155.7	2,092.2	1,948.4
<b>Total non-derivatives</b>	<b>501.0</b>	<b>43.8</b>	<b>240.5</b>	<b>1,550.2</b>	<b>155.7</b>	<b>2,491.2</b>	<b>2,343.6</b>
<b>Derivatives</b>							
<b>Net settled</b>							
Interest rate swaps	(14.5)	0.8	9.0	5.4	-	0.7	1.2
<b>Gross settled</b>							
Forward foreign exchange contracts/options							
- (inflow)	(320.2)	(18.7)	-	-	-	(338.9)	30.2
- outflow	324.8	18.6	-	-	-	343.4	
Cross currency interest rate swaps							
- (inflow)	(1.5)	(90.7)	(80.9)	(111.7)	-	(284.8)	17.8
- outflow	2.2	92.8	86.5	120.3	-	301.8	
<b>Total derivatives</b>	<b>(9.2)</b>	<b>2.8</b>	<b>14.6</b>	<b>14.0</b>	<b>-</b>	<b>22.2</b>	<b>49.2</b>
<b>At 30 June 2019</b>							
<b>Non-derivatives</b>							
Trade payables	260.3	-	-	-	-	260.3	260.3
Put option	-	-	19.2	-	-	19.2	19.2
Contingent consideration	5.9	0.6	1.3	3.5	-	11.3	11.3
Borrowings	151.6	24.9	83.6	1,479.1	-	1,739.2	1,606.1
<b>Total non-derivatives</b>	<b>417.8</b>	<b>25.5</b>	<b>104.1</b>	<b>1,482.6</b>	<b>-</b>	<b>2,030.0</b>	<b>1,896.9</b>
<b>Derivatives</b>							
<b>Net settled</b>							
Interest rate swaps	1.5	2.2	4.2	2.5	-	10.4	11.1
<b>Gross settled</b>							
Forward foreign exchange contracts/options							
- (inflow)	(353.6)	(36.3)	-	-	-	(389.9)	5.6
- outflow	353.8	36.5	-	-	-	390.3	
Cross currency interest rate swaps							
- (inflow)	(51.7)	(1.6)	(3.2)	(193.6)	-	(250.1)	16.8
- outflow	54.6	1.8	3.5	209.4	-	269.3	
<b>Total derivatives</b>	<b>4.6</b>	<b>2.6</b>	<b>4.5</b>	<b>18.3</b>	<b>-</b>	<b>30.0</b>	<b>33.5</b>

#### (d) Credit risk

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

##### Risk management policy

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

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

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

##### Material exposures

Cash and cash equivalents at 30 June 2020 were \$604.8m (2019: \$382.9m). All amounts are invested with financial institutions that have an investment grade rating. Funds on deposit to support entrusted loan facilities at 30 June 2020 were \$442.8m (2019: \$466.2m). All amounts are invested with financial institutions that have an investment grade rating, and are held as security against the borrowing facilities of Zhaopin. Given this, at 30 June 2020, there is not a material credit risk relating to the Group's cash balances.

Trade receivables at 30 June 2020 were \$52.2m (2019: \$94.2m). The Group does not hold any credit derivatives or collateral to offset its credit exposure. Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value. The exposure to credit risk is relatively low due to the credit terms provided and the large and diverse customer base.

##### Net trade receivables

During the year, a total expense of \$3.7m (2019: \$0.7m) was recognised in the Consolidated Income Statement in relation to the provision for doubtful debts and credit notes.

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

	2020 \$m	2019 \$m
Not past due	29.7	55.0
Past due less than 30 days	7.7	23.8
Past due 30 - 60 days	3.0	5.6
Past due 61 - 90 days	2.1	3.1
Past due 91 - 120 days	3.0	0.9
Past due 120+ days	1.1	1.6
<b>Closing balance</b>	<b>46.6</b>	<b>90.0</b>

## Assets and liabilities

### Accounting Policy

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

Amounts recognised as revenue, which are not yet able to be invoiced to the customer, are recognised in the Consolidated Balance Sheet as accrued revenue.

Once the amount is unconditionally payable by the customer, it is invoiced and reclassified from accrued revenue to trade receivables.

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

### 10. Trade and other receivables

	Current		Non-current	
	2020 \$m	2019 \$m	2020 \$m	2019 \$m
Trade receivables	52.2	94.2	-	-
Less: loss allowance	(5.6)	(4.2)	-	-
<b>Net trade receivables</b>	<b>46.6</b>	<b>90.0</b>	<b>-</b>	<b>-</b>
Accrued revenue	8.0	4.9	-	-
Other receivables	17.2	21.5	-	-
Funds on deposit for entrusted loan facilities (i)	47.4	-	114.9	151.5
Prepayments	32.4	31.4	-	-
<b>Total trade and other receivables</b>	<b>151.6</b>	<b>147.8</b>	<b>114.9</b>	<b>151.5</b>

### Receivables - Recoverability

The Group has applied a provision matrix to capture the different historical credit loss experience for different customer segments, risk adjusted for expected delays in payment only due to impacts of COVID-19 on customers.

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

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

	Other financial assets - Note 8(b)		Other receivables - Note 10		Total \$m
	Current \$m	Non-current \$m	Current \$m	Non-current \$m	
Opening funds on deposit as at 1 July 2019	141.2	173.5	-	151.5	466.2
Cash released from deposit to support entrusted loan facilities	(139.3)	-	-	-	(139.3)
Cash placed on deposit to support entrusted loan facilities	2.4	103.3	-	15.4	121.1
Transfer between current and non-current classification	39.4	(39.4)	46.7	(46.7)	-
Movement in interest received/receivable	(0.6)	3.3	0.6	(3.5)	(0.2)
Movement in exchange	0.2	(3.5)	0.1	(1.8)	(5.0)
<b>Closing funds on deposit as at 30 June 2020</b>	<b>43.3</b>	<b>237.2</b>	<b>47.4</b>	<b>114.9</b>	<b>442.8</b>

## 11. Intangible assets

### Critical accounting estimates and assumptions

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

licences to the extent necessary to maintain their values for the foreseeable future.

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

### Accounting Policy

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

Type of intangible asset	Valuation method	Amortisation method	Estimated useful life
Goodwill	Initially measured at cost. The excess of consideration paid and the amount of any non-controlling interest in a business combination over the fair value of the net identifiable assets acquired is recognised as goodwill	Not amortised, reviewed for impairment at least annually	n/a
Brands and licences	Initially at cost, or fair value if acquired as part of a business combination	Finite life brands, straight-line. Indefinite life brands not amortised, reviewed for impairment at least annually	Specific to circumstances
Customer relationships	Initially at fair value at date of business combination	Straight-line	1 to 5 years
Software and website development	Initially at cost, or fair value if acquired as part of a business combination, and subsequently at cost less accumulated amortisation	Straight-line	3 to 5 years
Work in progress	Cost	Not amortised as not ready for use	n/a

#### (i) Goodwill

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

#### (ii) Software and website development

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

#### (iii) Work in progress

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

## 11. Intangible assets continued

	Notes	Goodwill \$m	Brands and licences \$m	Customer relationships \$m	Software and website development \$m	Work in progress \$m	Total \$m
<b>2019</b>							
<b>Cost</b>							
Opening balance at 1 July 2018		2,192.5	358.9	95.4	288.5	27.9	2,963.2
Additions		-	-	-	8.7	97.1	105.8
Exchange differences		99.5	16.1	3.1	4.5	(0.2)	123.0
Acquisition of subsidiaries		20.9	1.4	0.9	3.5		26.7
Transfers		-	-	-	95.1	(95.1)	-
Closing balance at 30 June 2019		2,312.9	376.4	99.4	400.3	29.7	3,218.7
<b>Amortisation</b>							
Opening balance at 1 July 2018		(179.0)	(3.7)	(72.7)	(155.2)	-	(410.6)
Amortisation charge		-	(0.1)	(7.0)	(61.9)	-	(69.0)
Exchange differences		(13.0)	-	(4.0)	(2.6)	-	(19.6)
Closing balance at 30 June 2019		(192.0)	(3.8)	(83.7)	(219.7)	-	(499.2)
<b>Carrying value at 30 June 2019</b>		<b>2,120.9</b>	<b>372.6</b>	<b>15.7</b>	<b>180.6</b>	<b>29.7</b>	<b>2,719.5</b>
<b>2020</b>							
<b>Cost</b>							
Opening balance at 1 July 2019		<b>2,312.9</b>	<b>376.4</b>	<b>99.4</b>	<b>400.3</b>	<b>29.7</b>	<b>3,218.7</b>
Additions		-	-	-	6.7	107.4	114.1
Acquisition of subsidiaries		0.6	-	-	-	-	0.6
Disposals		-	-	-	(1.2)	-	(1.2)
Exchange differences		(77.6)	(17.7)	(1.2)	(7.7)	(1.6)	(105.8)
Transfers		-	-	-	92.7	(92.7)	-
Closing balance at 30 June 2020		<b>2,235.9</b>	<b>358.7</b>	<b>98.2</b>	<b>490.8</b>	<b>42.8</b>	<b>3,226.4</b>
<b>Amortisation</b>							
Opening balance at 1 July 2019		(192.0)	(3.8)	(83.7)	(219.7)	-	(499.2)
Amortisation charge		-	(0.6)	(7.1)	(82.2)	-	(89.9)
Disposals		-	-	-	0.7	-	0.7
Impairment loss	12(c)	(129.0)	(11.4)	-	-	-	(140.4)
Exchange differences		45.4	0.1	1.2	5.7	-	52.4
Closing balance at 30 June 2020		(275.6)	(15.7)	(89.6)	(295.5)	-	(676.4)
<b>Carrying value at 30 June 2020</b>		<b>1,960.3</b>	<b>343.0</b>	<b>8.6</b>	<b>195.3</b>	<b>42.8</b>	<b>2,550.0</b>

## 12. Impairment

### Critical accounting estimates and assumptions

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

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

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

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

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

## (a) Cash-generating units

Goodwill and other intangible assets are allocated to CGUs for the purpose of impairment testing.

