



Half-Year Report

31 December 2014

carsales  com Ltd

ABN 91-074-444-018

carsales.com Ltd ABN 91 074 444 018

ASX Half-year information - 31 December 2014

Lodged with the ASX under Listing Rule 4.2A.
This information should be read in conjunction with the
30 June 2014 Annual report

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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 2014 and any public announcements made by carsales.com Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Corporate directory

Directors	Wal Pisciotta (Non-Executive Chairman) Greg Roebuck (Managing Director) Richard Collins (Non-Executive Deputy Chairman) Jeffrey Browne (Non-Executive Director) Pat O'Sullivan (Non-Executive Director) Kim Anderson (Non-Executive Director) Steve Kloss (Alternate Non-Executive Director)
Company secretary	Nicole Birman
Registered office	Level 4, 449 Punt Road Richmond Vic 3121 T: +61 3 9093 8600 F: +61 3 9093 8697 W: www.carsales.com.au
Share registry	Computershare Ltd 452 Johnston Street Abbotsford Vic 3067 T: +61 3 9415 4000 F: +61 3 9473 2500 W: www.computershare.com
External auditor	PricewaterhouseCoopers Freshwater Place 2 Southbank Boulevard Southbank Vic 3006
Stock exchange	carsales.com Ltd is a public company listed with the Australian Stock Exchange Limited ASX: CRZ ASX ticker code will change to CAR on 25 February 2015.

For the half-year ended 31 December 2014
(Previous corresponding period: half-year ended 31 December 2013)

Results for Announcement to the Market
31 December 2014

\$'000

Revenue from ordinary activities <i>(Appendix 4D item 2.1)</i>	up	34%	to	150,933
Profit from ordinary activities after tax attributable to members <i>(Appendix 4D item 2.2)</i>	up	7%	to	46,729
Net profit for the period attributable to members <i>(Appendix 4D item 2.3)</i>	up	7%	to	46,729

Dividends / distributions

(Appendix 4D item 2.4)

	Amount per security (cents)	Franked amount per security (cents)
Interim dividend <i>(Prior year)</i>	14.7	14.7
Final dividend <i>(Prior year)</i>	17.4	17.4
Interim dividend <i>(Current year)</i>	16.2	16.2

Record date for determining entitlements to the interim dividend	25 March 2015
Latest date for dividend reinvestment plan participation	27 March 2015
Dividend payable	15 April 2015

Net tangible assets

Net tangible asset backing per ordinary share is 21.75 cents (June 2014: 39.99 cents)

Half-year	
31 December 2014 \$'000	31 December 2013 \$'000

Revenue from continuing operations

Online Advertising	105,952	98,304
Data and Research	15,169	12,699
International	1,355	1,279
Finance and Related Services	28,457	-
Interest revenue	371	208
Total revenue	151,304	112,490

Operating expenses

Cost of sales of goods	(14,227)	(535)
Sales and marketing expenses	(42,264)	(30,057)
Service development and maintenance	(10,911)	(8,569)
Operations and administration	(10,591)	(9,634)
Other expenses	(2,185)	(1,500)
Interest expense	(4,473)	(1,283)
Total expenses	(84,651)	(51,578)

Share of net profit from associates accounted for using the equity method	2,546	1,510
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Profit before income tax	69,199	62,422
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Income tax expense	(20,646)	(18,467)
Profit from continuing operations	48,553	43,955

**For the half-year ended 31 December 2014
(Previous corresponding period: half-year ended 31 December 2013)
(continued)**

Explanation of Revenue

Revenue from ordinary activities for the 6 months to 31 December 2014 grew 34% to \$150.9m (2013: \$112.3m).

- Online advertising revenue grew 8% to \$105.9m (2013: \$98.3m) as a result of continued organic growth.
- Data and Research revenue grew 20% to \$15.2m (2013: \$12.7m) driven by organic growth.
- International revenue grew 8% to \$1.4m (2013:\$1.3m).
- Finance and Related Services revenue of \$28.4m attributed to the Stratton acquisition on 15 July 2014.

