

Annual Report 2015



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

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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:CAR

The previous ASX code was "CRZ"

carsales.com Ltd ABN 91 074 444 018
Annual report – 30 June 2015

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Results for Announcement to the Market

Results for Announcement to the Market

				\$'000
Revenue from ordinary activities	Up	32%	to	311,756
Profit from ordinary activities after tax attributable to members	Up	8%	to	103,167
Net profit for the period attributable to members	Up	8%	to	103,167
Dividends / Distributions		Amount per security		Franked amount per security
2014 Final Dividend paid		17.4 cents		17.4 cents
2015 Interim Dividend paid		16.2 cents		16.2 cents
2015 Final Dividend declared		17.7 cents		17.7 cents
2015 Special Dividend declared		1.4 cents		1.4 cents

Record date for determining entitlements to the dividends

18th September 2015

Dividend payable

15th October 2015

Net tangible assets

Net tangible assets backing per ordinary share is 30.64 cents (2014: 39.99 cents)

Other information required by Listing Rule 4.3A

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in the 30 June 2015 Financial Report.

Dealer revenue up 7%
year on year

Increased private seller revenue
up 8% year on year

International business
delivered 45% increase
in profit
year on year

Chairman's Update



Dear Shareholders,

The Board is pleased to present to shareholders the carsales.com Ltd Annual Report for the financial year ending 30 June 2015. It has been another year of exceptional achievement at carsales and we are pleased to be presenting to shareholders another year of record financial performance.

Some of the major financial highlights of the past 12 months include:

Revenue up 32%

on previous corresponding period (pcp) from \$235.6m to \$311.8m.

EBITDA up 12%

on pcp from \$138.4m to \$154.3m.

EBITDA margin 50%, reflecting the **acquisition of Stratton Finance.**

Proforma Operating cash flow (excluding the timing impact of a one-off change to tax payments)

up 12% on pcp

from \$101.0m to \$112.9m.

Due to sufficient cash and confidence in future earnings, the Directors have declared a final 2015 dividend of 17.7 cents per share fully franked plus a special 2015 dividend of 1.4 cents per share fully franked, taking the total dividends paid for the year to 35.3 cents per share. The dividend payment will have a record date of 18 September 2015 and a payment date of 15 October 2015.

FY15 was a year characterised by continued innovation in our core business, further expansion into adjacent domestic markets and tremendous progress in our global investment portfolio.

Domestically, the new car market remains buoyant with over 1.1 million new cars sold in the 2014 calendar year, and 2015 on track to exceed that number. We have invested significantly in our relationships with OEMs and our dealer customers in the last year and delivered significant improvements to our product portfolio across all of our verticals. We are the auto classifieds market leader and this year we continued to increase our lead over our nearest competitors.

Innovation remains at the heart of our DNA and we have continued to invest to increase value for our customers, consumers and a strengthening of our market position as a result of this investment. Our innovation leverages the best of the Group's IP and knowledge, whilst we also keep an eye on new developments both in local and overseas markets.

The proposed introduction of GST on all internet based services provided to Australians (not just local companies, like carsales) will ensure a fairer marketplace for online classified sites going forward.

Our acquisition of 50.1% of Stratton Finance, a leading finance broker and services provider, in July 2014 is the most obvious example of our expansion into complementary markets and has performed above our expectations since acquisition, with more to come in FY16. Products launched in the year such as Instant Offer and the continued expansion of tyresales continued to diversify our business and provide strong engines for future growth. Our acquisition of 50.1% of Auto Inspect, a leading vehicle inspection

business in June will provide our customers with additional value and confidence to make vehicle purchases.

Our international businesses have demonstrated both pleasing growth and resilience this year. Webmotors (Brazil) has demonstrated strong revenue growth despite a challenging economic backdrop, with the distraction of a World Cup, a controversial federal election and a decrease in new car sales over the year providing challenges. SKENCARSALES (South Korea) has grown profitably whilst transforming the business, despite the outbreak of MERS, and is well positioned to benefit from positive trends in the automotive market. The carsales management team has invested a significant amount of time working with local management and it is pleasing these efforts are starting to bear fruit.

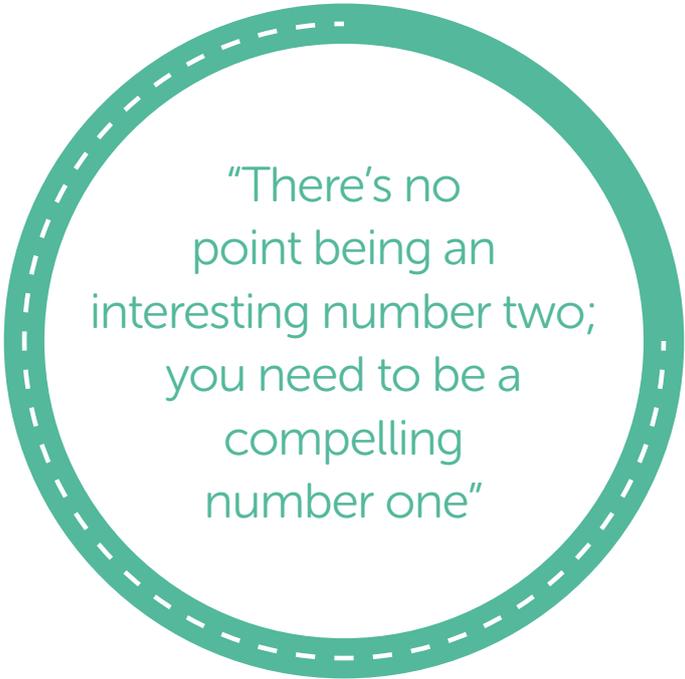
Our people make carsales what it is and will continue to remain an area of great focus for the management team. carsales has a wonderful team and a high performance culture which is evident in our results. We are committed to creating a challenging, rewarding and diverse working environment for our people.