CGU / Group of CGUs	2020		2019	
	Goodwill \$m	Intangible assets with indefinite useful lives \$m	Goodwill \$m	Intangible assets with indefinite useful lives \$m
<b>Asia Pacific &amp; Americas</b>				
SEEK New Zealand	5.7	-	5.8	-
SEEK Asia (i)	1,055.4	146.9	1,040.0	145.3
Brasil Online (ii)	-	25.7	120.0	51.6
OCC	8.6	16.8	60.4	20.4
Jora	1.1	-	1.1	-
GradConnection	14.7	1.4	14.4	1.4
<b>SEEK Investments</b>				
Zhaopin	520.4	147.2	526.2	148.9
OES	336.1	-	334.7	-
JobAdder	12.6	5.0	12.6	5.0
Sidekicker	5.7	-	5.7	-
	<b>1,960.3</b>	<b>343.0</b>	<b>2,120.9</b>	<b>372.6</b>

### (i) SEEK Asia

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

For the purpose of impairment testing, goodwill and intangible asset balances are assessed on the following basis:

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

### (ii) Brasil Online

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

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

## (b) Impairment testing and key assumptions

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

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

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

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

The cash flow projections have been:

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

## 12. Impairment continued

### Key assumptions

Management determines the carrying value of certain CGUs / Groups of CGUs based on discounted future cash flow projections which include estimates relating to: revenue, operating costs, capital expenditure and tax, in addition to the terminal growth rate and discount rates noted in the table below. Future cash flow forecasts are derived based on judgement and management's best estimates with reference to key structural and market factors, and have been derived under a consistent approach to the prior year impairment assessment, utilising past experience, external data and internal analysis. The key structural and market factors considered in relation to the online employment businesses comprise labour market growth, rising internet penetration, continued structural migration of advertising expenditure from print to online channels and GDP growth. Management also anticipate growth from market penetration and continued evolution of products and services.

CGU / Group of CGUs	Valuation method	Years of cash flow projection	Terminal growth rate %	Post-tax discount rate %	
				2020	2019
SEEK Asia	Fair value less costs of disposal	10	2.4	11.5	14.5
Brasil Online	Fair value less costs of disposal	10	3.5	16.0	17.0
OCC	Fair value less costs of disposal	10	3.0	13.5	13.5
GradConnection (i)	Fair value less costs of disposal	n/a	n/a	n/a	n/a
Zhaopin	Fair value less costs of disposal	10	2.6	12.5	n/a
OES	Fair value less costs of disposal	10	2.3	9.5	10.0
JobAdder (ii)	Fair value less costs of disposal	n/a	n/a	n/a	n/a
Sidekicker (iii)	Fair value less costs of disposal	n/a	n/a	n/a	n/a

#### (i) GradConnection

On 8 February 2019, SEEK acquired a 100% interest in GradConnection Holdings Pty Ltd (together with its consolidated subsidiaries, 'GradConnection'). GradConnection was consolidated in the SEEK Group result from that date. As at 30 June 2020, the recoverable amount of its assets have been determined with reference to this transaction. There are no indicators to suggest that the fair value of GradConnection has significantly changed since this transaction.

#### (ii) JobAdder

In determining the indicative fair value of SEEK's Early Stage Ventures portfolio in the prior year (refer Note 20 Interests in equity accounted investments), SEEK performed an indicative valuation assessment based on a revenue multiple as determined previously by an independent valuer, adjusted for the latest financial performance. As at 30 June 2020, the recoverable amount of its assets have been determined with reference to this indicative valuation assessment.

#### (iii) Sidekicker

In determining the indicative fair value of SEEK's Early Stage Ventures portfolio in the prior year (refer Note 20 Interests in equity accounted investments), SEEK obtained an external independent valuation for Sidekicker. As at 30 June 2020, the recoverable amount of its assets have been determined with reference to this independent external valuation.

### (c) Impairment losses recognised during the year

In its FY2020 results, SEEK recognised a total non-cash impairment loss of \$203.1m in relation to Brasil Online, OCC and four of its minority investments which sit outside its core investment themes.

The total impairment loss of \$203.1m recognised in the Consolidated Income Statement is before the unwind of deferred tax liabilities relating to impaired brand intangibles in Brasil Online (\$3.9m) (refer Note 5 Income tax). The net impairment charge of \$199.2m (SEEK share: \$198.4m) is classified as a significant item in SEEK's FY2020 results and has no impact on SEEK's funding covenants.

Year ended 30 June 2020	Notes	Brasil Online (i) \$m	OCC (ii) \$m	AP&A Other (iii) \$m	SEEK Investments ESVs (iii) \$m	Total \$m
Goodwill	11	86.3	42.7	-	-	129.0
Brands and licences	11	11.4	-	-	-	11.4
Other		3.0	-	-	-	3.0
Equity accounted investments	20(b)	-	-	20.8	38.9	59.7
<b>Total impairment loss (per Consolidated Income Statement)</b>		<b>100.7</b>	<b>42.7</b>	<b>20.8</b>	<b>38.9</b>	<b>203.1</b>
Unwind of DTL relating to impaired Brand intangibles	5(a)i	(3.9)	-	-	-	(3.9)
<b>Net impairment charge (post-tax)</b>		<b>96.8</b>	<b>42.7</b>	<b>20.8</b>	<b>38.9</b>	<b>199.2</b>

**(i) Brasil Online**

As part of management's impairment testing for the year ended 30 June 2020, the carrying amount of the goodwill and other indefinite life intangible assets in Brasil Online was compared to the recoverable amount using a fair value less cost of disposal (FVLCD) discounted cash flow (DCF) model. As at 30 June 2020, the carrying amount of Brasil Online exceeded its recoverable amount by \$96.8m and a net impairment loss of the same amount was recognised.

**(ii) OCC**

As part of management's impairment review for the year ended 30 June 2020, the carrying amount of the goodwill and other indefinite life intangible assets in OCC was compared to the recoverable amount using a fair value less cost of disposal (FVLCD) discounted cash flow (DCF) model. As at 30 June 2020, the carrying amount of OCC exceeded its recoverable amount by \$42.7m and an impairment loss of the same amount was recognised.

**(iii) Equity accounted investments**

As part of management's impairment review for the year ended 30 June 2020, the carrying amount of four of SEEK's Early Stage Ventures was compared to the recoverable amount. As at 30 June 2020, the carrying amount of these four investments exceeded their recoverable amount by an aggregate amount of \$59.7m (individually from \$7m to \$20m) and an impairment loss of the same amount was recognised.

The impaired investments are all outside of SEEK's core focus areas of Online Education, HR SaaS and Contingent Labour. The decrease in the recoverable amounts of these assets reflects a combination of macro and political conditions, competitive intensity, operational issues and significant impacts of COVID-19.

The Group did not recognise an impairment loss for the year ended 30 June 2019.

**(d) Sensitivity analysis**

Future net cash flows for each CGU / Group of CGUs are based on the key assumptions noted above, each of which are subject to some uncertainty. Except for those CGUs / Group of CGUs noted below, any reasonable change in the key assumptions would not result in the carrying amounts materially exceeding their recoverable amounts.

**(i) Brasil Online**

The decrease in the recoverable amount of Brasil Online as at 30 June 2020 largely reflects the devastating impact of COVID-19 across Brazil and the challenging economics of the candidate pays model in this environment. This has had, and is expected to continue to have, a negative impact on the economy and the future cash flows of the business.

Consistent with 31 December 2019, the recoverable amount of Brasil Online is sensitive to:

- i. Assumed improvements in the Brazilian economy, which has a significant impact on Brasil Online's revenue growth profile; and
- ii. The macro-economic and political environment (specifically key inputs such as market risk premium, inflation and interest rates) which have an impact on the discount rate.

If the return to positive revenue growth were to be delayed until FY2024 (a further one year compared to management's current assumption), or the post-tax discount rate were to increase by 1%, the valuation indicated by the FVLCD DCF model would decrease by approximately \$9m and \$4m respectively.

**(ii) OCC**

The decrease in the recoverable amount of OCC as at 30 June 2020 largely reflects the devastating impact of COVID-19 across Mexico. This has had, and is expected to continue to have, a negative impact on the economy and the future cash flows of the business.

Consistent with 31 December 2019, the recoverable amount of OCC is sensitive to:

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

If the return to positive revenue growth were to be delayed until FY2023 (a further one year compared to management's current assumption), or the post-tax discount rate were to increase by 1%, the valuation indicated by the FVLCD DCF model would decrease by approximately \$9m and \$3m respectively.

## 13. Trade and other payables

	2020 \$m	2019 \$m
Trade payables	16.4	26.1
Accruals	221.7	201.1
Dividend payable (i)	45.8	-
GST and other value added taxes payable	5.5	13.8
Other payables	17.9	19.3
<b>Total trade and other payables</b>	<b>307.3</b>	<b>260.3</b>

(i) On 6 April 2020, the Group announced that it had deferred payment of the 2020 interim dividend until 23 July 2020.

## 14. Leases

### Accounting Policy

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group separates the lease and non-lease components of the contract and accounts for these separately. The consideration in the contract is then allocated to each component on the basis of their relative stand-alone prices.

#### *Leases as a lessee*

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease. The asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, an estimate of make-good costs, and initial direct costs incurred, less any lease incentives received.

Subsequently, the asset is depreciated using the straight-line method from commencement date to the earlier of the end of its useful life and the lease term.

Periodically, the asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date.

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, and makes adjustments specific to the lease, e.g. term, country, currency and security.

Subsequently, the lease liability is increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or a change in the assessment of whether renewal or termination options contained within the contract are reasonably certain to be exercised. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset. Any excess is recorded in the Consolidated Income Statement.

Lease payments are allocated between principal and finance cost. The finance cost is recorded in the Consolidated Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group does not recognise right-of-use assets and lease liabilities for low-value assets. These leases are recognised as incurred and treated as an expense in the Consolidated Income Statement.

Refer to Note 29 Changes in accounting policies for further information regarding the impacts of the adoption of AASB 16 *Leases* which the Group applied from 1 July 2019.

**(i) Amounts recognised in the Consolidated Balance sheet****(a) Right-of-use assets**

The Group leases various offices under non-cancellable agreements which primarily expire within one to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the lease are negotiated.