Explanation of Net Profit

Consolidated net profit after tax for the 6 months to 31 December 2014 grew 10% to \$48.6m (2013: \$44.0m).

Dividend Reinvestment Plan (DRP)

The carsales.com Ltd DRP will be maintained for the 2015 interim dividend, offering shareholders the opportunity to acquire further ordinary shares in carsales. The DRP will not be offered at a discount and the price will be calculated using the daily volume weighted average sale price of carsales.com Ltd shares sold in the ordinary course of trading on the ASX during the 5 days after, but not including, the Record Date (25 March 2015). The last date for shareholders to nominate their participation in the DRP is 5:00pm (AEST) on Friday 27 March 2015. Shares issued under the DRP will rank equally with carsales.com Ltd existing fully paid ordinary shares. Shareholders eligible to participate in the DRP are currently limited to those whose registered address on the carsales.com Ltd share registry is in Australia and New Zealand.

Eligible shareholders who wish to participate in the DRP can make their elections online at www.computershare.com.au/easyupdate/CRZ or complete the DRP form which will be sent to shareholders for completion and submission to Computershare Investor Services Pty Ltd (carsales share registry). Further information can be obtained from Computershare on 1300 850 505.

Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of carsales.com Ltd and the entities it controlled at the end of, or during, the half-year ended 31 December 2014.

Directors

The following persons were directors of carsales.com Ltd during the half-year ended 31 December 2014 and up to the date of this report:

Wal Pisciotta (Non-Executive Chairman)
Greg Roebuck (Managing Director)
Richard Collins (Non-Executive Deputy Chairman)
Jeffrey Browne (Non-Executive Director)
Pat O'Sullivan (Non-Executive Director)
Kim Anderson (Non-Executive Director)
Steve Kloss (Alternate Non-Executive Director)

Review of operations

During the half-year to December 2014 the Group generated gross revenues from continuing operations of \$151.3m (2013: \$112.5m) representing a 34% increase. This result was mainly driven by:

- Dealer revenue up 8% and private revenue growth of 16%. Automotive dealer used car enquiry growth up 7% year on year.
- Dealer and Data Services have continued growing strongly with revenue up 20% on pcp.
- Mediamotive performance saw revenue growth of 3% on pcp.
- Investments in Webmotors SA (Brazil) and SKENCARSALES (South Korea) performed strongly with underlying revenue up by 24% and 38% respectively.
- Acquisition of Stratton Finance in July 2014 which is performing ahead of expectations.
- A number of new products and initiatives released throughout H1 with more to come during the remainder of the year.

This revenue growth delivered consolidated net profit after tax and non-controlling interests of \$46.7m (2013: \$43.9m) representing a 7% increase compared to the same period in 2013.

Total operating expenses were \$84.7m (2013: \$51.6m) reflecting a 64% increase, principally due to the acquisition of Stratton and increased marketing and personnel costs.

EBITDA for the half-year ended 31 December 2014 was \$72.9m (2013: \$63.5m) up 15% with EBITDA margins at 48% (2013: 57%), reflecting lower margins at Stratton.

We continue to closely monitor our performance and market conditions. Assuming these are stable, we anticipate revenue and EBITDA to remain solid throughout H2 FY15, while NPAT will grow more moderately.

Subsequent events

In February 2015 the Group entered into a \$325m 5 year syndicated debt facility to refinance its existing debt and support future business growth.

Dividends - carsales.com Ltd

On 18 February 2015, the directors declared a dividend of 16.2 cents fully franked. The dividend will be paid on 15 April 2015.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

This report is made in accordance with a resolution of directors.

A handwritten signature in black ink, appearing to read 'Greg Roebuck', with a long horizontal flourish extending to the right.