As a Board we are confident that we are well positioned to continue to develop the business in all markets to take advantage of our numerous growth opportunities. I say this every year but the best is still to come for carsales.com Ltd.

On behalf of the Board of Directors, I would like to once again thank our customers for their continued endorsement and business; our shareholders for their ongoing encouragement and support and Greg Roebuck and his team for their ongoing passion, commitment and dedication to the Company producing yet another great year of record achievement.



Wal Pisciotta
Chairman
11 August 2015



“There’s no
point being an
interesting number two;
you need to be a
compelling
number one”





Managing Director's update

Dear Shareholders,

Another financial year has rushed by and again it has been an exciting and eventful year for our great business. We've made a number of new investments as well as delivered world class technology, innovation and market leadership. Our team continues to expand and we're looking forward to the challenges FY16 will undoubtedly bring.

SK Encar – EBITDA margins expanded from 51% for pcpc to 64% and we are very confident about the opportunity for **further business development** in the coming months and years

Our Stratton Finance acquisition in July last year has delivered great synergies to **private car buyers** through very tight integration across the carsales website. Stratton and carsales have also acquired 20% of the Ratesetter business – an innovative peer-to-peer financier that provides excellent synergies for short term or low priced vehicle finance. Check these two great businesses out at www.stratton.com.au and www.ratesetter.com.au.

Most recently we've acquired a controlling stake in a vehicle inspection business, Auto Inspect. This rapidly growing business is another great fit for us as consumers look for more surety around vehicle quality.

Our International investments are growing well. In Brazil, the webmotors.co.br business continues to be the market leader and we're progressing positively towards a business model more aligned with the Australian operation. There's plenty of changes required behind-the-scenes to achieve this, but the team in Brazil are motivated and FY16 will see us very close to delivering on an accountable solution to our dealer customers. During FY15, Webmotors acquired a services company – very similar to the Dealer and Data Services division of carsales.com.au – called vMotors. This is a very synergistic fit for Webmotors and provides inventory and lead management services for its dealers.

Our Korean business – www.encar.com – is also progressing very well. They've more recently moved to a chargeable private seller model similar to carsales.com.au and work towards an accountable dealer environment is on track. The relationships with the teams in Korea and Brazil are excellent and this will ensure a great long term outcome for us all.

The www.tyresales.com.au business is driving significant change in the previously non-transparent tyre retailing marketplace. While currently a very low margin business for us, our revenue growth is very positive and we're extremely proud of building a fantastic product that benefits consumers, dealers and the broader carsales Network.

Our New Car business has stabilised after the first half of FY15 saw a number of additional car companies require their dealers to remove their inventory from third party sites such as carsales.com.au. While we strongly

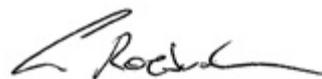
believe that this action negatively impacts consumers and therefore the car company and their dealers, we're very pleased we're working closely with the industry to navigate the challenges being faced. Our New Car inventory is once again climbing and this in turn is driving better results for our consumer and dealer customers.

Private sellers continue to see carsales.com.au as **the** place to sell their car. The most important metric – generally overlooked by our competitors – is not how many cars are being advertised, but how many **sales!** Our average time to sell continues to trend downwards, clearly demonstrating if you want to get a sale, there's only one place to get a result: carsales.com.au!! In fact when averaged out over the last financial year, we sold 100 cars an hour.

Innovation continues to be a hallmark of our great business. The passion from the entire team to deliver world class product and continually challenge the status quo is a huge component of our culture. Our Ryvuss search engine technology has now been licensed into a number of businesses; our photo serving platform is in use in all of our international investment companies and our advanced telephony products will join the growing list of technologies we are marketing outside of our core business. Our philosophy of one hundred 1% changes are better than one 100% change keeps us well ahead of the competition – who despite numerous aggressive campaigns continue to lag behind.

In closing, we've had another great year, more world class innovations, more investment in exciting businesses, and continued growth across all areas of the Company. As a team we strive to be the best in the world and while it is a high benchmark, I continue to be amazed and extremely proud of what truly talented people we have delivering on this objective. I'd like to publicly thank each and every one of them.

Yours sincerely,



Greg Roebuck
Managing Director and CEO
11 August 2015





Directors' report



Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of carsales.com Ltd, the entities it controlled and the investments in associates at the end of, or during, the year ended 30 June 2015.

Directors

The following persons were directors of carsales.com Ltd during the financial year and up to the date of this report unless indicated otherwise:

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)

Principle activities

carsales.com Ltd's principle activities during the course of the financial year consisted of online classified and display advertising. As well as this carsales provides a number of software, data, finance and other services predominantly sold to customers in the automotive industry.

Aside from the acquisition of Stratton Finance Pty Ltd on 15 July 2014 as set out in Note 20, there have been no significant changes in these activities during the course of the last financial year.

Dividends – carsales.com Ltd

Dividends paid to members during the financial year were as follows:

	2015 \$'000	2014 \$'000
Final fully franked dividend for the year ended 30 June 2014 of 17.4 cents (2013 – 15.6 cents) per share paid on 22 October 2014.	41,472	37,052
Interim fully franked ordinary dividend for the year ended 30 June 2015 of 16.2 cents (2014 – 14.7 cents) per share paid on 15 April 2015.	38,812	34,957
	80,284	72,009

In addition to the above dividends, since the end of the financial year, due to sufficient cash and confidence in future earnings, the Directors have recommended the payment of a fully franked final ordinary dividend of \$45,856,000 (17.7 cents per fully paid ordinary share plus 1.4 cents special dividend per fully paid ordinary share) to be paid on 15 October 2015 out of retained profits at 30 June 2015.