<b>Year ended 30 June 2020</b>	<b>Property leases \$m</b>
Balance recognised at 1 July 2019 <sup>(1)</sup>	56.7
Additions to right-of-use assets	30.7
Disposals of right-of-use assets	(3.6)
Depreciation charge for the year	(26.5)
Impact of exchange differences	(1.8)
<b>Balance at 30 June 2020</b>	<b>55.5</b>

(1) The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied.

**(b) Lease liabilities**

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 4.84%.

	<b>2020 \$m</b>	<b>2019 \$m</b>
Current	28.0	-
Non-current	36.0	-
<b>Total lease liabilities</b>	<b>64.0</b>	<b>-</b>

**Extension options**

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The following factors are normally the most relevant in making this determination:

- if any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend; and
- other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

As at 30 June 2020, potential future cash outflows of \$6.5m (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of \$13.4m.

**(ii) Amounts recognised in the Consolidated Income Statement**

The following amounts relating to leases were recognised in the Consolidated Income Statement during the year ended 30 June:

	<b>2020 \$m</b>	<b>2019 \$m</b>
Depreciation - right-of-use assets	26.5	-
Interest expense on lease liabilities (included in 'finance costs')	3.2	-

**Impact of COVID-19**

The Group has adopted the practical expedient in paragraph 46A of AASB 16 *Leases* and elected not to account for any rent concessions granted as a result of the COVID-19 pandemic as a lease modification. The amount recognised in profit or loss due to changes in lease payments arising from such concessions was \$0.9m.

**(iii) Amounts recognised in the Consolidated Statement of Cash Flows**

The total cash outflow for lease liabilities during the year ended 30 June 2020 was \$30.5m, comprising interest expense on lease liabilities of \$3.2m (recognised as 'operating activities') and principal elements of lease liabilities of \$27.3m (recognised as 'financing activities') (2019: nil).

The future cash outflows relating to leases that have not yet commenced are disclosed in Note 22 Commitments for expenditure.

## 15. Provisions

### Critical accounting estimates and assumptions

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

The carrying amount of the provision has been reassessed in each subsequent reporting period.

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

### Accounting Policy

Provisions are recognised when:

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

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

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

	Current		Non-current	
	2020 \$m	2019 \$m	2020 \$m	2019 \$m
Employee benefits provision	27.1	25.7	15.9	11.8
Other provisions	9.4	13.4	11.6	10.2
<b>Total provisions</b>	<b>36.5</b>	<b>39.1</b>	<b>27.5</b>	<b>22.0</b>

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

	Lease incentives \$m	Make good provision \$m	Acquired contingent liabilities (i) \$m	Tax cases provision (ii) \$m	Other \$m	Total \$m
<b>Balance at 1 July 2019</b>	0.8	1.6	12.1	5.8	3.3	23.6
Additional provision recognised in the year	-	0.7	-	4.2	5.3	10.2
Credited to the Consolidated Income Statement	(0.4)	-	(5.3)	-	(3.8)	(9.5)
Utilisation during the year	-	-	-	(1.1)	-	(1.1)
Impact of AASB 16 implementation	(0.4)	0.4	-	-	-	-
Effect of movement in foreign exchange	-	-	(0.3)	(1.7)	(0.2)	(2.2)
<b>Balance at 30 June 2020</b>	-	2.7	6.5	7.2	4.6	21.0
<b>Current</b>	-	<b>1.4</b>	<b>4.4</b>	-	<b>3.6</b>	<b>9.4</b>
<b>Non-current</b>	-	<b>1.3</b>	<b>2.1</b>	<b>7.2</b>	<b>1.0</b>	<b>11.6</b>

#### (i) Acquired contingent liabilities

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

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

## (ii) Tax cases provision

Brasil Online is subject to a number of tax infraction notices from Brazilian tax authorities. These tax infractions are either open, subject to legal proceedings, or under appeal. Based on advice from leading Brazilian external legal counsel, Brasil Online has estimated the most likely amounts payable including penalties and interest and has recognised this amount as a provision. Unrecognised contingent liabilities relating to uncertain tax positions applicable to Brasil Online are discussed further in Note 23 Contingent liabilities.

## Equity

## 16. Share capital

	Ordinary shares (excluding Treasury shares)	Treasury shares	Total Share capital	
Movement of shares on issue	No. of Shares	No. of Shares	No. of Shares	\$m
Balance at 30 June 2018	350,265,303	790,579	351,055,882	269.2
Issue of shares to satisfy future rights exercises	-	955,000	955,000	-
Exercise of rights	88,173	(88,173)	-	-
Release of restricted shares	377,949	(377,949)	-	-
<b>Balance at 30 June 2019</b>	<b>350,731,425</b>	<b>1,279,457</b>	<b>352,010,882</b>	<b>269.2</b>
Issue of shares to satisfy future rights exercises	-	<b>1,019,308</b>	<b>1,019,308</b>	-
Exercise of rights	<b>662,215</b>	<b>(662,215)</b>	-	-
Release of restricted shares	<b>389,832</b>	<b>(389,832)</b>	-	-
<b>Balance at 30 June 2020</b>	<b>351,783,472</b>	<b>1,246,718</b>	<b>353,030,190</b>	<b>269.2</b>

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

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

Treasury shares are shares in the Company that are held by the Employee Share Trust for the purpose of future allocation to employees under the SEEK Equity Plan, and shares held by the Employee Share Trust that have been allocated to employees but are subject to a disposal restriction.

## 17. Reserves

### Nature and purpose of reserves

#### Cash flow hedge reserve

The Cash flow hedge reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that is recognised directly in equity, as described in Note 8.

#### Net investment hedge reserve

The Net investment hedge reserve is used to record gains or losses on a hedging instrument in a net investment hedge that is recognised directly in equity, as described in Note 8.

#### Fair value hedge reserve

The Fair value hedge reserve is used to record gains or losses on a hedging instrument in a fair value hedge that is recognised directly in equity, as described in Note 8.

#### Cost of hedging reserve

The Cost of hedging reserve is used to record gains or losses on the forward element of a hedging instrument where the cost of hedging approach is applied.

#### Share-based payments reserve

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

#### Put option reserve

This reserve relates to a put option over the remaining shares held by a non-controlling interest in JobAdder. The Group has recognised a financial liability for the estimated exercise value of that option, as described in Note 8.

#### Equity instruments revaluation reserve

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

#### Transactions with non-controlling interests

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

#### Transfers under common control reserve

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

#### Foreign currency translation reserve

Exchange differences arising on the translation of foreign controlled entities and associates are recognised in the Foreign currency translation reserve, as described in Note 28.

### (a) Hedging reserves

	2020 \$m	2019 \$m
Cash flow hedge reserve	(11.1)	(7.5)
Net investment hedge reserve (i)	(145.2)	(112.0)
Fair value hedge reserve	(0.8)	0.1
Cost of hedging reserve	(0.9)	(0.9)
<b>Total hedging reserve</b>	<b>(158.0)</b>	<b>(120.3)</b>

The Group's approach to hedging is described in Note 8 Financial instruments and fair value management.

#### (i) Net investment hedge reserve

The movement of \$33.2m (2019: \$18.6m) in the net investment hedge reserve for the year was mainly due to the appreciation of the US dollar and the Singapore dollar against the Australian dollar for most of the year. The appreciation of these currencies has impacted US dollar borrowings and derivatives which have been designated as net investment hedges to SEEK's foreign operations.

## (b) Other reserves

Other reserves comprises the following reserves:

	2020 \$m	2019 \$m
Share-based payments reserve	110.8	100.0
Put option reserve	(18.3)	(18.3)
Equity instruments revaluation reserve (i)	21.4	(1.8)
Transactions with non-controlling interests	(93.2)	(89.4)
Transfers under common control	(4.6)	(1.1)
<b>Total other reserves</b>	<b>16.1</b>	<b>(10.6)</b>

### (i) Equity instruments revaluation reserve

The movement of \$23.2m (2019: (\$0.5m)) in the equity instruments revaluation reserve is due mainly to \$22.3m in fair value remeasurement and \$0.9m in exchange differences. SEEK recorded a net fair value uplift primarily in relation to its investment in Coursera and two other minor investments during the year.

The movements in transaction with non-controlling interest and transfers under common control reserve during FY20 are attributable to SEEK's share of reserve movement of equity accounted associates.

## 18. Dividends

	Payment date	Amount per share	Franked amount per share	Total dividend
Financial Year 2019				
2018 final dividend	4 October 2018	22.0 cents	22.0 cents	\$77.2m
2019 interim dividend	12 April 2019	24.0 cents	24.0 cents	\$84.3m
Total dividends paid for the year ended 30 June 2019				\$161.5m
Financial Year 2020				
2019 final dividend	3 October 2019	22.0 cents	22.0 cents	\$77.4m
Total dividend paid for the year ended 30 June 2020				\$77.4m

Dividends paid or declared by the Company after the financial year (to be paid out of retained profits at 30 June 2020):

2020 interim dividend	23 July 2020	13.0 cents	13.0 cents	\$45.8m
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The SEEK Australian income tax consolidated group's franking account balance adjusted for franking credits: (i) attaching to the 2020 interim dividend; and (ii) that will arise from payment of its current tax liability, is \$48.0m at 30 June 2020 (2019: \$68.8m) based on a tax rate of 30% (2019: 30%).

## Group structure

### 19. Interests in controlled entities

#### (a) Material subsidiaries

##### Critical judgements in applying the entity's accounting policies

The Group has fully consolidated a number of entities in the SEEK Asia group despite not holding the majority of equity. SEEK has also consolidated a number of Special Purpose Entities (SPEs) which Zhaopin controls despite not holding a direct ownership interest. A list of these entities is shown below in section (b).

Unless otherwise stated, the following subsidiaries have share capital consisting solely of ordinary shares that are held by the Group, and the proportion of ownership interests held equals the voting rights of the Group.