Greg Roebuck
Managing Director and CEO

Sydney, New South Wales
18 February 2015

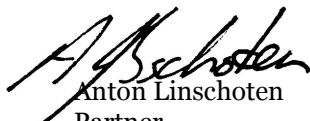


Auditor's Independence Declaration

As lead auditor for the review of carsales.com Ltd for the half-year ended 31 December 2014, 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 carsales.com Ltd and the entities it controlled during the period.


Anton Linschoten
Partner
PricewaterhouseCoopers

Melbourne
18 February 2015

carsales.com Ltd
Consolidated statement of comprehensive income
For the half-year ended 31 December 2014

	31 December 2014 \$'000	31 December 2013 \$'000
Revenue from continuing operations		
Sale of goods and services	150,933	112,282
Other revenue from ordinary activities	371	208
Revenue from continuing operations	151,304	112,490
Expenses		
Cost of sales of goods	(14,227)	(535)
Sales and marketing expenses	(42,264)	(30,057)
Service development and maintenance	(10,911)	(8,569)
Operations and administration	(10,591)	(9,634)
Other expenses	(2,185)	(1,500)
Finance costs	(4,473)	(1,283)
Share of net profit from associates accounted for using the equity method	2,546	1,510
Profit before income tax	69,199	62,422
Income tax expense	(20,646)	(18,467)
Profit from continuing operations	48,553	43,955
Other comprehensive Income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	4,584	35
Total comprehensive income for the period	53,137	43,990
Profit is attributable to:		
Owners of carsales.com Ltd	46,729	43,875
Non-controlling interests	1,824	80
	48,553	43,955
Total comprehensive income for the half-year is attributable to:		
Owners of carsales.com Ltd	51,313	43,910
Non-controlling interests	1,824	80
	53,137	43,990
	Cents	Cents
Earnings per share based on profit from continuing operations, attributable to the ordinary equity holders of the parent entity:		
Basic earnings per share	19.6	18.5
Diluted earnings per share	19.5	18.4

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

carsales.com Ltd
Consolidated statement of financial position
As at 31 December 2014

		31 December 2014 \$'000	30 June 2014 \$'000
	Notes		
ASSETS			
Current assets			
Cash and cash equivalents		33,958	26,042
Receivables		36,607	35,384
Inventories		1,543	-
Total current assets		72,108	61,426
Non-current assets			
Investments accounted for using the equity method	4	247,740	240,426
Property, plant and equipment		5,624	4,402
Deferred tax assets		6,646	5,916
Intangible assets		153,788	92,269
Total non-current assets		413,798	343,013
Total assets		485,906	404,439
LIABILITIES			
Current liabilities			
Payables		25,483	22,740
Borrowings		69,563	9,842
Current tax liabilities		8,877	9,349
Provisions		4,815	3,818
Deferred revenue		5,503	5,535
Total current liabilities		114,241	51,284
Non-current liabilities			
Provisions		965	938
Borrowings		164,921	164,841
Total non-current liabilities		165,886	165,779
Total liabilities		280,127	217,063
Net assets		205,779	187,376
EQUITY			
Contributed equity	3	84,231	77,603
Reserves		24,333	17,695
Retained profits		96,196	90,946
Non-controlling interests		1,019	1,132
Total equity		205,779	187,376

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

carsales.com Ltd
Consolidated statement of changes in equity
For the half-year ended 31 December 2014

Notes	Attributable to owners of carsales.com Ltd			Non-con- trolling interests \$'000	Total equity \$'000
	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000		
Balance at 1 July 2014	77,603	17,695	90,946	1,132	187,376
Profit for the half-year to 31 December 2014	-	-	46,730	1,824	48,554
Exchange differences on translation of foreign operations	-	4,584	-	-	4,584
Total comprehensive income for the period	-	4,584	46,730	1,824	53,138
Transactions with owners in their capacity as owners:					
Contributions of equity upon exercise of employee share options	2,265	-	-	-	2,265
Dividends paid to members of the parent	4,363	-	(41,480)	-	(37,117)
Dividends paid to non-controlling interest	-	-	-	(927)	(927)
Non-controlling interest on acquisition of subsidiary	-	-	-	(1,010)	(1,010)
Increase in share-based payment reserve inclusive of tax	-	2,054	-	-	2,054
	6,628	2,054	(41,480)	(1,937)	(34,735)
Balance at 31 December 2014	84,231	24,333	96,196	1,019	205,779