Operating and financial review

Group Financial Highlights

- FY15 was another year of record financial performance with Group operating revenue rising to \$311,756,000, up 32% on the prior comparative period.
- Group earnings remained very strong with EBITDA up 12% on the prior comparative period to \$154,338,000 and EBITDA margins of 50%.
- Profit attributable to the owners of carsales.com Ltd, excluding one-off gain on associate dilution was \$99,720,000, up 4% on the prior comparative period.
- Reported profit attributable to the owners of carsales.com Ltd was \$103,167,000, up 8% on prior comparative period.

carsales Domestic Highlights

There were a number of highlights during the course of the year which contributed to the overall performance of the business including:

- Dealer revenue up 7% on pcp overall. Key growth drivers being yield and growth in premium advertising products.
- Private revenue grew by 8% on pcp, with positive yield growth through price rises premium product growth in automotive and strong growth in the B2C segment from tyresales.
- Non-automotive verticals performing well.
- Mediamotive up 3% on pcp in a challenging market.
- Data, Research and Services (previously Dealer and Data Services) once again performed strongly with revenue up 14% on pcp.
- Finance and Related Services recorded revenue of \$59.4m, principally due to the acquisition of Stratton Finance Pty Ltd on the 15th July 2014.
- Acquired stakes in Ratesetter Australia Pty Ltd (peer to peer lending) and Auto Inspect Pty Ltd (vehicle inspections) during the year which will drive future growth.

carsales International Highlights

The Company holds interests in online automotive advertising companies operating in high growth international markets. These interests include:

- 49.9% in the equity of SK ENCARSALES.COM Ltd (South Korea), the number one online automotive classifieds company in South Korea.
- 30% in the equity of Webmotors S.A. (Brazil), the number one online automotive classifieds company in Brazil.
- 20.2% as at 30 June 2015 in the equity of iCar Asia Limited (ASX:ICQ). iCar is the largest online automotive classifieds network in South East Asia owning the number one online automotive classifieds sites in Malaysia and Thailand, and the number two site in Indonesia.
- **SK ENCARSALES.COM Ltd** – Strong underlying revenue growth of 31% on pcp for the year. Revenue growth largely as a result of growth in dealer yield, customer acquisition and display revenue. The Company started charging for private adverts in April 2015 and expanded EBITDA margins to 64% (from 51% pcp). carsales' share of net profit after tax was \$4,736,000. We have started to

take advantage of the opportunities that exist in licensing carsales' world leading technology into the Korean market and good progress is being made in executing strategic priorities.

- **Webmotors S.A.** – Revenue growth of 21% pcp attributable dealer, private and display advertisement volume growth. carsales share of net profit after tax was \$3,478,000. Acquired **vMotors** (a dealer and data services business) in December 2014 which is on track to be integrated into Webmotors' product portfolio. Webmotors continues to grow its market share with its combined inventory (MeuCarango, CompreAuto and WebMotors) now almost double that of its closest competitor. carsales' share on net profit after tax decreased 24% on pcp reflecting one-off costs and investment in the business, with earnings growth expected to return in FY16.
- **iCar Asia Limited** – carsales' share of net loss after tax is estimated to be (\$3,288,000). carsales continues to support iCar's business as it evolves. carsales' investment was diluted from 22.9% to 20.2% due to the capital raise to fund the acquisition of one2Car in Thailand, resulting in a one-off gain on dilution of \$3,447,000.

Outlook

- Domestic trading conditions in the first 6 weeks of FY15 have remained solid. A more detailed trading update will be provided at the October Annual General Meeting.
- Expect to continue seeing further growth from newer domestic investments in tyresales and Stratton along with new investment in Auto Inspect. Anticipate EBITDA margins being maintained around current levels.
- Expect ongoing development of the business models in Korea and Brazil to continue and, subject to market conditions being maintained in these markets, we expect to see solid earnings growth for each.

Strategy

The strategy of the Company is to continue to strengthen and grow its core business units through ongoing product innovation, while proactively seeking opportunities to leverage developed intellectual property in other adjacent or geographic high growth markets.

Risk

Being a complex business in a growth market carries with it a number of risks that the Company manages including, but not limited to:

- Maintenance of professional reputation and brand name – The success of carsales is heavily reliant on its reputation and branding. Unforeseen issues or events, which place carsales' reputation at risk, may impact on its future growth and profitability.
- Relationship with Dealers and OEMs – carsales derives a significant proportion of its revenue from motor vehicle dealers and automotive manufacturers (OEMs). A change in the size and/or structure of this market could impact carsales' earnings. In particular, consolidation of the dealer market with fewer, larger dealers or increased manufacturer control of dealers' online advertising activity may impact upon the prospects of carsales. In addition, the majority of carsales' revenue is generated under monthly agreements with motor vehicle dealers. Should a significant number of dealers cancel or fail to renew their agreements, this may have an adverse effect on the financial performance of carsales.
- Competition – the online automotive advertising industry is highly competitive. carsales' performance could be adversely affected if existing or new competitors reduce carsales' market share from its current level.

- Downturn in the motor vehicle or general advertising market – the performance of carsales will continue to be influenced by the overall condition of the motor vehicle market. The motor vehicle market is influenced by the general condition of the Australian economy, which by its nature is cyclical and subject to change. In addition, carsales derives a significant proportion of its revenue from display advertisers on its network of websites. A decline or significant change in the advertising market as a result of broader economic influences or changing advertiser trends that the Company does not respond to could have a negative impact on carsales' earnings.
- Information Technology – carsales' business operations rely on owned and 3rd party IT infrastructure and systems. Any interruptions to these operations or loss of customer data could impair carsales' ability to operate its customer facing websites which could have a negative impact on carsales' financial performance and reputation.
- carsales' future performance will also depend on its ability to monitor and manage major projects such as website upgrades and other projects involving its IT infrastructure.
- International expansion – with the expansion of the business into new high growth international geographies, the Company becomes exposed to the macroeconomic environment of these markets outside of the traditional markets the Company has operated in. The Company may not be able to fully recoup its investment in these markets should it not be able to accelerate the growth of its businesses through the implementation of carsales' business models, intellectual property and technologies.

