

SEEK Limited

ABN 46 080 075 314

ASX Half-year information –
31 December 2005

Lodged with the ASX under Listing Rule 4.3A

This information should be read in conjunction with the 30 June 2005 Annual Report

Corporate Directory	
Directors J D Packer (Chairman) P M Bassat (Chief Executive Officer) A R Bassat M M Rockman R C G Watson C J Anderson C B Carter N G Chatfield A Klok (alternate to J D Packer) M P Dalgleish (alternate to C J Anderson)	Share Registry Computershare Ltd 452 Johnston Street Abbotsford VIC 3067 T: +61 3 9415 4000 F: +61 3 9473 2500 W: www.computershare.com
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Registered Office Level 2, 3 Wellington St St Kilda VIC 3182 Australia T: +61 3 9510 7200 F: +61 3 9510 7244 W: www.seek.com.au	Stock Exchange SEEK Limited is a public company listed with the Australian Stock Exchange Limited. ASX: SEK

SEEK Limited**ABN 46 080 075 314****Half-year Ended 31 December 2005**

(Previous corresponding period: Half-year ended 31 December 2004)

Results for Announcement to the Market

				\$'000
Revenue from ordinary activities	Up	52%	To	48,714
Profit from ordinary activities after tax attributable to members	Up	63%	To	14,681
Net profit for the period attributable to members	Up	61%	To	14,466

Dividends/distributions	Amount per security	Franked amount per security
Interim dividend	3.7 cents	3.7 cents
Corresponding period last year	Nil	Nil

Record date for determining entitlements to the dividend

28 February 2006

Dividend Payable

15 March 2006

Amounts in the half-year report have been rounded off to the nearest thousand dollars, unless otherwise stated.

SEEK Limited
ABN 46 080 075 314
Half-year Ended 31 December 2005

	2005	2004
	\$'000	\$'000
Revenue		
Advertising	42,946	28,529
Learning	4,443	2,865
Interest income	1,325	741
Total Revenue	48,714	32,135
Operating Expenses		
Cost of sales of goods	(1,030)	(899)
Sales and marketing	(9,287)	(6,857)
Business development	(8,528)	(6,588)
Operations and administration	(9,010)	(4,824)
Expenses from ordinary activities	(27,855)	(19,168)
Profit from ordinary activities before income tax	20,859	12,967
Income tax attributable to operating profit	(6,178)	(3,974)
Net profit attributable to members of SEEK Limited	14,681	8,993

Comments on the operations and the results of those operations are set out below:

Explanation of revenue

Consolidated operating revenue for the six months to December 2005 was \$48,714 (2004: \$32,135).

- The SEEK online classified advertising business performed extremely well with revenue increasing by 51% to \$42,946 (2004: \$28,529). The strong classified revenue growth is due to growing ad volumes, which has been underpinned by the continued migration of advertisers from print to the on-line medium and the high demand for candidates in a tight labour market.
- SEEK Learning generated revenue of \$4,443 (2004: 2,865). The growth has resulted from expansion into new learning content and the acquisition of Dynamic Web Training Pty Ltd on 1 September 2005.
- Interest revenue for the period was \$1,325 (2004: \$741)

Explanation of Net Profit

SEEK's consolidated net profit for the six months to December was \$14,681 (2004: \$8,993). This represents an increase of 63% compared to the prior period comparative.

Explanation of Dividends

An interim dividend of 3.7c per share has been declared.

SEEK Limited
ABN 46 080 075 314
Half-year Report to 31 December 2005

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2005 and any public announcements made by SEEK Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

DIRECTORS' REPORT
SEEK Limited
For the half-year ended 31 December 2005

Your directors present their report on the consolidated entity, consisting of SEEK Limited ("the company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2005.

Directors

The following persons were directors of SEEK Limited during the whole of the half-year and up to the date of this report: James Packer (Chairman), Paul Bassat (CEO), Matthew Rockman, Andrew Bassat, Robert Watson, Chris Anderson, Colin Carter and Neil Chatfield.

Review of operations

A review of operations of the consolidated entity during the half year is attached to this report under the title of "Commentary of Group Results for the Half Year Ended 31 December 2005."

A summary of segment revenues and results for the half-year is set out below:

Half-year 2005	Classified	Learning	Inter-segment eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000
Sales to external customers	42,946	4,443		47,389
Inter-segment revenue	344	-	(344)	-
Total sales revenue	43,290	4,443	(344)	47,389
Interest revenue				1,325
Total segment revenue				48,714
Segment result before income tax expense	18,705	829	-	19,534
Interest revenue				1,325
Profit from ordinary activities before income tax				20,859

Auditors' Independence

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 31.