Notes	Attributable to owners of carsales.com Ltd			Non-con- trolling interests \$'000	Total equity \$'000
	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000		
Balance at 1 July 2013	70,104	14,908	67,498	-	152,510
Profit for the half-year to December 2013	-	-	43,875	80	43,955
Exchange differences on translation of foreign operations	-	35	-	-	35
Total comprehensive income for the period	-	35	43,875	80	43,990
Transactions with owners in their capacity as owners:					
Contributions of equity upon exercise of employee share options	7,230	-	-	-	7,230
Dividends paid to members of the parent	-	-	(37,054)	-	(37,054)
Increase in share-based payment reserve inclusive of tax	-	2,540	-	-	2,540
Non-controlling interest on acquisition of subsidiary	-	-	-	316	316
	7,230	2,540	(37,054)	316	(26,968)
Balance at 31 December 2013	77,334	17,483	74,319	396	169,532

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

carsales.com Ltd
Consolidated statement of cash flows
For the half-year ended 31 December 2014

		Half-year ended	
		31 December	31 December
		2014	2013
Notes		\$'000	\$'000
Cash flows from operating activities			
	Receipts from customers (incl GST)	166,051	126,263
	Payments to suppliers and employees (incl GST)	(97,855)	(65,375)
	Income taxes paid	(23,643)	(18,197)
	Net cash inflow from operating activities	44,553	42,691
Cash flows from investing activities			
	Payment for acquisition of subsidiary, net of cash acquired	6 (55,126)	(8,400)
	Investment in associates	-	(357)
	Payments for property, plant and equipment	(210)	(663)
	Payments for domain names	(35)	(505)
	Payments for computer software	(466)	-
	Interest received	371	208
	Net cash (outflow) from investing activities	(55,466)	(9,717)
Cash flows from financing activities			
	Proceeds from issues of shares and other equity securities	2,265	7,230
	Proceeds from borrowings	59,118	8,500
	Repayment of borrowings	(175)	-
	Dividends paid to non-controlling interests	(927)	-
	Dividends paid to members of the parent	5 (37,117)	(37,054)
	Interest paid	(4,335)	(1,283)
	Net cash inflow (outflow) from financing activities	18,829	(22,607)
	Net increase in cash and cash equivalents	7,916	10,367
	Cash and cash equivalents at the beginning of the financial year	26,042	15,140
	Cash and cash equivalents at end of the half-year	33,958	25,507

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

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of carsales.com Ltd and its subsidiaries.

(a) Basis of preparation

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2014 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated 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 year ended 30 June 2014 and any public announcements made by carsales.com Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except as set out in b) below. The interest received and paid in the consolidated statement of cash flows has been reclassified for the 6 months to 31 December 2013 to present interest received under 'Cash flows from investing activities' and interest paid under 'Cash flows from financing activities' consistent with the 6 months to 31 December 2014 as Management believe this better reflects the nature of the interest cash flows.

The financial statements have been prepared on a going concern basis. The net current liability position in the statement of financial position reflects the short term loan obtained by the Group to finance the investment in Stratton Finance in July 2014. In February 2015 the Group entered into a \$325m 5 year syndicated debt facility to refinance this debt and support future business growth.

(b) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are mandatory for the current reporting period and have been adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

The Group has applied the following standards in the current reporting period commencing 1 July 2014:

- Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle (effective 1 July 2014).
- AASB 2012-3 Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014).
- AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets (effective 1 January 2014).