Significant changes in the state of affairs

During the financial year the Company continued to expand into adjacent markets by investing in Stratton Finance Pty Ltd an Australian based automotive finance broker. The consideration for this investment was \$58,995,000. The Company entered into a \$325m syndicated bank facility in February 2015 repayable in tranches over a 5-year period.

Matters subsequent to the end of the financial year

On 7 August 2015 the Company announced that it has agreed to acquire a 65% controlling shareholding in SoloAutos (www.soloautos.mx), a leading automotive classifieds website in Mexico, for an investment of up to US \$9m.

No other matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may affect:

- the Group's operations in future financial years, or
- the results of those operations in future financial years, or
- the Group's state of affairs in future financial years.

Sustainability

carsales.com Ltd is committed to good corporate citizenship and social responsibility, and believes that implementing practical sustainability programs is central to this. The Company's goal is to have the lowest possible negative impact on the global and local environments, community, society and economy. carsales' core values of enjoyment, respect, integrity, trust, communication and honesty (ENRITCH) underpin its culture of ethical conduct.

Over the past year the Company has reviewed its sustainability programs and engaged key stakeholders throughout the Company to build focus and involvement. carsales contributes to the wider community through initiatives such as its community day program,

charity fundraising, its commitment to reducing its carbon footprint and its focus on areas such as waste management and becoming a paperless office environment.

Environment

Whilst the nature of the carsales business has a low environmental impact, the Company always aims to minimise its environmental footprint. In all company offices, carsales promotes recycling by having bins throughout our offices with clear explanation on how to correctly recycle; purchases only 100% recycled paper and enforces printing limits including default double sided, black and white printing; and has implemented timed lights in all meeting rooms. The carsales head office in Richmond is certified as a 4.5 star NABERS rated building.

As part of carsales' continued efforts to minimise its environmental footprint, it has offset emissions for its fleet vehicles. carsales has offset these emissions through **Greenfleet** (Australia's most respected source of biodiverse carbon offsets). As a result of this relationship, **Greenfleet** will plant enough native trees on behalf of carsales to absorb 193.50 tonnes of CO₂-e and to restore native forests in Australia, to protect our climate and unique biodiversity.

Also, this year carsales supported **Earth Hour** by encouraging all staff and customers to support the initiative of saving power by switching off lights, televisions and computers at home for one hour on Saturday March 28th. The prominent carsales signs on the Company's Punt Road offices was switched off for an hour to visibly show its support.

The Group is not subject to any significant environmental regulation in respect of its activities.

Community

carsales has a number of initiatives designed to provide the Company and employees with avenues to support both charity and community based causes.

All carsales team members are encouraged to get together and take a day to support the community by volunteering for a community based charity. Staff have contributed hundreds of hours volunteering in the community supporting organisations such as Sacred Heart Mission, Salvation Army and the Million Paws Walk.

Each year the entire workforce votes on the charities that it will support throughout that calendar year. Over the past twelve months the Company and employees have actively participated in raising money for:

Beyondblue – works to reduce the impact of depression and anxiety in the community by raising awareness and understanding, empowering people to seek help, and supporting recovery, management and resilience.

Epilepsy Foundation of Victoria – provides services to people living with epilepsy and their families, and works to raise awareness of epilepsy in organisations and the broader community to reduce the stigma and create a more welcoming and inclusive society.

Challenge – a not-for-profit organisation that delivers daily support to children and families living with cancer.

Lort Smith – which is a not-for-profit passionately committed to caring for the animals of poor and disadvantaged people.

Over the year, carsales.com Ltd has donated over \$160,000 in cash and advertising campaigns in kind to various charitable organisations.

Diversity

A diverse and inclusive working environment is central to the carsales corporate values and the senior management team has developed programs which support this key objective. The carsales leadership team knows that businesses with a diverse workforce operate more efficiently and effectively and is committed to bridging any gaps that exist. As part of the diversity focus, carsales has a company-wide specific gender diversity strategy in place that covers a range of areas including keeping in touch programs for when members of its team go on parental leave, increasing paid parental leave provisions, analysing on-boarding and exit data to identify any bias, ensuring that women are represented when shortlisting prospective candidates and unconscious bias training for senior leadership and executives. Our CEO is also a proud Pay Equity Ambassador supporting the Daughter Water Campaign which is aimed at bridging the gender pay gap that exists in Australia.

The Company has established a Diversity Policy which is publicly available in the Investor Centre of the Company website at <http://shareholder.carsales.com.au/Investor-Centre/>.

The policy includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them. These objectives and the Company's progress towards achieving them are outlined below:



Objective	Initiatives	Outcomes
Continue to grow the number of women performing senior roles from external appointments.	Educating managers on the importance of a diverse workforce. Set quotas for recruitment shortlists.	In FY15, 42% of our senior leadership appointments are women.
Continue to implement career development programs to prepare women within the carsales business to take on more senior roles.	Mentoring program, training and development programs including communication, presentation, management and influence skills training.	The Company's mentoring program consists of 35% women. Of its career development programs, 49% of attendees were women and 38% of FY15 promotions have been female.
Create an environment in which women network and mentor each other to progress their careers within carsales.	Women in Leadership Program and women's networking group.	This program has membership of 22 females in leadership positions across the business. A networking group has also been created which is open to all females in the business. Sessions have involved attending external leadership events and guest speakers attending carsales functions.
Implement workplace flexibility programs to create a workplace in which women can meet both family and work responsibilities	Paid parental leave increased in FY15, part time options, child care referrals and flexible re-entry into the business from a period of parental leave.	In FY15, 6 members of the carsales team took parental leave and the company is currently supporting 12 women with flexible working arrangements.