Rounding of amounts to nearest thousand dollars

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

This report is made in accordance with a resolution of the directors, and is signed for and on behalf of the directors.



James D Packer
Chairman



Paul M Bassat
Chief Executive Officer

Melbourne
10th February 2006

Consolidated Income Statement

SEEK Limited For the half-year ended 31 December 2005

	Notes	Half-year	
		2005 \$'000	2004 \$'000
Revenue from ordinary activities	5	48,714	32,135
Operating Expenses			
Cost of sales of goods		(1,030)	(899)
Sales and marketing		(9,287)	(6,857)
Business development		(8,528)	(6,588)
Operations and administration		(9,010)	(4,824)
Expenses from ordinary activities		(27,855)	(19,168)
Profit from ordinary activities before related income tax expense		20,859	12,967
Income tax expense	3	(6,178)	(3,974)
Profit from ordinary activities after related income tax expense		14,681	8,993
Net exchange differences on translation of financial report of foreign controlled entity		(215)	(15)
Total changes in equity attributable to members of SEEK Limited other than those resulting from transactions with owners as owners		14,466	8,978
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:		Cents	Cents
Basic earnings per share	10	5.2	3.4
Diluted earnings per share	10	5.1	N/A

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

Consolidated Balance Sheet

SEEK Limited As at 31 December 2005

	Notes	31 December 2005 \$'000	30 June 2005 \$'000
Current assets			
Cash and cash equivalents		55,805	45,950
Receivables		8,363	9,104
Other		749	488
Total current assets		64,917	55,542
Non-current assets			
Property, plant and equipment		2,975	2,737
Intangible assets	6	11,535	9,115
Deferred tax assets		3,368	2,025
Total non-current assets		17,878	13,877
Total assets		82,795	69,419
Current liabilities			
Payables		5,185	5,922
Current tax liabilities		2,514	4,400
Unearned Income		4,008	3,301
Total current liabilities		11,707	13,623
Non-current liabilities			
Provisions		689	351
Total non-current liabilities		689	351
Total liabilities		12,396	13,974
Net assets		70,399	55,445
Equity			
Contributed equity		52,087	49,928
Foreign Currency Translation Reserve		(174)	41
Share Option Reserve		2,356	1,217
Retained profits		16,130	4,259
Total equity		70,399	55,445

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

Consolidated statement of changes in equity For the half-year ended 31 December 2005

	Half-year	
	2005	2004
	\$'000	\$'000
Total equity at the beginning of the half-year	55,445	36,445
Exchange differences on translation of foreign operations	(215)	(15)
Employee share options	1,139	225
Net income recognised directly in equity	924	210
Profit for the half-year	14,681	8,993
Total recognised income and expense for the half-year	15,605	9,203
Transactions with equity holders in their capacity as equity holders:		
Contributions of equity, net of transaction costs (note 8)	517	787
Recognition Tax item in relation to capital raising costs	1,643	-
Dividends provided for or paid (note 7)	(2,811)	(12,491)
Total equity at the end of the half-year	70,399	33,944
Total recognised income and expense for the half-year is attributable to:		
Members of SEEK Limited	15,605	9,203
	15,605	9,203

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

Consolidated cash flow statement

For the half-year ended 31 December 2005

		Half-year	
	Notes	2005 \$'000	2004 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		53,397	33,951
Payments to suppliers and employees (inclusive of goods and services tax)		(31,484)	(21,440)
		<u>21,913</u>	12,511
Income taxes paid		(7,767)	(118)
Interest received		1,351	506
Net cash inflow from operating activities	4	<u>15,497</u>	12,899
Cash flows from investing activities			
Payments for property, plant and equipment		(876)	(733)
Cash outflow on acquisition of controlled entity, net of cash acquired	9	(2,341)	(3,392)
Payments for bank guarantee related term deposits		(131)	(135)
Net cash (outflow) from investing activities		<u>(3,348)</u>	(4,260)
Cash flows from financing activities			
Proceeds from issues of shares		517	787
Dividends paid		(2,811)	(12,491)
Net cash (outflow) from financing activities		<u>(2,294)</u>	(11,704)
Net increase (decrease) in cash held		9,855	(3,065)
Cash at the beginning of the financial year		45,950	29,795
Effects of exchange rate changes on cash		-	(2)
Cash at the end of the half year		<u>55,805</u>	26,728