Name of entity	Country of incorporation	Equity holding 2020 %	Equity holding 2019 %
SEEK (NZ) Limited	New Zealand	100	100
SEEK Learning Pty Ltd	Australia	100	100
SEEKAsia Ltd <sup>(1)</sup> (together with its consolidated subsidiaries, 'SEEK Asia')	Cayman Islands	100	100
Jobs DB Hong Kong Limited	Hong Kong	100	100
Jobs DB Singapore Pte Limited	Singapore	100	100
Jobs DB Recruitment (Thailand) Limited	Thailand	100	100
PT. Jobs DB Indonesia	Indonesia	100	100
Jobs DB Philippines Inc.	Philippines	100	100
SEEK Asia Investments Pte. Ltd.	Singapore	100	100
JobStreet.com Pte Ltd	Singapore	100	100
JobStreet.com Shared Services Sdn. Bhd.	Malaysia	100	100
JobStreet.com Philippines, Inc	Philippines	100	100
PT. JobStreet Indonesia	Indonesia	100	100
JobStreet Company Limited	Vietnam	100	100
Catho Online, Ltda (together with its parent and other subsidiaries, 'Brasil Online')	Brazil	100	100
Online Career Center Mexico, S.A.P.I de CV (together with its consolidated subsidiaries, 'OCC')	Mexico	98.2	98.2
Zhaopin Limited <sup>(1)</sup> (together with its consolidated subsidiaries, 'Zhaopin')	Cayman Islands	61.1	61.1
Beijing Wangpin Consulting Co., Ltd	China	100	100
Shenzhen Xijier Human Resources Co., Ltd (CJOL)	China	75.6	75.6
Online Education Services Pty Ltd	Australia	80	80
The Sidekicker Group Pty Ltd	Australia	85.7	85.7
Job Adder Operations Pty Ltd	Australia	60	60

(1) Certain entities in these groups are fully consolidated despite not holding the majority of equity. See section (b) for further details.

## (b) Entities fully consolidated despite not holding majority of equity

The Group has fully consolidated a number of entities in the SEEK Asia group and Zhaopin despite not holding the majority of equity or direct ownership interest. Through existing contractual agreements, the Group is able to exercise effective control over the financial and operating policies of these businesses and receive substantially all of the economic benefits and returns.

### SEEK Asia entities

Jobs DB Malaysia Sdn. Bhd.	Jobs DB Assets (Thailand) Ltd
88 Karat Sdn. Bhd.	PT. Prestige Indonesia
Agensi Pekerjaan JobStreet.com Sdn. Bhd.	
Agensi Pekerjaan JS Staffing Services Sdn. Bhd.	

### Zhaopin entities

Beijing Zhilian Sanke Human Resources Service Co., Ltd.
Guangzhou HouBo Information Technology Co., Ltd.

## (c) Summarised financial information for subsidiaries with non-controlling interests

For the year ended 30 June 2020	Zhaopin \$m	OES \$m	Other <sup>(1)</sup> \$m	Total \$m
<b>Non-controlling interests percentage</b>	<b>38.9%</b>	<b>20.0%</b>		
Non-current assets	1,239.8	360.4		
Current assets	378.5	26.1		
Non-current liabilities	(423.4)	(4.7)		
Current liabilities	(589.2)	(29.4)		
Net assets	605.7	352.4		
Net assets attributable to non-controlling interests	212.5	70.5		
Net assets attributable to vested share options <sup>(2)</sup>	8.8	-		
<b>Carrying amount of non-controlling interests</b>	<b>221.3</b>	<b>70.5</b>	<b>9.2</b>	<b>301.0</b>
Revenue	749.6	136.6		
Profit	54.5	15.5		
Other comprehensive loss for the year	(19.4)	-		
<b>Total comprehensive income</b>	<b>35.1</b>	<b>15.5</b>		
Profit allocated to non-controlling interests	21.0	3.1	(3.2)	20.9
Other comprehensive loss allocated to non-controlling interests	(7.2)	-	(0.2)	(7.4)
Cash flows from operating activities	108.6	26.3		
Cash flows from investing activities	(16.0)	(6.0)		
Cash flows from financing activities	8.5	(37.5)		
Net increase/(decrease) in cash and cash equivalents	101.1	(17.2)		
<b>Dividends paid to non-controlling interests</b>	<b>-</b>	<b>7.4</b>	<b>-</b>	<b>7.4</b>

(1) 'Other' represents other individually immaterial non-controlling interests.

(2) Non-controlling interest reserve includes the fair value of unexercised share options of the subsidiary that were vested at the date the Group obtained a controlling interest.

## 19. Interests in controlled entities continued

For the year ended 30 June 2019	Zhaopin \$m	OES \$m	Other <sup>(1)</sup> \$m	Total \$m
<b>Non-controlling interests percentage</b>	38.9%	20.0%		
Non-current assets	1,171.7	361.4		
Current assets	341.3	40.6		
Non-current liabilities	(377.3)	(5.3)		
Current liabilities	(565.2)	(22.8)		
Net assets	570.5	373.9		
Net assets attributable to non-controlling interests	198.5	74.8		
Net assets attributable to vested share options <sup>(2)</sup>	8.8	-		
<b>Carrying amount of non-controlling interests</b>	207.3	74.8	13.1	295.2
Revenue	647.9	127.5		
Profit	47.7	18.9		
Other comprehensive income	(4.7)	-		
<b>Total comprehensive income</b>	43.0	18.9		
Profit allocated to non-controlling interests	16.3	3.8	(2.0)	18.1
Other comprehensive income allocated to non-controlling interests	(1.9)	-	-	(1.9)
Cash flows from operating activities	77.4	29.9		
Cash flows from investing activities	(8.6)	(4.7)		
Cash flows from financing activities	(62.7)	(51.5)		
Net increase/(decrease) in cash and cash equivalents	6.1	(26.3)		
<b>Dividends paid to non-controlling interests</b>	-	9.4	0.2	9.6

(1) 'Other' represents other individually immaterial non-controlling interests.

(2) Non-controlling interests reserve includes the fair value of unexercised share options of the subsidiary that were vested at the date the Group obtained a controlling interest.

## 20. Interests in equity accounted investments

### Critical judgements in applying the entity's accounting policies

The Group's investment in its associates and joint ventures are reviewed for impairment on an annual basis or when events or circumstances indicate that the carrying amount of the investment may not be recoverable. As required by current Accounting Standards, the Group has evaluated, among other factors, the financial health of and business outlook of its associates and joint ventures and has assessed the carrying value of its investments against current estimated fair value.

### (a) Interests in associates and joint ventures

Set out below is the additional information about some of the Group's interests in associates and joint ventures as at 30 June 2020.

Name of entity	Principal activity	Country of Incorporation	Nature of relationship	Ownership interest	
				2020 %	2019 %
Apiom Inc (G01)	Provides an online platform that helps organisations source, deliver and track employee training	United States of America	Associate	32.7	30.0
BDJOBS.com Limited (BDjobs)	Online employment focused business that helps job seekers manage their career more efficiently, including job search, training and assessment	Bangladesh	Associate	35.0	35.0
Educalcp II, S.A. de C.V. (UTEL)	A private online university in Mexico that provides online higher education, predominantly to working adults	Mexico	Associate	36.1	36.1
Framework Computer Consultants Limited (Digitary)	Provides an online platform for education institutions to issue secure, shareable academic documents such as transcripts and testamurs	Ireland	Associate	42.8	42.8
FutureLearn Limited <sup>(1)</sup>	Online education platform offering short courses, micro-credentials and full degrees on behalf of higher education and specialist institutions	United Kingdom	Joint venture	50.0	50.0
Job and Talent Holding Limited (Jobandtalent) <sup>(2)</sup>	Providing hirers with access to on demand, highly skilled talent for short-term assignments	United Kingdom	Associate	18.9	-
Ringier One Africa Media (Pty) Ltd (ROAM)	Owns, operates and invests in a portfolio of African market-leading online marketplaces in the segments of jobs, cars and real estate	South Africa	Joint venture	37.5	35.1

(1) On 28 April 2019, SEEK acquired a 50.0% interest in FutureLearn Limited for GBP 50.0m (A\$92.2m at the exchange rate on the date of the transaction). Although the Group has a 50.0% interest in FutureLearn, certain provisions within the shareholders' agreement stipulate that commercial and operational decisions over its activities require the approval of all parties to the arrangement. As a result, it has been determined that SEEK has joint control and therefore accounts for FutureLearn as a joint venture.

(2) On 3 October 2019, SEEK acquired a 18.9% interest in Job and Talent Holding Limited for EUR 42.0m (\$68.6m at the exchange rate on the date of the transaction). Although the Group has 18.9% interest, certain provisions with the shareholders' agreement stipulate that certain commercial and operational decision over its activities requires the approval of SEEK as a minority shareholder. As a result, it has been determined that SEEK has significant influence and therefore accounts for Jobandtalent as an associate.

### (b) Movement in carrying amount of equity accounted investments

The carrying amount of equity accounted investments has changed as follows for the year ended 30 June 2020:

For the year ended 30 June 2020	Notes	SEEK Investments					AP&A	Total \$m
		Online Education \$m	Contingent Labour \$m	HR SaaS \$m	Other \$m	Sub-total \$m	Other \$m	
<b>Carrying amount at 1 July 2019</b>		139.3	14.8	21.1	31.5	206.7	30.5	237.2
Acquisition of interest		4.6	73.8	46.0	-	124.4	-	124.4
Transfer from financial instruments		-	-	-	29.9	29.9	-	29.9
Share of results		(10.4)	(8.3)	(13.4)	(5.5)	(37.6)	(2.3)	(39.9)
Share of other comprehensive income		(7.8)	(0.2)	-	(2.9)	(10.9)	(0.1)	(11.0)
Impairment loss	12(c)	-	-	-	(38.9)	(38.9)	(20.8)	(59.7)
Return of capital		(10.7)	-	-	-	(10.7)	-	(10.7)
Dividends received or declared		(1.0)	-	-	(0.6)	(1.6)	-	(1.6)
Share of movement in other reserves		0.1	(2.3)	3.1	(0.9)	-	(0.3)	(0.3)
<b>Carrying amount at 30 June 2020</b>		<b>114.1</b>	<b>77.8</b>	<b>56.8</b>	<b>12.6</b>	<b>261.3</b>	<b>7.0</b>	<b>268.3</b>
<b>Investments in associates</b>		<b>32.8</b>	<b>77.8</b>	<b>56.8</b>	<b>12.6</b>	<b>180.0</b>	<b>7.0</b>	<b>187.0</b>
<b>Investments in joint ventures</b>		<b>81.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>81.3</b>	<b>-</b>	<b>81.3</b>