On 27 May 2015, in accordance with the Workplace Gender Equality Act 2012, carsales submitted a report to the Workplace Gender Equality Agency. This report provided information on carsales' policies and gender diversity numbers across the business. This report is available in the Investor Centre on the Company website at <http://shareholder.carsales.com.au/Investor-Centre/>.

carsales is also proud to have signed up as one of approximately 387 organisations that have joined together to support marriage equality in Australia. carsales actively supports the right for everyone to have equal opportunities in life and is proud to support marriage equality for all Australians.

People and Culture

carsales endeavours to be an employer of choice and strives to continually attract and retain the most talented people that can be found in the market. We measure this through skill, expertise and the right values that fit the carsales culture.

The culture of carsales is one of inclusion, where staff are provided with extensive opportunities to learn and evolve in a fast-paced and dynamic business environment.

carsales commitment to its people can be seen through the 'carsales People Promise' which is an ongoing program and commitment of the Company to employees in the areas of culture and benefits, career development, health and wellbeing, community, work life balance and reward and recognition. Each area contains initiatives designed to ensure carsales is a workplace where people work hard and are rewarded through things other than just financial incentives.

carsales management sees employee engagement as a critical success factor. Over time the Company has developed a number of initiatives that build engagement. Each year all team members are invited to complete an Employee Opinion Survey that covers areas such as reward and recognition, communication, personal development and training, business ethics, leadership and engagement. The survey results are reviewed by management and communicated to the business where employees discuss results and develop strategies to ensure the Company continuously improves and develops.

Senior executives conduct 'Discussion Groups' annually with all employees of the Company in small groups. The objective of these sessions is to provide people with a forum where they can be updated on the performance of carsales, its strategy and initiatives. People are

actively encouraged to challenge and ask questions on these topics and feedback is discussed and actioned by senior management.

Innovation has always been part of carsales' corporate DNA. carsales actively encourages our people to come up with solutions to improve the business. One of the ways carsales encourages innovation is through Hackathons. A Hackathon is a two day event where the carsales team are given full creative freedom to come up with concepts and working prototypes to benefit the Company and both its customers and consumers. Whilst running a Hackathon doesn't alone make an organisation innovative, it certainly goes a long way to fostering creativity and the benefits of Hackathons go way beyond innovation.

In the area of training and development there are a number of programs designed to support the learning and development of employees to support both the retention and succession of our most valuable asset being our people. Some of these programs include mentoring programs, CEO Scholarship awards and extensive availability of internal training programs.

Ethical Conduct and Corporate Governance Policy

carsales' core values of integrity and honesty are central to the culture of the business. The business through the Employee Opinion Survey directs employees to respond to questions relating to ethical business behaviour, and company performance in this area is annually assessed by management.

The Company has also developed a Code of Conduct that is published on the Company shareholder website and a Whistle blower policy to ensure that employees understand available avenues for the reporting and handling of ethical and business related issues.



Information on directors & officers

Wal Pisciotta

(Non-Independent Non-Executive Chairman)

Appointed: 25 June 1996

Experience and expertise

Wal has over 41 years experience in supplying computer services to the automotive industry and is also the Chairman of Pentana Solutions Pty Ltd. Wal holds a Bachelor of Science Degree in Business Administration from the University of Alabama (United States) and has been the Chairman of carsales.com Ltd since its inception.

Interests in shares and options

14,770,700 ordinary shares held in carsales.com Ltd.

No options or performance rights held over ordinary shares in carsales.com Ltd.

Greg Roebuck

(Managing Director)

Appointed: 25 June 1996

Experience and expertise

Greg was the original architect of carsales.com Ltd; has been on its Board since inception and Managing Director and CEO since May of 2002. Greg is a Fellow of the Australian Institute of Company Directors. He has over 32 years experience in providing technology solutions to the Australian Automotive Industry. Greg studied computer science at RMIT (Melbourne). In July 2009 Greg won the Ernst & Young Entrepreneur of the Year Award for the Southern Region of Australia in technology & emerging industries: software, hardware, telecommunications, digital media and health sciences. He then went on to win the Ernst & Young Entrepreneur of the Year Award for Australia in November 2009.

Interests in shares and options

4,852,681 ordinary shares held in carsales.com Ltd.

373,387 options and 93,150 performance rights held over ordinary shares in carsales.com Ltd.

Richard Collins

(Independent Non-Executive Deputy Chairman)

Appointed: 17 July 2000

Experience and expertise

Richard has been a director of carsales.com Ltd since 2000 and has over 36 years experience as Dealer Principal, currently holding Ford, Toyota, Subaru, Suzuki, and Isuzu Franchises. Richard holds a Bachelor of Commerce Degree from Melbourne University.

Interests in shares and options

1,003,276 ordinary shares held in carsales.com Ltd.

No options or performance rights held over ordinary shares in carsales.com Ltd.

Pat O'Sullivan

(Independent Non-Executive Director)

Appointed: 29 June 2007

Experience and expertise

Pat was the Chief Operating Officer and Finance Director of Nine Entertainment Co Pty Limited (formerly PBL Media Pty Ltd) a position he held from February 2006 before resigning on 29 June 2012. Before that, Pat was the Chief Financial Officer of Optus, a position he held for over five years. Previously, he held a number of positions at Goodman Fielder and Burns Philp. Pat is a member of The Institute of Chartered Accountants in Ireland and The Institute of Chartered Accountants in Australia, and is a graduate of the Harvard Business School's Advanced Management Program. He also served as a Director and Company Secretary of Nine Entertainment Co Pty Limited and was Chairman of Ninemsn. Pat is currently a non-executive director of iiNet, iSentia, APN Outdoor, Little Company of Mary Health Care and chairman of HealthEngine.