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

SEEK Limited

For the half-year ended 31 December 2005

1. Summary of significant accounting policies

This general purpose financial report for the interim half year reporting period ended 31 December 2005 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2005 and any public announcements made by SEEK Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(a) Basis of preparation of half-year financial report

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards

This interim financial report is the first SEEK Limited interim financial report to be prepared in accordance with AIFRSs. AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

Financial statements of SEEK Limited until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the SEEK Limited interim financial report for the half year ended 31 December 2005, management has amended certain accounting, valuation and consolidation methods applied in the previous AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures were restated to reflect these adjustments. The Group has taken the exemption available under AASB 1 to only apply AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* from 1 July 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRSs on the Group's equity and its net income are given in note 12.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

(b) Principles of consolidation

(i) *Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of SEEK Limited as at 31 December 2005 and the results of all subsidiaries for the half-year then ended. SEEK Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(g)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

1. Summary of significant accounting policies (continued)

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments

(d) 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 rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of SEEK (NZ) Ltd functional currency differ from the presentation currency and are translated into the presentation currency as follows:

- assets and liabilities for the balance sheet presented are translated at the closing rate at the date of that balance sheet with the exception of Goodwill which has been translated at the exchange rate at the date of investment;
- income and expenses for each income statement are translated at average exchange rates; and
- the resulting exchange differences are recognised as a separate component of equity.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

(i) Job Advertisements

Revenues from the provision of job advertisements on the company's website are recognised in the period in which the advertisements are placed. Revenues received in advance of the provision of services over multiple periods is initially credited to unearned revenue and then is recognised on a straight-line basis over the period during which the services are delivered.

(ii) Learning revenue

Revenue from SEEK Learning and general course sales are recognised when the customer obtains unconditional access to the course material.

Other human resources revenue is recognised when the service is provided.

(iii) Banner Advertising

Revenue from banner advertising on the company's website are generated based on a fixed price per thousand page impressions each banner receives. These revenues are recognised during the period in which the impressions occur.

1. Summary of significant accounting policies (continued)

(f) Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

SEEK Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 16 January 2006 in relation to the 2005 income tax year.

(g) Acquisitions of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill {refer to note l(i)}.

(h) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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.

(j) Trade receivables

Trade receivables are recognised initially at fair value less provision for doubtful debts. Trade receivables are due for settlement no more than 14 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

1. Summary of significant accounting policies (continued)

(n) Employee benefits

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

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

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

Share-based compensation benefits are provided to employees via the SEEK Employee Option Plan and a SEEK Senior Executive Option Plan.

Shares options granted before 7 November 2002 and/or vested before 1 January 2005

No expense is recognised in respect of these options. The shares are recognised when the options are exercised and the proceeds received allocated to share capital.

Shares options granted after 7 November 2002 and vested after 1 January 2005

The fair value of options granted under the SEEK Employee Option Plan and the SEEK Senior Executive Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

(iv) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the company's profit performance against internal targets.

(o) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

1. Summary of significant accounting policies (continued)

(p) Dividends

Provision is made for the amount of any dividend declared on or before the end of the half-year but not distributed at balance date.

(q) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the half-year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

2. Segment Information

Primary reporting format – business segments

The consolidated entity has two business segments, being online employment classified advertising and the other being the provision of online training courses to individuals.

Half-year 2005	Classified	Learning	Inter-segment eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000
Sales to external customers	42,946	4,443	-	47,389
Inter-segment revenue	344	-	(344)	-
Total sales revenue	43,290	4,443	(344)	47,389
Interest revenue				1,325
Total segment revenue				48,714
Segment result before income tax expense	18,705	829	-	19,534
Interest revenue				1,325
Profit from ordinary activities before income tax				20,859
Half-year 2004	Classified	Learning	Inter-segment eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000
Sales to external customers	28,529	2,865	-	31,394
Inter-segment revenue	158	-	(158)	-
Total sales revenue	28,687	2,865	(158)	31,394
Interest revenue				741
Total segment revenue				32,135
Segment result before income tax expense	11,715	511	-	12,226
Interest revenue				741
Profit from ordinary activities before income tax				12,967

3. Income Tax Reconciliation Note

	2005 \$'000	2004 \$'000
(a) Income tax expense		
Current tax	6,237	3,868
Deferred tax	236	106
Under (over) provided in prior years	(295)	-
	<u>6,178</u>	<u>3,974</u>

The entire income tax expense relates to profit from continuing operations.