## 20. Interests in equity accounted investments continued

### (c) Summarised financial information for equity accounted investments

		SEEK Investments					AP&A	
For the year ended 30 June 2020	Notes	Online Education \$m	Contingent Labour \$m	HR SaaS \$m	Other \$m	Sub-total \$m	Other \$m	Total \$m
<b>Summarised balance sheet (100%)</b>								
Current assets		116.2	189.5	67.7	16.4	389.8	1.3	391.1
Non-current assets		28.9	54.6	24.8	15.4	123.7	6.5	130.2
Current liabilities		(34.5)	(78.7)	(15.3)	(10.6)	(139.1)	(1.6)	(140.7)
Non-current liabilities		(27.5)	(111.0)	(0.2)	(1.5)	(140.2)	(1.7)	(141.9)
NCI share of net assets		0.2	-	-	(4.2)	(4.0)	-	(4.0)
<b>Net assets</b>		<b>83.3</b>	<b>54.4</b>	<b>77.0</b>	<b>15.5</b>	<b>230.2</b>	<b>4.5</b>	<b>234.7</b>
<b>Group interest</b>								
Group's share of net assets		38.5	9.3	22.8	7.9	78.5	2.0	80.5
Goodwill		75.6	68.5	34.0	43.6	221.7	25.8	247.5
Impairment	12(c)	-	-	-	(38.9)	(38.9)	(20.8)	(59.7)
<b>Carrying amount</b>		<b>114.1</b>	<b>77.8</b>	<b>56.8</b>	<b>12.6</b>	<b>261.3</b>	<b>7.0</b>	<b>268.3</b>
<b>Summarised statement of comprehensive income (100%)</b>								
Gross revenue		97.5	407.4	29.6	12.2	546.7	5.3	552.0
Interest income		0.8	0.6	0.1	0.4	1.9	-	1.9
Depreciation and amortisation		(7.2)	(2.8)	(1.5)	(3.8)	(15.3)	(1.4)	(16.7)
Other operating costs		(104.4)	(434.7)	(73.6)	(22.5)	(635.2)	(9.5)	(644.7)
Interest expense		-	(5.0)	-	(0.4)	(5.4)	-	(5.4)
Income tax benefit/(expense)		(0.7)	(3.5)	-	(0.1)	(4.3)	0.3	(4.0)
Non-controlling interest		(1.2)	-	-	5.1	3.9	-	3.9
<b>Loss for the period</b>		<b>(15.2)</b>	<b>(38.0)</b>	<b>(45.4)</b>	<b>(9.1)</b>	<b>(107.7)</b>	<b>(5.3)</b>	<b>(113.0)</b>
Other comprehensive income/(loss)		1.5	(1.8)	(8.7)	(7.8)	(16.8)	0.6	(16.2)
<b>Total comprehensive loss</b>		<b>(13.7)</b>	<b>(39.8)</b>	<b>(54.1)</b>	<b>(16.9)</b>	<b>(124.5)</b>	<b>(4.7)</b>	<b>(129.2)</b>

## (d) Early Stage Ventures (ESVs) - Additional non-statutory information

SEEK ESVs comprise investments held in the SEEK Investments ESVs segment. SEEK ESVs portfolio is targeting high growth structural trends across Online Education, Contingent Labour and HR Software as a Service (SaaS).

In most cases, SEEK ESVs are accounted for as an equity accounted investment. Accounting convention for equity accounted investments requires the Group to expense interest on purchase, recognise our share of losses as the ESVs expand their addressable markets, expense long-term incentives that relate to valuation uplifts but does not enable the recognition of valuation uplifts until the investment is sold.

The analysis below aims to provide additional relevant information (non-statutory) on indicative valuation uplifts based primarily on levels 2 and 3 of the fair value measurement hierarchy as disclosed in Note 8 Financial instruments and fair value measurement.

		30 June 2020 (\$m)		
Indicative valuation methodology		SEEK's share of indicative fair value *	Carrying value per Balance Sheet	Initial capital investments
Level 2	Subsequent funding rounds (last 12 months)	88.0	42.7	64.8
Level 3	Determined using either revenue or EBITDA multiples (based on multiples in the last funding round or determined by independent valuers, adjusted for the latest financial performance)	381.0	237.8	355.7
<b>Sub-total<sup>(1)</sup></b>		<b>469.0</b>	<b>280.5</b>	<b>420.5</b>
SEEK Investment ESVs carried on the Consolidated Balance Sheet at fair value <sup>(2)</sup>		83.0	83.0	59.5
Convertible loans (Note 8(b))		9.6	9.6	7.8
<b>Total SEEK Investments ESVs</b>		<b>561.6</b>	<b>373.1</b>	<b>487.8</b>

(1) Including equity accounted investments with a carrying value of \$261.3m (refer Note 20(b)). The difference of \$7.0m represents AP&A investments). The remaining carrying value of \$19.2m relates to consolidated subsidiaries as at 30 June 2020 representing 100% of net assets including goodwill on acquisition.

(2) Note 8(b) Investment in equity instruments of \$83.0m.

\* Valuing Early Stage Ventures in a COVID-19 impacted environment is inherently difficult and subjective. Despite this, we have provided the above information for transparency and consistency with prior year disclosure.

The spread of COVID-19 has resulted in an increase in economic uncertainties, market volatility and significant impacts on assessing the fair value of assets. For ESVs with subsequent funding rounds in the last 12 months, the indicative fair value was based on the capital raising valuation. For the remaining ESVs, indicative fair value was calculated using FY2020 revenue or EBITDA multiples in the last subsequent funding round or determined by independent valuers, adjusted where appropriate to reflect the Group's assessment of FY2020 performance and other information available as at 30 June 2020.

As at 30 June 2020, the Group has estimated a 50% fair value uplift of \$188.5m (30 June 2019: fair value uplift of 32% (\$102.2m)) on the Carrying value per Balance Sheet of \$373.1m (30 June 2019: \$322.8m). Fair value uplift is defined as SEEK's share of indicative fair value based on a fully-diluted ownership less carrying value.

The increased uplift percentage was driven by increased underlying investment values, mainly through subsequent funding rounds in the last 12 months as well as revenue growth. This fair value uplift is net of a decrease in carrying value as a result of SEEK's share of ESVs losses and impairment charges during the year.

The improved fair value uplift trend is noted across HR SaaS, Contingent Labour and Online Education.

		30 June 2019 (\$m)		
Indicative valuation methodology		SEEK's share of indicative fair value	Carrying value per Balance Sheet	Initial capital investments
Level 2	Subsequent funding rounds (last 12 months)	156.4	133.2	144.7
Level 3	Adjusted subsequent funding rounds (beyond 12 months, based on either revenue or EBITDA multiples in the last subsequent funding round and updated for the latest financial performance)	178.6	99.6	125.5
<b>Sub-total<sup>(1)</sup></b>		<b>335.0</b>	<b>232.8</b>	<b>270.2</b>
SEEK Investment ESVs carried on the Consolidated Balance Sheet at fair value <sup>(2)</sup>		54.2	54.2	54.2
Convertible loans (Note 8(b))		35.8	35.8	32.1
<b>Total SEEK Investments ESVs<sup>(3)</sup></b>		<b>425.0</b>	<b>322.8</b>	<b>356.5</b>

(1) Including equity accounted investments with a carrying value of \$206.7m (refer Note 20(b)). The difference of \$30.5m represents AP&A investments). The remaining carrying value of \$26.1m relates to consolidated subsidiaries as at 30 June 2019 representing 100% of net assets including goodwill on acquisition.

(2) Note 8(b) Investment in equity instruments of \$56.3m, difference of \$2.1m represents an AP&A investment.

(3) Including SEEK Investments only, with the exception of JobAdder included in AP&A Other, but transferred to SEEK Investments from 1 July 2019.

## 21. Parent entity financial information

### Accounting Policy

The financial information for the parent entity, SEEK Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below.

#### (i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of SEEK Limited. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established, rather than being deducted from the carrying amount of these investments.

#### (ii) Income tax consolidation legislation

SEEK Limited and its wholly-owned Australian subsidiaries have elected to form an Australian income tax consolidated group.

The entities in the arrangement each account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the arrangement continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, SEEK Limited also recognises the current tax assets/liabilities and the

deferred tax assets arising from unused tax losses and unused tax credits assumed from the other entities in the arrangement. As a result, the entities in the Australian income tax consolidated group have entered into a tax funding agreement under which they:

- fully compensate SEEK Limited for any current tax liabilities assumed; and
- are compensated by SEEK Limited for any current tax assets and deferred tax assets relating to unused tax losses or unused tax credits that are assumed by SEEK Limited under the Australian income tax consolidation legislation.

The funding amounts are determined by reference to the amounts recognised in each entity's financial statements. Assets or liabilities arising under the tax funding agreement are recognised as current amounts receivable from or payable to SEEK Limited.

#### (iii) Financial guarantees

Where SEEK Limited has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

### (a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2020 \$m	2019 \$m
<b>Balance sheet</b>		
Current assets	252.6	115.1
Total assets	2,413.3	1,953.7
Current liabilities	(222.2)	(161.7)
Total liabilities	(1,700.9)	(1,347.8)
<b>Net assets</b>	<b>712.4</b>	<b>605.9</b>
<b>Equity</b>		
Issued capital	269.2	269.2
Reserves		
Cash flow hedge reserve	(11.1)	(7.5)
Put option reserve	(18.3)	(18.3)
Foreign currency translation reserve	-	(0.1)
Share-based payments reserve	96.1	83.2
Retained earnings	376.5	279.4
	<b>712.4</b>	<b>605.9</b>
<b>Profit for the year</b>	<b>218.9</b>	<b>153.2</b>
<b>Total comprehensive income</b>	<b>228.3</b>	<b>158.0</b>

## (b) Significant transactions during the financial year

### Internal restructure

During the year, the Group undertook an internal restructure to align the legal ownership of the Group entities to the operating segments (as defined in Note 1 Segment information).

SEEK Limited, as parent entity of the Group, transferred a number of its investments in subsidiaries, associates and joint ventures to other wholly owned Australian incorporated entities at an indicative fair value. As a result, SEEK Limited recognised a gain of \$249.0m in its standalone Income Statement. The gain represented the difference between the investments held at cost and the transfer at fair value. At SEEK consolidation level, this internal restructure did not have any impact on the Consolidated Income Statement.