Interests in shares and options

7,350 ordinary shares held in carsales.com Ltd.

No options or performance rights held over ordinary shares in carsales.com Ltd.

Kim Anderson

(Independent Non-Executive Director)

Appointed: 16 June 2010

Experience and expertise

Kim is the Chief Executive Officer of The Reading Room (thereadingroom.com), a community/social networking site for readers and is a Non-Executive Director of the STW Group, and a member of the Sydney University Press Advisory Board. Kim has more than 29 years experience in various advertising and media executive positions within companies such as Southern Star Entertainment, PBL and Ninemsn.

Interests in shares and options

10,000 ordinary shares held in carsales.com Ltd.

No options or performance rights held over ordinary shares in carsales.com Ltd.

Jeffrey Browne

(Independent Non-Executive Director)

Appointed: 16 December 2013

Experience and expertise

Jeffrey practiced as a commercial lawyer in Sydney and Melbourne for 22 years before joining the Nine Television Network, initially as Executive Director and later becoming Managing Director, with responsibility for all Network operations. His legal experience saw him involved in a wide range of matters concerning dealers and motor vehicle manufacturers as well other multi-national OEMs. Jeffrey is also Chairman of Holden Special Vehicles where he has been a director or Chairman for over 13 years. Jeffrey's media experience includes broad management responsibilities and the development and implementation of new broadcast and digital platforms.

Interests in shares and options

13,650 ordinary shares held in carsales.com Ltd.

No options or performance rights held over ordinary shares in carsales.com Ltd.

Steve Kloss

(Alternate Non-Executive Director)

Appointed: 28 October 2005

Experience and expertise

Steve has more than 25 years experience in supplying computer services to the automotive industry and is currently Chief Executive Officer at Pentana Solutions Pty Ltd. Steve holds a Bachelor of Business degree from Monash University.

Interests in shares and options

2,774,500 ordinary shares held in carsales.com Ltd.

No options or performance rights held over ordinary shares in carsales.com Ltd.

Company Secretary

Nicole Birman holds the role of Company Secretary and is the General Counsel of carsales.com Ltd. Nicole joined carsales in 2010 and has over 12 years experience in the legal field, including 7 years advising leading online companies as in-house counsel. Nicole holds a Bachelor of Laws (Hons) and a Bachelor of Arts from Monash University.

Interests in shares and options

6,821 ordinary shares held in carsales.com Ltd.

17,233 options and 5,464 performance rights held over ordinary shares in carsales.com Ltd.

Meetings of directors

The numbers of meetings of the Company's Board of directors and of each Board committee held during the year ended 30 June 2015 and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of committees			
	A	B	Audit and Risk Management		Remuneration and Nomination	
			A	B	A	B
Wal Pisciotta (Board Chairman)	19	20	**	**	1	1
Greg Roebuck	20	20	**	**	**	**
Richard Collins	20	20	4	4	1	1
Pat O'Sullivan (Chairman – Audit and Risk Management)	19	20	4	4	**	**
Jeffrey Browne (Chairman – Remuneration and Nomination)	19	20	**	**	1	1
Kim Anderson	19	20	4	4	**	**
Steve Kloss (Alternate Director)	12	20	**	**	**	**

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

** = Not a member of the relevant committee

Committee Membership

The following directors have been members of Board committees for the full financial year unless otherwise stated below:

Remuneration and Nomination Committee

Mr Richard Collins – committee chairman (independent) (resigned 26 October 2014)

Mr Wal Pisciotta

Mr Jeffrey Browne – committee chairman (independent) (chairman from 26 October 2014)

Mr Pat O'Sullivan (independent) (appointed 26 October 2014)

Audit and Risk Management Committee

Mr Pat O'Sullivan – Committee Chairman (Independent)

Mr Richard Collins (Independent)

Ms Kim Anderson (Independent)

Remuneration report

The remuneration report is set out under the following main headings:

- **Principles used to determine the nature and amount of remuneration.**
- **Details of remuneration.**
- **Service agreements.**
- **Share-based compensation.**
- **Additional information.**

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives, the creation of value for shareholders and conforms with market practice for delivery of reward.

The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness.
- Acceptability to shareholders.
- Performance linkage / alignment of executive compensation.
- Transparency.

In consultation with external remuneration consultants, the Company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- Has economic profit as a core component of plan design.
- Focuses on sustained growth in shareholder wealth, consisting of dividends, growth in share price and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value.
- Attracts and retains high calibre executives.

Alignment to program participants' interests:

- Rewards capability and experience.
- Reflects competitive reward for contribution to growth in shareholder wealth.
- Provides a clear structure for earning rewards.
- Provides recognition for contribution to operational performance.

The framework provides a mix of fixed and variable pay along with a blend of short-term and long-term incentives. As executives gain seniority within the Group, the balance of this mix shifts to a higher proportion of "at risk" rewards.

The Board has established a remuneration and nomination committee which provides advice on remuneration, incentive policies and practices, as well as specific recommendations on remuneration packages and other terms of employment for the Managing Director, other senior executives and non-executive directors.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the Directors.

Directors' fees

The current base remuneration pool was last approved by shareholders at the Annual General Meeting held on 26 October 2014.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum payable to be shared by all non-executive directors currently stands at \$1,100,000 per annum. The Directors determine how these are to be shared by the Directors.

The Board will from time to time invite a remuneration specialist to conduct a review and benchmarking of fees. The annualised fees paid to the Board are comfortably below the \$1,100,000 pool approved by shareholders.