There is no material impact in the financial statements as a result of the adoption of the above standards.

1 Summary of significant accounting policies (continued)

(b) New accounting standards and interpretations (continued)

The following standards will be applicable in future reporting periods and the Group will adopt the standards upon the operative date. The Group is assessing the impact of these standards however they are not expected to have a significant impact:

- AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities (effective 1 January 2015).
- AASB 9 Financial Instruments (effective 1 January 2018).
- Clarification of acceptable methods of depreciation and amortisation (AASB 2014-4) (effective 1 January 2016).
- Accounting for acquisitions of interests in joint operations (AASB 2014-3) (effective 1 January 2016).

The following standards are not applicable to carsales.com Ltd and therefore there is no impact on the Group:

- AASB 2013-5 Amendments to Australian Accounting Standards - Investment Entities (effective 1 January 2014).
- Transitioning between tiers (AASB 2014-2) (effective date 1 July 2014).
- AASB Interpretation 21 Levies (effective 1 January 2014).
- AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting - [AASB 139] (effective 1 January 2014).
- Hedge Accounting and Amendments to IFRS 9, IFRS 7 and IAS 39.
- Defined Benefit Plans: Employee Contributions - Amendments to IAS 19 (effective 1 January 2014).
- Accounting for Levies (Interpretation 21) (effective 1 January 2014).
- Consolidation and interest of policy holders (AASB 2013-7) (effective 1 January 2014).
- Superannuation Entities (AASB 1056) (effective 1 January 2016).

2 Segment information

Management has determined the operating segments based on the reports reviewed by the Executive Leadership Team that are used to make strategic decisions.

(a) Description of segments

The Group principally operates in four business segments, namely Online Advertising Services, Data and Research Services, International and Finance and Related Services.

Online Advertising Services

carsales.com Ltd online advertising offerings can be broken into two key product sets being classified advertising and display advertising services.

Classified advertising is currently the major product offering of the company and encompasses both private sellers and dealer customers. Classified advertising typically involves the owner of a specific item, such as a 2004 Red brand x car with 23,242 kilometres or a brand new Blue brand x motorbike with sidecar etc; advertising their item for sale via a particular medium, which in the case of carsales.com Ltd, is through its online websites.

Display advertising, typically involves corporate customers such as automotive manufacturers/importers, finance and insurance companies etc, placing advertisements on a carsales.com Ltd's website. These advertisements typically display the product or service offerings of the corporate advertiser such as a special offer on new utes by manufacturer x, or save 10% on insurance this month only etc.

Data and Research Services

The carsales.com Ltd divisions of Redbook, LiveMarket, Live Trade, Datamotive and Datamotive Business Intelligence provide various solutions to a range of customers including manufacturers/importers, dealers, industry bodies, finance and insurance companies offering products including software, research and reporting, valuation services, website development and hosting as well as photography services. This segment also includes display advertising related to these divisions.

International

carsales.com Ltd has significantly increased its investment in overseas Associates with our international holdings comprising at 31 December 2014:

Automotive Data Services:

- Auto Information Ltd (New Zealand) - 100%
- Red book Automotive Services (M) Sdn Bhd (Malaysia) - 100%
- Red Book Automotive Data Services (Beijing) Ltd (China) - 100%
- Automotive Data Services (Thailand) Company Ltd - 100%

Online automotive classifieds:

- Webmotors (operations in Brazil) - 30%
- iCarAsia (operations in Indonesia, Malaysia and Thailand) - 20.3%
- SKENCARSALES (operations in South Korea) - 49.9%

Finance and Related Services

Finance and Related Services includes the Stratton Finance Pty Ltd subsidiary which provides innovative vehicle finance arrangements, vehicle procurement and other related services to customers. Segment revenues arise from commissions paid by finance providers and other related service providers.