### Impairment

As disclosed in Note 12 Impairment, the Group impaired some investments at 30 June 2020.

For the purposes of the parent entity individual financial statements the investments in subsidiaries, associates and joint ventures subject to impairment are held at cost. SEEK Limited has recognised a loss of \$158.2m on impairment related to its investments held at cost in Brasil Online and OCC.

## (c) Guarantees entered into by the parent entity

The parent entity and certain subsidiaries have given unsecured guarantees in respect of the syndicated loan facility of A\$612.5m and US\$552.5m. As at 30 June 2020, A\$1,156.7m principal had been drawn down against the facility, comprising A\$467.5m and US\$475.3m (2019: \$995.3m, comprising A\$425.0m and US\$400.3m). Refer to Note 6 Net debt.

The parent entity and certain subsidiaries have also given unsecured guarantees in respect of any debt issued under the EMTN Programme by Jobstreet.com Pte Ltd (Singapore) and Job DB Hong Kong Limited. As at 30 June 2020, no such debt has been issued.

The parent entity is also the guarantor in respect of a number of subsidiaries' operating leases.

## (d) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2020 (2019: nil).

## (e) Contractual commitments

As at 30 June 2020, the parent entity had contractual commitments for minimum lease payments in relation to a lease agreement not yet commenced totalling \$241.7m (2019: \$249.5m).

Other commitments for the payment of IT services, car parks, advertising and promotions under long-term contracts in existence totalled \$3.2m (2019: \$4.2m).

## Unrecognised Items

## 22. Commitments for expenditure

	2020 \$m	2019 \$m
Within one year	4.3	5.9
Later than one year but not later than five years	2.2	7.6
More than five years	0.1	-
<b>Total</b>	<b>6.6</b>	<b>13.5</b>

The Group has commitments for the payment of IT services, car parks, advertising and promotions under long-term contracts in existence at the reporting date but not recognised as liabilities payable.

In addition to the amounts disclosed above, SEEK International Holdings Pty Ltd, a wholly owned subsidiary of SEEK Limited, has committed to contribute additional capital to a jointly controlled entity, Avenu Learning LLC ("Avenu"), subject to Avenu's achievement of certain milestones. The amount of the commitment is US\$4.7m (A\$6.8m at the exchange rate on 30 June 2020) and is expected to be fulfilled in the next 12 months.

## 22. Commitments for expenditure continued

### (a) Non-cancellable lease commitments

In June 2018, council approval was granted for the construction of the Group's new headquarters in Melbourne. Although the property is not expected to be available for use until FY2021, the future lease payments for this non-cancellable lease are \$5.4m within one year, \$53.5m within five years and \$182.8m thereafter (2019: Within one year nil, within five years \$44.8m and more than five years \$196.9m).

## 23. Contingent liabilities

Unrecognised contingent liabilities represent the possible (but not probable) cash outflow in excess of any provision. They do not represent management's expectation of likely outflow and are not recognised on the balance sheet.

AASB Interpretation 23 *Uncertainty over Income Tax Treatments*, which became effective on 1 July 2019, clarifies that uncertain tax positions that give rise to contingent liabilities should be disclosed in a consistent manner with other contingent liabilities. In advance of the application date of this Interpretation, the Group adopted the disclosure at 30 June 2019.

### Uncertain tax positions

As mentioned in Note 15 Provisions, Brasil Online is subject to a number of tax infraction notices from Brazilian tax authorities. Based on advice from leading Brazilian external legal counsel, Brasil Online has estimated the most likely amounts payable including penalties and interest and has recognised this amount as a provision.

For tax infraction notices where it is not probable that an outflow of resources will be required, a provision has not been raised.

Unrecognised contingent liabilities at 30 June 2020 amounted to BRL 148.9m (A\$39.8m) (2019: BRL 199.0m (A\$74.0m)) including penalties and interest.

### Other matters

From time to time, the Group is subject to legal claims. The majority of these are subsequently proven to be without merit and resolved with no cash outflow. At 30 June 2020, in addition to the provisions recognised in Note 15 Provisions, the Group has unrecognised contingent liabilities of \$2.2m (2019: \$2.2m) which relate to labour and civil cases in Brasil Online.

## 24. Events occurring after balance sheet date

### Redemption of Senior Guaranteed Floating Rate Notes

On 8 July 2020, the Group announced the successful completion of the cash tender offer to existing holders of SEEK Limited's A\$175.0m Senior Guaranteed Floating Rate Notes maturing in April 2022 (the Senior Notes).

Redemption of A\$175.0m of the Senior Notes was completed on 28 July 2020 and funded from available cash balances.

### Issuance of Subordinated Notes

On 8 July 2020, the Group announced the pricing of A\$75.0m of Subordinated Notes. These Subordinated Notes were consolidated and form a single series with SEEK's existing A\$150.0m of Subordinated Floating Rate Notes issued in December 2019 and have a first optional redemption date of 20 June 2023. The notes are subordinated to SEEK's existing senior unsecured debt. The proceeds from the Subordinated Notes will be used for general corporate purposes including the repayment of senior debt.

The Subordinated Notes were issued under SEEK's existing Euro Medium Term Note Programme and are listed on the Singapore Stock Exchange. Settlement of the Subordinated Notes occurred on 14 July 2020.

There are no other matters or circumstances which have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the results of those operations and the state of affairs of the Group in subsequent financial periods.

## Other information

### 25. Share-based payments

#### Accounting Policy

The cost of share-based payments is recognised by expensing the fair value of options or rights granted, over the period during which the employees become unconditionally entitled to these benefits.

Where the plan will be settled by:

- issuing equity, the corresponding entry is an increase in the share-based payment reserve;
- a payment in cash, the corresponding entry is a liability.

#### Calculating the fair value

Calculating the fair value of share-based payments can be complex. Independent consultants use Black-Scholes or similar option pricing models to value options and rights. This calculation includes any

market performance conditions and the impact of any non-vesting conditions. Once the fair value has been determined (at grant date), it is not revised.

The impact of any service and non-market vesting conditions is excluded from the fair value. Instead, this is included in assumptions about the number of options that are expected to vest. These assumptions are revised at the end of each reporting period. The impact of any revision to original estimates is recognised in the Consolidated Income Statement, with a corresponding adjustment to equity.

#### (a) Types of share-based payments

The SEEK Group has several forms of share-based payments:

- **SEEK Limited:** Share-based benefits are provided to SEEK Limited and SEEK Asia Executives and certain employees via Performance Rights, Equity Rights and/or Wealth Sharing Plan Options/Rights.
- **Zhaopin:** A new equity-settled share option plan was established during FY2019.
- **SEEK Asia:** The share option plan that was established in SEEK Asia in 2014 has been closed out during the year.
- **OCC:** The options are held over the ordinary share capital of Online Career Centre Mexico, S.A.P.I de CV.
- **Sidekicker:** The options are held over the ordinary share capital of The Sidekicker Group Pty Ltd.

If the options granted by Zhaopin, OCC or Sidekicker were to be exercised and satisfied by issuing new shares, the Group's interest in the respective businesses would be diluted.

#### (b) Financial impact of share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of the employee benefits expense were \$22.2m (2019: \$21.6m) including:

- Equity-settled share-based payment plans:
  - SEEK Limited options and rights: \$13.3m (2019: \$12.6m)
  - Subsidiary options: \$3.9m (2019: \$5.5m)
- Cash-settled share-based payments: \$3.9m (2019: \$2.5m)
- Other associated costs: \$1.1m (2019: \$1.0m).

The total liability arising from cash-settled share-based payment transactions recognised at the end of the period has a carrying amount of \$10.7m (2019: \$7.3m), including vested amounts of \$6.7m (2019: \$4.3m).

#### (c) Options and rights - SEEK Limited

SEEK Limited and SEEK Asia Executives and selected senior level employees receive one Equity Right or one Performance Right as part of their Total Remuneration Opportunity each year. Equity Rights and Performance Rights vest and convert into a number of shares following the end of the financial year based on a pre-determined allocation price which references the SEEK Limited share price. For Performance Rights, vesting is also linked to the performance of the individual over the relevant financial year. Shares allocated are subject to a 12-month disposal restriction following vesting. SEEK Asia Executives receive Performance Rights similar to those described above with changes to reflect local law.

SEEK Limited and SEEK Asia Executives and a small number of selected senior level employees also receive Wealth Sharing Plan Options and/or Rights at their election. Vesting of Wealth Sharing Plan Options and Rights is subject to the achievement of a three year share price hurdle performance condition. Vested Wealth Sharing Plan Options and Rights are subject to a 12-month exercise restriction, following which they can be exercised (Rights at nil cost; Options upon payment of an exercise price equivalent to the share price hurdle) and convert into an equivalent number of shares.