Deferred income tax expense included in income tax expense comprises:

Decrease (Increase) in deferred tax assets	236	106
	<u>236</u>	<u>106</u>

(b) Numerical reconciliation of income tax expense to prima facie tax payable

Profit from ordinary activities before income tax expense	<u>20,859</u>	12,967
Income tax calculated @ 30%	6,258	3,890
Tax effect of permanent differences:		
Research and development claim	(173)	(38)
Non-deductible depreciation and amortisation	(4)	-
Non-deductible interest expense	-	14
Other non-deductible expenses	367	68
Sundry Items	(71)	(8)
Income tax adjusted for permanent differences	<u>6,377</u>	3,926
Benefit of tax losses of prior years recouped	-	(150)
Effect of higher rates of tax on overseas income	96	35
Future income tax benefits attributable to timing differences not previously brought to account	-	163
(Over) provision in previous year	(295)	-
Income tax expense	<u>6,178</u>	<u>3,974</u>

(c) Amounts recognised directly in equity

Aggregate deferred tax arising in the reporting period and not recognised in net profit or loss but directly credited to equity

Net deferred tax (credited) directly to equity	(1,643)	-
	<u>(1,643)</u>	<u>-</u>

4. Reconciliation of profit from ordinary activities after income tax to net cash inflow from operating activities

	Consolidated	
	2005	2004
	\$'000	\$'000
Profit from ordinary activities after related income tax	14,681	8,993
Depreciation and amortisation	640	463
Employee Share Option Expense	1,139	225
Net exchange difference	(215)	(11)
Change in operating assets and liabilities, net of effects from purchase of controlled entity		
Decrease (Increase) in receivables	880	(1,664)
(Increase) in other operating assets	(120)	(166)
Decrease in deferred tax asset	301	106
(Decrease) Increase in payables	(333)	973
(Decrease) Increase in provision for income taxes payable	(1,889)	3,749
Increase in other provisions	413	231
Net cash inflow from operating activities	15,497	12,899

5. Revenue

	2005	2004
	\$'000	\$'000
Revenue from ordinary activities		
Services	47,389	31,394
Interest	1,325	741
Total revenue from ordinary activities	48,714	32,135

6. Intangibles

	2005	2004
	\$ '000	\$ '000
Goodwill on purchase of businesses	12,168	9,775
Less: Accumulated amortisation	(660)	(660)
Website Development	93	64
Less: Accumulated amortisation of Website Development	(66)	(64)
	11,535	9,115

7. Dividends

	Half-year	
	2005 \$'000	2004 \$'000
Ordinary shares		
Dividends paid during the half-year	2,811	12,491
Dividends not recognised at the end of the half-year		
In addition to the above dividends, since the end of the half-year the directors have recommended the payment of an interim dividend of 3.7 cents per fully paid ordinary share (2004 - Nil), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 15 March 2006 out of retained profits at 31 December 2005, but not recognised as a liability at the end of the half-year, is	10,444	-

8. Equity securities issued

	Half-year		Half-year	
	2005 Shares	2004 Shares	2005 \$'000	2004 \$'000
Issues of ordinary shares during the half-year				
Exercise of options issued under the SEEK Employee Option Plan and the SEEK Senior Executive Option Plan	1,344,725	2,484,255	517	787
	<u>1,344,725</u>	<u>2,484,255</u>	<u>517</u>	<u>787</u>

9. Business combination

On 1 September 2005 SEEK Learning Pty Ltd acquired 100% of the issued share capital of Dynamic Web Training Pty Ltd.

The acquired business contributed revenues of \$669,943 and net profit of \$170,750 to the Group for the period from 1 September 2005 to 31 December 2005. If the acquisition had occurred on 1 July 2005, consolidated revenue and consolidated profit for the half-year ended 31 December 2005 would have been \$49,116,000 and \$14,781,000 respectively.

At the date of acquisition, the acquired entity was involved in the provision of classroom based training courses.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	\$'000
Purchase consideration:	
Cash paid	2,450
Direct costs relating to the acquisition	84
Total purchase consideration	<u>2,534</u>
Fair value of net identifiable assets acquired	<u>141</u>
Goodwill	<u>2,393</u>

Due to the recent timing of the acquisition, management have not yet completed their review of the separately identifiable intangible assets acquired. This process will be completed prior to completion of the 2006 annual report.