2 Segment information (continued)

(b) Primary reporting format - business segments

Half-year 31 December 2014	Online Advertising \$'000	Data and Research \$'000	International \$'000	Finance and Related Services \$'000	Consolidated \$'000
Segment revenue					
Segment revenue (note 2(c)(i))	105,952	15,169	1,355	28,457	150,933
Total segment revenue	105,952	15,169	1,355	28,457	150,933
Segment result					
EBITDA (note 2(c)(ii))	58,402	8,066	825	5,647	72,940
Depreciation and amortisation					(2,185)
Net interest paid					(4,102)
Share of profit from associates			2,546		2,546
Profit before income tax					69,199
Income tax expense					(20,646)
Non-controlling interests					(1,824)
Profit for the half-year					46,729
Segment assets (note 2(c)(iii))					
Total segment assets	95,689	19,355	257,027	65,279	437,350
Deferred tax assets					6,646
Unallocated assets					41,910
Total assets					485,906
Half-year 31 December 2013	Online Advertising \$'000	Data and Research \$'000	International \$'000		Consolidated \$'000
Segment revenue					
Segment revenue (note 2(c)(i))	98,304	12,699	1,279		112,282
Total segment revenue	98,304	12,699	1,279		112,282
Segment result					
EBITDA (note 2(c)(ii))	56,535	6,168		784	63,487
Depreciation and amortisation					(1,500)
Net interest paid					(1,075)
Share of profit from associates				1,510	1,510
Non-controlling interests					(80)
Profit before income tax					62,342
Income tax expense					(18,467)
Profit for the half-year					43,875
Segment assets (note 2(c)(iii))					
Total segment assets	93,581	18,602	115,494		227,677
Deferred tax assets					4,137
Unallocated assets					31,532
Total assets					263,346

2 Segment information (continued)

(c) Notes to, and forming part of, the segment information

(i) Segment revenues

Segment revenues are derived from sales to external customers as set out in the table above. The nature of the segment revenues are as described in note 2(a) above.

(ii) Segment EBITDA

The consolidated entity's key operating decision maker assesses the performance of the segments based on a measure of EBITDA. Interest revenue and expense, depreciation and amortisation are not reported to the chief operating decision maker by segment. These items are assessed at a consolidated entity level.

Costs directly incurred by a segment are wholly allocated to that segment. Shared costs are allocated to segments based on Management's estimate of the relevant proportion of that cost that is incurred by each segment. These allocation estimates are updated for each period.

(iii) Segment assets

Segment assets are goodwill, trade receivables and investments in overseas investments. Unallocated assets include cash, deferred tax assets, property, plant and equipment, intangibles and other assets. All unallocated assets are assessed by the chief operating decision maker at a consolidated level.

(iv) Liabilities

Liabilities are not reported to the chief operating decision maker by segment. All liabilities are assessed at a consolidated entity level.

3 Contributed equity

Movement in ordinary shares during the period

	Number of Shares	\$'000
Balance at 1 July 2013	236,181,964	70,104
Exercise of options under the carsales.com Ltd Option Plan	1,647,001	7,499
Balance at 30 June 2014	237,828,965	77,603
Balance at 1 July 2014	237,828,965	77,603
Exercise of options under the carsales.com Ltd Option Plan	726,501	2,265
Dividend reinvestment plan	446,293	4,363
Balance at 31 December 2014	239,001,759	84,231

4 Investments accounted for using the equity method

Name of entity	Ownership interest	31 December	30 June
		2014	2014
	%	\$'000	\$'000
Webmotors S.A.	30.0	90,788	93,323
iCar Asia Limited	20.3	17,329	19,146
SK ENCARSALES.COM Ltd	49.9	139,623	127,957
Total equity accounted investments		247,740	240,426

The carsales.com Limited ownership for iCar Asia was 22.9% for the period from 1 July 2014 to 19 November 2014 and 20.3% from 20 November 2014 to 31 December 2014.