2020	Number of options or rights							
Grant date	Expiry date (years)	Exercise price	Opening balance	Granted during the year	Exercised during the year	Forfeited during the year	Closing balance	Vested and exercisable at 30 June
Wealth Sharing Plan Options								
11 June 2019	5	\$20.95	536,013	-	-	-	536,013	-
23 September 2019	5	\$23.18	-	224,696	-	-	224,696	-
29 November 2019	5	\$23.18	-	243,520	-	-	243,520	-
Total			536,013	468,216	-	-	1,004,229	-
Wealth Sharing Plan Rights								
Oct 2015- May 2016	5	\$0.00	488,034	-	(488,034)	-	-	-
3 October 2016	5	\$0.00	233,617	-	(46,661)	-	186,956	-
19 December 2016	5	\$0.00	309,646	-	(127,520)	-	182,126	-
17 October 2017	5	\$0.00	444,351	-	-	(18,185)	426,166	-
4 December 2017	5	\$0.00	171,941	-	-	-	171,941	-
16 October 2018	5	\$0.00	408,689	-	-	(63,857)	344,832	-
6 December 2018	5	\$0.00	129,676	-	-	-	129,676	-
11 June 2019	5	\$0.00	152,817	-	-	-	152,817	-
23 September 2019	5	\$0.00	-	455,259	-	(8,988)	446,271	-
29 November 2019	5	\$0.00	-	70,593	-	-	70,593	-
6 March 2020	5	\$0.00	-	29,248	-	-	29,248	-
Total			2,338,771	555,100	(662,215)	(91,030)	2,140,626	-
Equity Rights								
Oct 2018 - Jun 2019	2	\$0.00	9	-	(9)	-	-	-
23 October 2019	2	\$0.00	-	5	-	-	5	-
6 November 2019	2	\$0.00	-	1	-	-	1	-
6 March 2020	2	\$0.00	-	1	-	-	1	-
Total			9	7	(9)	-	7	-
Performance Rights								
Oct 2018 - Jun 2019	2	\$0.00	58	-	(58)	-	-	-
23 October 2019	2	\$0.00	-	65	-	(4)	61	-
6 March 2020	2	\$0.00	-	7	-	-	7	-
28 April 2020	2	\$0.00	-	1	-	-	1	-
Total			58	73	(58)	(4)	69	-
Total All Plans			2,874,851	1,023,396	(662,282)	(91,034)	3,144,931	-

**2019****Wealth Sharing Plan Options**

	11 June 2019	5	\$20.95	-	536,013	-	-	536,013	-
	<b>Total</b>			-	536,013	-	-	536,013	-

**Wealth Sharing Plan Rights**

	Oct 2015- May 2016	5	\$0.00	576,207	-	(88,173)	-	488,034	-
	3 October 2016	5	\$0.00	233,617	-	-	-	233,617	-
	19 December 2016	5	\$0.00	309,646	-	-	-	309,646	-
	17 October 2017	5	\$0.00	444,351	-	-	-	444,351	-
	4 December 2017	5	\$0.00	171,941	-	-	-	171,941	-
	16 October 2018	5	\$0.00	-	408,689	-	-	408,689	-
	6 December 2018	5	\$0.00	-	129,676	-	-	129,676	-
	11 June 2019	5	\$0.00	-	152,817	-	-	152,817	-
	<b>Total</b>			1,735,762	691,182	(88,173)	-	2,338,771	-

**Equity Rights**

	Oct - Dec 2017	2	\$0.00	7	-	(7)	-	-	-
	Oct - Dec 2018	2	\$0.00	-	9	-	-	9	-
	<b>Total</b>			7	9	(7)	-	9	-

**Performance Rights**

	Oct 2017 - May 2018	2	\$0.00	58	-	(58)	-	-	-
	Oct 2018 - June 2019	2	\$0.00	-	60	-	(2)	58	-
	<b>Total</b>			58	60	(58)	(2)	58	-
	<b>Total All Plans</b>			1,735,827	1,227,264	(88,238)	(2)	2,874,851	-

The following table summarises the weighted average exercise price for the SEEK Limited plans:

	Opening balance	Granted during the year	Exercised during the year	Forfeited during the year	Closing balance	Vested and exercisable at 30 June
<b>2020 - SEEK Limited</b>						
Weighted average exercise price	\$3.91	\$10.61	\$0.00	\$0.00	\$7.02	-
<b>2019 - SEEK Limited</b>						
Weighted average exercise price	\$0.00	\$9.15	\$0.00	-	\$3.91	-

The weighted average share price at the date of exercise of options exercised during the year ended 30 June 2020 was 19.39 (2019: \$16.58).

The weighted average remaining contractual life of share options outstanding at the end of the year was 3.1 years (2019: 3.9 years)

The following table shows the inputs for Wealth Sharing Plan Rights and Options granted during the year:

Grant date	Expiry date	Share price at grant date	Expected price volatility of the company's shares	Expected dividend yield	Risk-free interest rate	
					Rights	Options
<b>2020</b>						
<b>Wealth Sharing Plan Options and Rights</b>						
23 September 2019	30 June 2024	\$21.69	25%	1.7%	0.74%	0.76%
29 November 2019	30 June 2024	\$23.19	25%	1.7%	0.67%	0.69%
6 March 2020	30 June 2024	\$20.31	25%	1.7%	0.38%	n/a
<b>2019</b>						
					Rights	Options
<b>Wealth Sharing Plan Options and Rights</b>						
16 October 2018	30 June 2023	\$19.23	26%	2.4%	2.17%	n/a
6 December 2018	30 June 2023	\$17.38	26%	2.6%	1.99%	n/a
11 June 2019	28 April 2024	\$21.46	25%	2.6%	1.09%	1.12%

#### (d) Share option plans - SEEK Asia

The table below summarises the movements in options over shares of SEEKAsia Limited

2020 - SEEK Asia			Number of options						
Grant date	Expiry date (years)	Exercise price (US\$)	Opening balance	Granted during the year	Exercised during the year	Expired/ lapsed during the year	Cash-settled during the year	Closing balance	Vested and exercisable at balance date
31 December 2014	5	\$1.29	5,541,350	-	-	(1,240,640)	(4,300,710)	-	-
Balance at 30 June 2020			5,541,350	-	-	(1,240,640)	(4,300,710)	-	-
Weighted average exercise price			\$1.29	n/a	n/a	\$1.29	\$1.29	n/a	n/a
2019 - SEEK Asia									
31 December 2014	5	\$1.29	9,500,000	-	-	(3,958,650)	-	5,541,350	5,541,350
Balance at 30 June 2019			9,500,000	-	-	(3,958,650)	-	5,541,350	5,541,350
Weighted average exercise price			\$1.29	n/a	n/a	\$1.29	n/a	\$1.29	n/a

The weighted average remaining contractual life of share options outstanding at 30 June 2019 was 0.5 years.

## 25. Share-based payments continued

### (e) Share option plans - Zhaopin

The table below summarises the movements in options over shares of Zhaopin Limited.

2020 - Zhaopin			Number of options							
Grant date	Expiry date (years)	Exercise price (US\$)	Opening balance	Granted during the year	Exercised during the year	Forfeited during the year	Expired/lapsed during the year	Cash-settled during the year	Closing balance	Vested and exercisable at balance date
Schemes issued prior to FY2014			3,584,100	-	-	-	-	-	3,584,100	3,584,100
31 March 2014	7	\$4.00	224,280	-	-	(8,880)	-	(7,200)	208,200	208,200
31 March 2014	7	\$4.50	8,400	-	-	-	-	(1,200)	7,200	3,600
1 March 2016	5	\$7.42	50,000	-	-	-	-	-	50,000	50,000
14 June 2018	4	\$7.91	7,141,849	-	-	(742,591)	-	-	6,399,258	2,981,773
28 June 2019	4	\$7.91	1,517,643	-	-	-	-	-	1,517,643	303,529
24 June 2020	4	\$7.91	-	1,517,643	-	-	-	-	1,517,643	-
<b>Balance at 30 June 2020</b>			<b>12,526,272</b>	<b>1,517,643</b>	<b>-</b>	<b>(751,471)</b>	<b>-</b>	<b>(8,400)</b>	<b>13,284,044</b>	<b>7,131,202</b>
<b>Weighted average exercise price</b>			<b>\$6.39</b>	<b>\$7.91</b>	<b>n/a</b>	<b>\$7.86</b>	<b>n/a</b>	<b>\$4.07</b>	<b>\$6.48</b>	<b>\$5.25</b>

### 2019 - Zhaopin

Schemes issued prior to FY2014			3,586,500	-	-	-	-	(2,400)	3,584,100	3,584,100
31 March 2014	6	\$5.00	14,400	-	-	(14,400)	-	-	-	-
31 March 2014	7	\$4.00	392,520	-	-	(53,760)	-	(114,480)	224,280	145,200
31 March 2014	7	\$4.50	35,400	-	-	(18,600)	(1,200)	(7,200)	8,400	1,200
1 March 2016	5	\$7.42	50,000	-	-	-	-	-	50,000	27,500
14 June 2018	4	\$7.91	7,141,849	-	-	-	-	-	7,141,849	1,428,370
28 June 2019	4	\$7.91	-	1,517,643	-	-	-	-	1,517,643	-
<b>Balance at 30 June 2019</b>			<b>11,220,669</b>	<b>1,517,643</b>	<b>-</b>	<b>(86,760)</b>	<b>(1,200)</b>	<b>(124,080)</b>	<b>12,526,272</b>	<b>5,186,370</b>
<b>Weighted average exercise price</b>			<b>\$6.14</b>	<b>\$7.91</b>	<b>\$0.00</b>	<b>\$4.27</b>	<b>\$4.50</b>	<b>\$4.04</b>	<b>\$6.39</b>	<b>\$4.31</b>

There were no options exercised during the year ended 30 June 2019 and 30 June 2020.

The weighted average remaining contractual life of share options outstanding at the end of the year was 1.8 years (2019: 2.2 years).

### (f) Share option plans - OCC

The table below summarises the movements in options over shares of Online Career Centre Mexico, S.A.P.I de C.V.

2020 - OCC			Number of options					
Grant date	Expiry date (years)	Exercise price (US\$)	Opening balance	Granted during the year	Exercised during the year	Lapsed during the year	Closing balance	Vested and exercisable at balance date
Schemes issued prior to FY2014			6,460	-	-	-	6,460	6,460
12 May 2014	10	\$145.00	2,951	-	-	-	2,951	2,951
<b>Balance at 30 June 2020</b>			<b>9,411</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,411</b>	<b>9,411</b>
<b>Weighted average exercise price</b>			<b>\$124.44</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>\$124.44</b>	<b>\$124.44</b>

2019 - OCC								
Schemes issued prior to FY2014			6,460	-	-	-	6,460	6,460
12 May 2014	10	\$145.00	2,951	-	-	-	2,951	2,951
1 June 2015	14	\$168.20	52,725	-	-	(52,725)	-	-
<b>Balance at 30 June 2019</b>			<b>62,136</b>	<b>-</b>	<b>-</b>	<b>(52,725)</b>	<b>9,411</b>	<b>9,411</b>
<b>Weighted average exercise price</b>			<b>\$161.57</b>	<b>n/a</b>	<b>n/a</b>	<b>\$168.20</b>	<b>\$124.44</b>	<b>\$124.44</b>

The weighted average remaining contractual life of share options outstanding at the end of the year was 1.9 years (2019: 2.9 years).

## (g) Share option plans - Sidekicker

The table below summarises the movements in options over shares of The Sidekicker Group Pty Ltd.