The following fee table applies:

	\$
Chairman fee	155,000
Deputy Chairman fee	140,000
Base Director fee	120,000
Alternate Director fee	110,000
First Committee	25,000
Second Committee	30,000

Executive pay

The executive pay and reward framework has five components:

- Base pay and benefits
- Short-term performance incentive
- Deferred short-term incentive
- Long-term incentive
- Other remuneration such as superannuation

There are no significant changes to the reward framework in the current year from the framework determined in May 2013, when the Board concluded a review of the carsales.com Short-term Incentive ("STI") and Long-term Incentive ("LTI") programs. The review was conducted with the assistance of remuneration consultant Hay Group. The objective of the Hay Group engagement was to critically evaluate the executive incentive program in particular the LTI program to ensure that its structure:

- Supports the retention of Key Management Personnels ("KMP").
- Drives long-term Shareholder value creation.
- Aligns broadly with the expectations of Shareholders, while at the same time not hindering the strategic objectives of the Company.

As a result of this review the Board identified a number of enhancements to the Company's remuneration framework outlined below including the introduction of a Deferred Short-term incentive ("DSTI") structure. The objective of the DSTI is to more closely align executive remuneration to best practice, strengthen alignment to long-term shareholder interests and support the longer term retention of key executives.

Base pay and benefits

Structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants are engaged from time to time to provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for executives is reviewed annually to ensure the executive's pay is competitive within the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases included in any executive's contract.

Benefits

Executives receive salary continuance insurance cover that is also provided to all other carsales employees. The policy is held with OnePath Life Ltd.

Executives may structure their remuneration to include benefits such as car allowances.

In addition, the Managing Director was provided with a paid travel benefit during the year.

Superannuation

Retirement benefits are provided via defined contributions to approved superannuation funds. Under current legislation carsales permits superannuation choice for all employees. The Company default superannuation fund is held with Asteron. Other retirement benefits may be provided directly by the Group if approved by shareholders.

Short-term incentives (STI)

Short-term incentives (STI) are paid to key executives in the form of an annual cash payment on the achievement of objectives as described below.

The size of the STI opportunity available to each key executive is based on their accountabilities and impact of the role on the organisation or business unit(s) that they lead.

The Remuneration and Nomination Committee regularly considers appropriate targets and key performance indicators (KPIs) to link the STI plan and the level of payout if targets are met. This includes setting any maximum payout under the STI plan and minimum levels of performance to trigger payment of an STI. The Committee may also make recommendations to the Board for discretionary STI payments in rare circumstances where an executive's performance warrants it.

The KPIs linked to STI plans contain 3 major components and within each component are a series of objectives:

- **Financial performance (50 – 75% of On-target Earnings Value):** The financial objectives set against key executives relate to performance against the Board approved annual budget. The targets set in this component of the plan will normally relate to the achievement against:
 - (a) Company Revenue
 - (b) Company EBITDA
 - (c) Business Revenue and EBITDA, where relevant.

This section of the plan also enables the executive to earn up to an additional 75% of on-target earnings for over achievement against each of the above mentioned objectives.

Budgeted financial objectives are always set in the context of ensuring that the Company is mindful of expected consensus earnings.

- **Project delivery (15 – 50% of On-target Earnings Value):** The project objectives set involve the execution of pre-determined project targets the delivery which each key executive is responsible. Projects will include the deployment of new products, large business initiatives or market objectives.

There is no ability for a key executive to earn more than the on-target KPI value in this section of the plan.

- **People & culture (10 – 15% of On-target Earnings Value):** carsales is a business that prides itself on having a highly engaged and motivated workforce with a strong sense of values, culture and passion for what it does. The people and culture section of the plan is designed to ensure that key management are incentivised to nurture and build on these principles and values. Each key executive has performance objectives which include:

- (a) Development and maintenance of succession plans
- (b) Salary and performance reviews being completed on a timely basis
- (c) Staff retention rates
- (d) Annual Employee Opinion Survey results performance

There is no ability for a key executive to earn more than the on-target KPI value in this section of the plan.

The Remuneration and Nomination Committee is responsible for assessing whether the KPIs are met and whether or not STIs will be paid.

The STI payments may be adjusted up or down in line with under or over achievement against the target performance levels. This is at the discretion of the Remuneration and Nomination Committee.

The review of STI targets and payments is conducted on an annual basis.

Key executives that leave during the financial year are paid a pro-rata share of their STI entitlements unless their departure is under adverse conditions.

Deferred Short-term Incentive (DSTI)

Deferred Short-term Incentives (DSTI) are paid to key executives in the form of an annual award of performance rights on the achievement of the objectives outlined below and are not exercisable for a further 12 months.

The size of the DSTI opportunity available to each executive, like the STI, is based on the accountabilities and impact of the executive role in the organisation.

The vesting of a DSTI award is linked entirely to the achievement of an Earnings Per Share (EPS) objective that is set each year by the Board. The EPS target value established takes into consideration both the annual budget earnings objectives and market determined consensus earnings expectations.