On 1 July 2004 SEEK Limited acquired 100% of the share capital of SEEK Learning Pty Ltd (formerly Business Information Systems Pty Ltd trading as Selfcert) for \$4,075,000. This was the only acquisition for the half-year ended 31 December 2004.

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Cash	193	193
Trade receivables	131	131
Other assets	19	19
Plant and equipment	96	-
Intangible assets: Website software	-	29
Trade payables	(2)	(2)
Tax payable	(66)	(66)
Unearned Income	-	(163)
Net Assets	<u>371</u>	<u>141</u>
	Half-year	
	2005	2004
	\$'000	\$'000
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	<u>2,534</u>	4,075
Add: Contingent consideration held in escrow	-	150
Less: Cash balance acquired	<u>193</u>	780
Outflow of cash	<u>2,341</u>	3,445
Less: Professional fees paid in the prior year	-	(53)
Total outflow of cash	<u>2,341</u>	<u>3,392</u>

10. Earnings per share

	2005	2004
	Cents	Cents
Basic Earnings per share (EPS)	5.2	3.4
Diluted earnings per share (EPS)	5.1	N/A
	2005	2004
	\$'000	\$'000
Profits used to calculate EPS (\$'000)	14,681	8,993
	Number	Number
Weighted average shares used to calculate basic EPS	281,165,939	266,464,245
Weighted average shares used to calculate diluted EPS	286,531,125	N/A

No comparative has been provided for diluted earnings per share due to uncertainty over assumptions required to determine the market value of SEEK Ltd shares to determine the dilutive impact of employee options in the prior period.

11. Events occurring after reporting date

There have been no material events occurring after reporting date.

SEEK Limited
As at 31 December 2005

12. Explanation of transition to Australian equivalents to IFRSs

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)

(i) At the date of transition to AIFRS: **1 July 2004**

	Notes	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000
Current assets				
Cash and cash equivalents		29,795	-	29,795
Receivables		5,259	-	5,259
Other		245	-	245
Total current assets		35,299	-	35,299
Non-current assets				
Property, plant and equipment		1,770	-	1,770
Intangible assets		5,502	-	5,502
Deferred tax assets	(e)	1,051	163	1,214
Total non-current assets		8,323	163	8,486
Total assets		43,622	163	43,785
Current liabilities				
Payables		3,422	-	3,422
Current tax liabilities		1,769	-	1,769
Unearned Income		1,904	-	1,904
Total current liabilities		7,095	-	7,095
Non-current liabilities				
Provisions		245	-	245
Total non-current liabilities		245	-	245
Total liabilities		7,340	-	7,340
Net assets		36,282	163	36,445
Equity				
Contributed equity		39,792	-	39,792
Share Option Reserve	(d)	-	350	350
Foreign Currency Translation Reserve	(a)	29	(29)	-
Retained profits / (losses)	(f)	(3,539)	(158)	(3,697)
Total equity		36,282	163	36,445

SEEK Limited
As at 31 December 2005

12. Explanation of transition to Australian equivalents to IFRSs

(ii) At the end of the last half-year reporting period under previous AGAAP: **31 December 2004**

	Notes	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000
Current assets				
Cash and cash equivalents		26,728	-	26,728
Receivables		7,250	-	7,250
Other		582	-	582
Total current assets		34,560	-	34,560
Non-current assets				
Property, plant and equipment		2,241	-	2,241
Intangible assets	(b),(c)	7,970	1,145	9,115
Deferred tax assets		1,108	-	1,108
Total non-current assets		11,319	1,145	12,464
Total assets		45,879	1,145	47,024
Current liabilities				
Payables		4,820	-	4,820
Current tax liabilities		5,531	-	5,531
Unearned Income		2,331	-	2,331
Total current liabilities		12,682	-	12,682
Non-current liabilities				
Provisions		398	-	398
Total non-current liabilities		398	-	398
Total liabilities		13,080	-	13,080
Net assets		32,799	1,145	33,944
Equity				
Contributed equity		40,579	-	40,579
Share Option Reserve	(d)	-	575	575
Foreign Currency Translation Reserve	(a)	14	(29)	(15)
Retained profits / (losses)	(f)	(7,794)	599	(7,195)
Total equity		32,799	1,145	33,944