5 Dividends

(a) Ordinary shares

	Half-year	
	31 December 2014 \$'000	31 December 2013 \$'000
Final dividend		
Final fully franked cash dividend for the year ended 30 June 2014 of 17.4 cents (2013 - 15.6 cents) per share paid on 22 October 2014.	37,117	-
Final fully franked dividend for the year ended 30 June 2014 of 17.4 cents (2013 -15.6 cents) per share - satisfied through issuance of shares under the dividend reinvestment plan.	4,363	-
Final fully franked cash dividend for the year ended 30 June 2013 of 15.6 cents per share paid on the 25 September 2013.	-	37,054
	41,480	37,054

(b) Dividends not recognised at the end of the reporting period

	2014 \$'000	2013 \$'000
In addition to the above dividends, since half-year end the Directors have recommended the payment of 16.2 cents per fully paid ordinary share (2013 - 14.7 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 15 April 2015 out of retained earnings at 31 December 2014, but not recognised as a liability at the end of the reporting period, is	38,718	34,953

6 Business combination

(a) Stratton acquisition

On 15 July 2014 carsales.com Ltd acquired 50.1% of Stratton Finance Pty Ltd (Stratton), an innovative vehicle finance business and long-term customer of carsales.com Ltd.

	\$'000
Purchase consideration:	
Cash paid	59,055
The assets and liabilities acquired are as follows:	
Cash and cash equivalents	3,929
Trade and other receivables	2,684
Plant and equipment	1,670
Inventory	1,376
Deferred tax assets	252
Intangible assets	12
Trade and other payables	(6,805)
Provisions	(793)
External loans	(588)
Tax liabilities	(3,997)
Net liabilities	(2,260)
Outside shareholders interests	1,010
Goodwill	60,305
Net assets acquired	59,055

The goodwill is attributable to the workforce, Stratton's strong position in a high growth market, its customer database, the high profitability of the business and synergistic benefits expected to be created by this acquisition. The goodwill is not expected to be deductible for tax purposes.

i) Initial accounting

Both the net asset value and the allocation of the purchase price to acquired assets are still preliminary. In particular, the fair values assigned to intangible assets are still being assessed and may be subject to change. The acquisition accounting will be finalised within 12 months of the acquisition date.

ii) Acquired receivables

The fair value of trade and other receivables is \$2,684,000 which includes trade receivables with a fair value of \$2,369,000. No trade receivables are considered uncollectable.

iii) Non-controlling interest

The Group will recognise the non-controlling interests in Stratton at fair value rather than at the proportionate share of net identifiable assets. The fair value of the non-controlling interest will be determined with reference to the purchase price of the acquired interest, as this represented a transaction between a willing buyer and independent willing sellers.

The current ownership structure of Stratton is as follows:

carsales.com Limited	50.1%
<i>Non-controlling interests:</i>	
D'Azur Holdings Pty Ltd	35.4%
Minor shareholders	14.5%
	<hr/> 100%

7 Events occurring after the reporting period

Except as set out below no matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

In February 2015 the Group entered into a \$325m 5 year syndicated debt facility to refinance its existing debt and support future business growth.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 19 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 2014 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

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



Greg Roebuck
Managing Director and CEO

Sydney, New South Wales
18 February 2015



Independent auditor's review report to the members of carsales.com Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of carsales.com Ltd (the Company), which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for carsales.com Ltd (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of carsales.com Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of carsales.com Ltd is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers
PricewaterhouseCoopers

A. Linschoten
Anton Linschoten
Partner

Melbourne
18 February 2015

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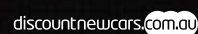
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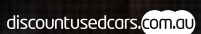
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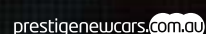
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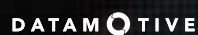
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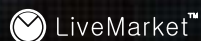
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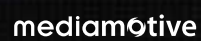
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