Grant date	Expiry date (years)	Exercise price (AUD)	Number of options				Closing balance	Vested and exercisable at balance date
			Opening balance	Granted during the year	Exercised during the year	Forfeited during the year		
1 January 2018	6	\$612.79	3,460	-	-	-	3,460	2,308
1 January 2019	6	\$1,171.36	2,498	-	-	-	2,498	833
<b>Balance at 30 June 2020</b>			<b>5,958</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,958</b>	<b>3,141</b>
<b>Weighted average exercise price</b>			<b>\$846.98</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>\$846.98</b>	<b>\$760.88</b>

<b>2019 - Sidekicker</b>								
1 January 2018	6	\$612.79	3,460	-	-	-	3,460	1,154
1 January 2019	6	\$1,171.36	-	2,498	-	-	2,498	-
<b>Balance at 30 June 2019</b>			<b>3,460</b>	<b>2,498</b>	<b>-</b>	<b>-</b>	<b>5,958</b>	<b>1,154</b>
<b>Weighted average exercise price</b>			<b>n/a</b>	<b>\$1,171.36</b>	<b>n/a</b>	<b>n/a</b>	<b>\$846.98</b>	<b>\$612.79</b>

The weighted average remaining contractual life of share options outstanding at the end of the year was 3.9 years (2019: 4.9 years).

## 26. Related party transactions

The Group has identified the parties it considers to be related and the transactions conducted with those parties. Other than those disclosed below, no other related party transactions have been identified.

### (a) Transactions with equity accounted investments

	2020 \$	2019 \$
Dividends and distributions received from equity accounted investments	1,576,423	946,281
Convertible loans advanced to equity accounted investments (i)	7,807,260	1,405,755
Convertible loans repaid or converted to equity	16,986,739	1,456,240
Return of capital from equity accounted investments	10,654,269	-
Revenue generated from equity accounted investments	970,378	863,496
Interest payable to equity accounted investments	78,213	230,244
Interest received from equity accounted investments	429,024	556,723

#### (i) Convertible loans advanced to equity accounted investments

Convertible loans have been advanced to certain equity accounted investments in the Group. These loans are interest-bearing and, if converted, would convert to additional equity interests in existing investments.

### (b) Transactions with key management personnel

	2020 \$	2019 \$
Short-term employee benefits	6,600,930	6,822,353
Post-employment benefits	172,630	195,151
Share-based employee benefits	6,277,142	4,815,183
Other long-term benefits	278,383	539,374
	<b>13,329,085</b>	<b>12,372,061</b>

### (c) Amounts outstanding

	2020 \$	2019 \$
Amounts receivable from equity accounted investments	9,929,732	17,544,897
Provision for doubtful debts related to amounts receivable from equity accounted investments	-	3,441
Amounts payable to equity accounted investments	1,380,722	3,645,105

### (d) Transactions with Director related parties

Some of the Non-Executive Directors hold directorships or positions in other companies or organisations. From time to time, SEEK may provide or receive services from these companies or organisations on arm's length terms. None of the Non-Executive Directors were, or are, involved in any procurement or Board decision-making regarding the companies or organisations with which they have an association.

## 27. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the Auditor, its related practices and non-related audit firms:

	2020 \$	2019 \$
<b>Audit services</b>		
<b>Audit services</b>		
PricewaterhouseCoopers Australia	1,329,060	1,193,000
Network firms of PricewaterhouseCoopers Australia	1,806,011	1,829,822
<b>Total remuneration for audit services</b>	<b>3,135,071</b>	<b>3,022,822</b>
<b>Non-audit services</b>		
<b>Other assurance services</b>		
PricewaterhouseCoopers Australia	216,804	63,800
Network firms of PricewaterhouseCoopers Australia	-	28,694
<b>Total remuneration for other assurance services</b>	<b>216,804</b>	<b>92,494</b>
<b>Taxation services</b>		
PricewaterhouseCoopers Australia	11,618	128,850
Network firms of PricewaterhouseCoopers Australia	63,363	165,168
<b>Total remuneration for taxation services</b>	<b>74,981</b>	<b>294,018</b>
<b>Other services<sup>(1)</sup></b>		
PricewaterhouseCoopers Australia	203,000	133,224
Network firms of PricewaterhouseCoopers Australia	-	489,854
<b>Total remuneration for other services</b>	<b>203,000</b>	<b>623,078</b>
<b>Total remuneration for non-audit services</b>	<b>494,785</b>	<b>1,009,590</b>
<b>Total remuneration of Auditor</b>	<b>3,629,856</b>	<b>4,032,412</b>
<b>Non-PwC audit firms - services provided to Online Education Services Pty Ltd</b>		
Audit services	-	89,650
Other non-audit services	3,600	36,000
<b>Total remuneration of non-PwC audit firms<sup>(2)</sup></b>	<b>3,600</b>	<b>125,650</b>

(1) Other services provided by PwC comprises mainly due diligence services.

(2) During FY2019, the auditor of Online Education Services Pty Ltd was also engaged to provide non-audit services to other SEEK Group companies.

## 28. Other significant accounting policies

### (a) Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Joint ventures are all entities over which the Group has joint control with one or more other investors. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint ventures are accounted for using the equity method of accounting, after initially being recognised at cost. Under the equity method, the investment is shown in one line on the balance sheet, with the Group's share of post-acquisition profits or losses recognised in profit or loss.

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are also accounted for using the equity method.

Accounting policies of subsidiaries, associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

## 28. Other significant accounting policies

### (b) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is SEEK Limited's functional and presentation currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate on that day. Non-monetary assets and liabilities are maintained at the exchange rate on the date of the transaction. Monetary assets and liabilities are translated into the functional currency at the year end exchange rate.

Where there is a movement in the exchange rate between the date of the transaction and the date of settlement or the year end, a foreign exchange gain or loss may arise. This is recognised in the income statement (within "finance costs"), unless the asset or liability is a qualifying cash flow hedge or net investment hedge, in which case it is deferred in equity.

#### (iii) Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented (including goodwill and other fair value adjustments arising on acquisition) are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement and statement of comprehensive income are translated using monthly average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

### (c) Goods and Services Tax (GST) and Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of associated GST and VAT, unless the GST and VAT incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST and VAT receivable or payable. The net amount of GST and VAT recoverable from, or payable to, the taxation authority is included within 'trade and other receivables' or 'trade and other payables' in the consolidated balance sheet.

### (d) Impairment of assets

Assets other than goodwill and intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the asset's fair value less costs of disposal and value in use).

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

### (e) New and amended Accounting Standards and Interpretations

#### (i) New and amended Accounting Standards and Interpretations issued and effective

Refer to Note 29 Changes in accounting policies for the new Accounting Standards and Interpretations which became effective from 1 July 2019 and the corresponding impact of those changes on the Group's financial results.

Apart from these changes, the Group has not adopted any new or amended Accounting Standards and Interpretations this year that have had a material impact on the Group or the Company.

#### (ii) Accounting Standards and Interpretations issued but not yet effective

In June 2019, the AASB issued a revised *Conceptual Framework for Financial Reporting*. The new Framework includes updated definitions and criteria for the recognition and derecognition of assets and liabilities. Additionally it introduces new concepts on measurement, including factors to consider when selecting a measurement basis. The revised Conceptual Framework will apply to the Group from 1 July 2020 and is not expected to have a material impact upon adoption.

A number of new accounting standards, amendments to standards and interpretations, have also been issued and will be applicable in future periods. While these remain subject to ongoing assessment, no significant impacts on the financial statements of the Group or the Company have been identified to date. These standards have not been applied in the preparation of these Financial Statements.

## 29. Changes in accounting policies

The financial statements have been prepared on the basis of accounting consistent with those applied in the 30 June 2019 Annual Report, with the exception of AASB 16 *Leases* which became effective from 1 July 2019. Further information regarding the impact of the change is provided below.

AASB Interpretation 23 *Uncertainty over Income Tax Treatments* which sets out how to determine the accounting tax position when there is uncertainty over income tax treatments, also became effective from 1 July 2019 but did not have a material effect on the Group's financial statements.

### AASB 16 Leases

The Group has adopted AASB 16 with an initial application date of 1 July 2019. Upon adoption, the Group applied a modified retrospective transition method, with the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance of retained earnings on the date of initial application. Refer to paragraph (iii) for further detail on the impact on equity balances upon transition date.

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 4.84%.

#### (i) Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard on a lease-by-lease basis:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying AASB 117 *Leases* and AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*.

#### (ii) Measurement of lease liabilities

The table below reconciles the Group's operating lease commitments as at 30 June 2019 to the transition lease liabilities recognised on 1 July 2019:

	\$m
Operating lease commitments disclosed as at 30 June 2019	313.6
Add: optional renewal periods reasonably certain to be exercised	0.6
(Less): committed leases not yet commenced	(241.7)
(Less): contracts which are a lease under AASB 117 but not under AASB 16	(1.4)
Effect of discounting	(5.0)
Lease liability recognised as at 1 July 2019	66.1
Current	24.8
Non-current	41.3
	66.1

#### (iii) Impact on equity

The impact on transition to AASB 16 at 1 July 2019 is summarised below:

	\$m
Right-of-use assets (Property leases) <sup>(1)</sup>	56.7
Lease liabilities	(66.1)
Other balance sheet accounts	0.4
Net deferred tax asset	1.2
<b>Total equity</b>	<b>(7.8)</b>

(1) The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied.

## Directors

Graham B Goldsmith  
*Chairman*

Andrew R Bassat  
*Managing Director,  
Chief Executive Officer and Co-Founder*

Julie A Fahey

Leigh M Jasper

Michael H Wachtel

Vanessa M Wallace

Lynne Jensen  
*Secretary*

## Principal registered office in Australia

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## Share register

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Services Pty Ltd  
452 Johnston Street  
ABBOTSFORD VIC 3067  
Ph: +61 3 9415 4000

## Auditor

PricewaterhouseCoopers  
2 Riverside Quay  
SOUTHBANK VIC 3006

## Stock exchange listing

SEEK Limited shares are  
listed on the Australian  
Securities Exchange  
(Listing code: SEK)

## Website

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

## ABN

46 080 075 314



ABN 46 080 075 314