SEEK Limited

As at 31 December 2005

12. Explanation of transition to Australian equivalents to IFRSs

(iii) At the end of the last reporting period under previous AGAAP: **30 June 2005**

	Notes	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000
Current assets				
Cash and cash equivalents		45,950	-	45,950
Receivables		9,104	-	9,104
Other		488	-	488
Total current assets		55,542	-	55,542
Non-current assets				
Property, plant and equipment		2,737	-	2,737
Intangible assets	(b),(c)	6,633	2,482	9,115
Deferred tax assets	(e)	1,665	360	2,025
Total non-current assets		11,035	2,842	13,877
Total assets		66,577	2,842	69,419
Current liabilities				
Payables		5,922	-	5,922
Current tax liabilities		4,400	-	4,400
Unearned Income		3,301	-	3,301
Total current liabilities		13,623	-	13,623
Non-current liabilities				
Provisions		351	-	351
Total non-current liabilities		351	-	351
Total liabilities		13,974	-	13,974
Net assets		52,603	2,842	55,445
Equity				
Contributed equity		49,311	617	49,928
Share Option Reserve	(d)	-	1,217	1,217
Foreign Currency Translation Reserve	(a)	70	(29)	41
Retained profits / (losses)	(f)	3,222	1,037	4,259
Total equity		52,603	2,842	55,445

SEEK Limited
As at 31 December 2005

12. Explanation of transition to Australian equivalents to IFRSs

(2) Reconciliation of profit reported under previous AGAAP to profit under Australian equivalents to IFRSs (AIFRS)

(i) Reconciliation of profit for the half-year ended **31 December 2004**

	Notes	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000
Revenue		32,135	-	32,135
Total Revenue		<hr/> 32,135	-	<hr/> 32,135
Cost of sales of goods		(899)	-	(899)
Sales and marketing		(6,857)	-	(6,857)
Business development		(6,588)	-	(6,588)
Operations and administration	(b),(c), (d)	(5,744)	920	(4,824)
Expenses from ordinary activities		<hr/> (20,088)	920	<hr/> (19,168)
Profit before income tax expense		<hr/> 12,047	920	<hr/> 12,967
Income tax expense	(e)	(3,811)	(163)	(3,974)
Profit for the half-year		<hr/> 8,236	757	<hr/> 8,993
Net exchange differences on translation of financial report of foreign controlled entity		(15)	-	(15)
Profit attributable to members of SEEK Limited		<hr/> 8,221	757	<hr/> 8,978

SEEK Limited
As at 31 December 2005

12. Explanation of transition to Australian equivalents to IFRSs

(ii) Reconciliation of profit for the year ended **30 June 2005**

	Notes	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000
Revenue		71,332	-	73,332
Total Revenue		<hr/> 71,332	-	<hr/> 73,332
Cost of sales of goods		(1,566)	-	(1,566)
Sales and marketing		(14,612)	-	(14,612)
Business development		(14,308)	-	(14,308)
Operations and administration	(b),(c), (d)	(13,181)	1,615	(11,566)
Expenses from ordinary activities		<hr/> (43,667)	1,615	<hr/> (42,052)
Profit before income tax expense		<hr/> 27,665	1,615	<hr/> 29,280
Income tax expense	(e)	(8,413)	(420)	(8,833)
Profit for the half-year		<hr/> 19,252	1,195	<hr/> 20,447
Net exchange differences on translation of financial report of foreign controlled entity		41	-	41
Profit attributable to members of SEEK Limited		<hr/> 19,293	1,195	<hr/> 20,488

(3) Reconciliation of cash flow statement for the year ended 30 June 2005

The adoption of AIFRSs has not resulted in any material adjustments to the cash flow statement.

12. Explanation of transition to Australian Equivalents to IFRSs

(4) Notes to the reconciliations

(a) Foreign currency translation reserve: cumulative translation differences

The Group has elected to apply the exemption in AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. The cumulative translation differences for all foreign operations represented in the foreign currency translation reserve are deemed to be zero at the date of transition to AIFRSs. The effect is:

(i) At 1 July 2004

For the Group the balance of the \$29,000 credit in the foreign currency translation reserve is reduced to zero. Retained earnings is increased by this amount.

(ii) At 31 December 2004

For the Group the balance in the foreign currency translation reserve is reduced by \$29,000. Retained earnings is increased by this amount.

(iii) At 30 June 2005

For the Group the balance of the foreign currency translation reserve is reduced by \$29,000. Retained earnings is increased by this amount.

(iv) For the half-year ended 31 December 2004

There is no effect on the Group.

(v) For the year ended 30 June 2005

There is no effect on the Group.

(b) Intangible Assets – Goodwill

Under AASB 3 Business Combination, amortisation of goodwill is now prohibited and has been replaced by an annual impairment test focusing on the cash flows of the related cash generating unit. Under AGAAP SEEK amortised goodwill associated with the acquisition of NZ Jobs and SEEK Learning (formerly Business Information Systems, trading as Selfcert) on a straight-line basis over four years.

SEEK Learning Pty Ltd was purchased on 1st July 2004. Goodwill arising on consolidation has been valued at the purchase date. The directors conducted a full review of the assets acquired in the transaction. The significant intangible assets considered for valuation included a key supplier contract, Selfcert brand, website and customer base. As the key supplier contract had only two months to run and the fact that new competitors to the supplier were entering the market, no material value was attached to the supplier relationship. It was also assessed that due to the non-recurring nature of sales and the minimal development costs in constructing the website, no material value could be allocated to the Selfcert brand, website or customer base.

After conducting a discounted cash flow analysis for each of the above cash generating units it was determined that no impairment of either NZ Jobs or SEEK Learning goodwill had occurred in prior periods. Therefore goodwill amortisation expense under AIFRS is nil.

With respect to the NZ Jobs acquisition, SEEK has elected to take up the exemption for business combination is provided under AASB 1, that an entity may elect not to apply AASB 3 Business Combinations retrospectively to past business combinations that occurred before the date of transition to Australian equivalents to IFRS.

(i) At 1 July 2004

For the Group there would be no adjustment

(ii) At 31 December 2004

For the Group there has been an increase in intangible assets of \$1,209,000. Retained earnings has increased by \$1,209,000.

(iii) At 30 June 2005

For the Group there has been an increase in intangible assets of \$2,546,000. Retained earnings has increased by \$2,546,000.

(iv) For the half-year ended 31 December 2004

For the Group amortisation expense has decreased by \$1,209,000.

(v) For the year ended 30 June 2005

For the Group amortisation expense has decreased by \$2,546,000.

12. Explanation of transition to Australian Equivalents to IFRSs

(4) Notes to the reconciliations (continued)

(c) Intangible Assets – Website Development

Under AASB 3 Business Combinations, identified intangible assets are recognised and recorded at their market value at acquisition and amortised over its useful life.

The following intangible assets have been identified as part of the acquisition of SEEK Learning Pty Ltd:

The SEEK Learning website has been recorded as an intangible asset and written down to nil as the Website was de-commissioned in the 6 months ended 31 December 2004.

(i) At 1 July 2004

For the Group there would be no adjustment

(ii) At 31 December 2004

For the Group there has been a decrease in intangible assets of \$64,000. Retained earnings has decreased by \$64,000.

(iii) At 30 June 2005

For the Group there has been a decrease in intangible assets of \$64,000. Retained earnings has decreased by \$64,000.

(iv) For the half-year ended 31 December 2004

For the Group amortisation expense has increased by \$64,000.

(v) For the year ended 30 June 2005

For the Group amortisation expense has increased by \$64,000.

(d) Share-based payments

Under AASB 2 *Share-based Payment* from 1 July 2004 the Group is required to recognise an expense for those options that were issued to employees under the SEEK Employee Option Plan and the Senior Executive Option Plan after 7 November 2002 but that had not vested by 1 January 2005. The effect of this is:

(i) At 1 July 2004

For the Group there has been a decrease in retained earnings of \$350,000 and a corresponding increase in reserves.

(ii) At 31 December 2004

For the Group there has been a decrease in retained earnings of \$575,000 and a corresponding increase in reserves.

(iii) At 30 June 2005

For the Group there has been a decrease in retained earnings of \$1,217,000 and a corresponding increase in reserves.

(iv) For the half-year ended 31 December 2004

For the Group there has been an increase in employee benefits expense of \$225,000.

(v) For the year ended 30 June 2005

For the Group there has been an increase in employee benefits expense of \$867,000

12. Explanation of transition to Australian Equivalents to IFRSs

(4) Notes to the reconciliations (continued)

(e) Deferred tax asset

Under previous AGAAP income tax expense was calculated by reference to the accounting profit after allowing for permanent differences. Deferred tax was not recognised in relation to amounts recognised directly in equity. The adoption of AIFRS has resulted in a change in accounting policy.

The application of AASB 112 *Income Taxes* has also resulted in the recognition of a deferred tax asset in relation to carried forward New Zealand tax losses. These losses have been recognised due to the less stringent criteria of probable under AIFRS compared to the virtually certain test applied under AGAAP. The tax effects are as follows:

(i) At 1 July 2004, 31 December 2004 and at 30 June 2005

The effects on the deferred tax asset of the adoption of AIFRS are as follows (tax rate of 30%):

	1 July 2004	31 December 2004	30 June 2005
	\$'000	\$'000	\$'000
Adjustments arising from adoption of AASB 112	163	-	360
Increase in deferred tax asset	163	-	360

(ii) As at 1 July 2004

There has been an increase in retained earnings of \$163,000

(iii) As at 30 June 2005

There has been an increase in contributed equity via a reduction in capital raising costs of \$617,000.

(iv) For the half-year ended 31 December 2004

For the Group this has increased income tax expense by \$163,000 and decreased retained earnings by \$163,000.

(v) For the year ended 30 June 2005

For the Group this has increased income tax expense by \$420,000 and decreased retained earnings by \$257,000.

(f) Retained earnings

The effect on retained earnings of the changes set out above are as follows:

		1 July 2004	31 December 2004	30 June 2005
	Notes	\$'000	\$'000	\$'000
Foreign currency translation reserve	(a)	29	29	29
Intangible Assets - Goodwill	(b)	-	1,209	2,546
Intangible Assets – Website development	(c)	-	(64)	(64)
Share-based payments	(d)	(350)	(575)	(1,217)
Deferred Tax Asset	(e)	163	-	(257)
Total Adjustment		(158)	599	1,037
Attributable to:				
Equity holders of the parent		(158)	599	1,037

DIRECTORS' DECLARATION

SEEK Limited For the half-year ended 31 December 2005

In the directors' opinion:

- a) The financial statements and notes set out on pages 1 to 29 are in accordance with the *Corporations Act 2001*, including:
 - i) Complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - ii) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance, as represented by the result of its operations, changes in equity and its cash flows for the Half Year ended on that date.

- b) There are reasonable grounds to believe that SEEK Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



James D Packer
Chairman



Paul M Bassat
Chief Executive Officer

Melbourne
10th February 2006

Independent review report to the members of

SEEK Limited

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Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of SEEK Limited (the Company) for the half-year ended 31 December 2005 included on SEEK Limited's web site. The Company's directors are responsible for the integrity of the SEEK Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the financial report identified below. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of SEEK Limited:

- does not give a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of the SEEK Group (defined below) as at 31 December 2005 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This statement must be read in conjunction with the rest of our review report.

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for the SEEK Group (the consolidated entity), for the half-year ended 31 December 2005. The consolidated entity comprises both SEEK Limited (the company) and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations, changes in equity and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of company personnel, and
- analytical procedures applied to financial data.

Our procedures include reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report.

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

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.



PricewaterhouseCoopers



John Yeoman
Partner

Melbourne
10 February 2006

Auditor's Independence Declaration

As lead auditor for the review of SEEK Limited for the half year ended 31 December 2005, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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



John Yeoman
Partner

Melbourne
10 February 2006

PricewaterhouseCoopers

Supplementary appendix 4D information

SEEK Limited

For the half-year ended 31 December 2005

13. NTA backing

	2005	2004
Net tangible asset backing per ordinary share	20.9 cents per share	51.9 cents per share (Note 1)

Note 1: The December 2004 NTA backing per ordinary share is pre-share split of 3:1 on 11 March 2005. If the number of shares post-split had been used, the NTA backing would amount to 17.3 cents per ordinary share.

14. Additional dividend/distribution information

Details of dividends/distributions declared or paid during or subsequent to the half year ended 31 December 2005 are as follows:

Record date	Payment date	Type	Amount per security	Total dividend \$'000	Franked amount per security	Foreign sourced dividend amount per security
16 September 2005	30 September 2005	Final	1 cent	\$2,811	1 cent	-
28 February 2006	15 March 2006	Interim Dividend	3.7 cents	\$10,444	3.7 cents	-

15. Controlled entity acquired

Acquired	Dynamic Web Training Pty Ltd
Date control gained	1 September 2005
Contribution to profit from ordinary activities after tax in current period	\$170,750