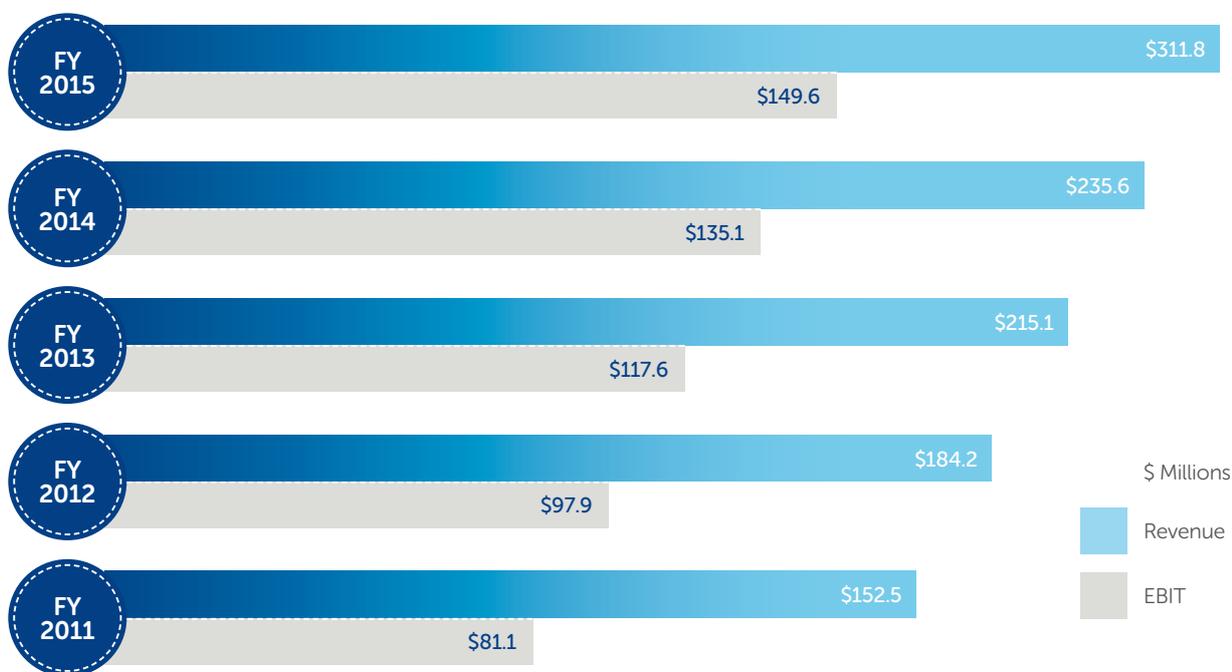
Further information is set out in the 'Share-Based Compensation' Section on page 30.

Long-term incentives (LTI)

Long-term incentives are provided to certain employees via the carsales.com Ltd Employee Option Plan. Further information is set out in the 'Share-Based Compensation' Section on page 30.

Group Performance

The graph below shows the Group's profitability (Revenue and EBIT) over the past five years.



The EBIT excludes the share of gains and losses from associates.

The following table shows the relationship between remuneration of key management personnel and carsales.com Ltd's performance:

	2011	2012	2013	2014	2015
Profit for the year attributable to owners of carsales.com Ltd (\$'000)	58,260	71,589	83,516	95,457	103,167
Basic earnings per share (cents)	25.0	30.6	35.5	40.2	43.2
Dividend payments (\$'000)	41,346	51,035	75,086	72,009	80,284
Dividend payout ratio (%)	71.0	71.3	89.9	75.4	81.4
Increase/(decrease) in share price (%)	(1.3)	27.7	57.2	15.5	(3.8)
Total KMP incentives as percentage of profit for the year (%)	4.2	4.4	3.4	3.8	3.0

Details of remuneration

Amounts of remuneration

Details of the remuneration of directors, key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) and specified executives of carsales.com Ltd and the carsales.com Ltd Group are set out in the following tables. The cash bonuses are dependent on the satisfaction of performance conditions as set out in the sections headed "Short-term incentives" and "Deferred Short-term incentives" above and payments against performance caps are set out below. LTIs are dependent on the satisfaction of EPS and employment conditions as set out in the section headed "Share-based payments" later in the report. All other elements of remuneration are not directly related to performance.

The key management personnel of the Group are the Directors of carsales.com Ltd (see pages 20 - 21) and those key executives that report directly to the Managing Director being:

Cameron McIntyre	Chief Operating Officer
Anthony Saines	Director – Media & OEM
Ajay Bhatia	Chief Product and Information Officer
Paul Barlow	Director – International
Chris Polites	Director – Dealer

The Group restructured the reporting structure of senior executives in the 2015 financial year resulting in the creation of the Executive Leadership Team comprising the 5 senior executives above, in addition to the Managing Director. This has resulted in a change to the FY15 key management personnel with Chris Polities being included and Damian Hardy being removed.

Key management personnel

Key management personnel have service agreements determining base salary, performance based cash bonuses and participation in the Company Employee Option Plan. They have no fixed employment terms and no special termination payment conditions. All agreements provide for dismissal due to gross misconduct. Remuneration is reviewed annually by the Remuneration and Nomination Committee.

We've seen
continued strong
domestic revenue
growth well supported
by new business
initiatives.

**The carsales
Apple Watch app**

Launched in May, the carsales Apple Watch app short-listed for the Best Connected Device and Wearable Tech Award at the 2015 [app] design awards AUS.

The advertisement features three smartwatches against a blue background. The leftmost watch, with a black strap, displays a red car listing for a '2014 Audi S4 S tronic quattro My14' priced at '\$87,090' with an 'Enquire' button. The middle watch, with a lime green strap, shows a 'My Ads' section for a '2014 Audi A4' with '34' result views and '25' detail views. The rightmost watch, with a grey strap, displays a notification: 'Your saved Audi S4 has dropped in price' with a 'View Details' button. The carsales logo and name are visible on the rightmost watch's screen.

	G Roebuck Managing Director	C McIntyre Chief Operating Officer	A Bhatia Chief Product and Information Officer	A Saines Director – Media & OEM	P Barlow Director – International	C Polites Director – Dealer
Base Salary *	1,694,134	1,000,000	600,000	600,000	500,000	384,000
Participation in cash bonus plans	Strategy Group STI plan	Strategy Group STI plan	Strategy Group STI plan	Strategy Group STI plan	Strategy Group STI plan	Strategy Group STI plan
Participation in DSTI plans	Performance Rights	Performance Rights	Performance Rights	Performance Rights	Performance Rights	Performance Rights
Participation in LTI plans	Performance Rights and Options	Performance Rights and Options	Performance Rights and Options	Performance Rights and Options	Performance Rights and Options	Performance Rights and Options
Termination notice period	6 month by either party	6 month by either party	6 month by either party	6 month by either party	6 month by either party	6 month by either party
Non-compete period	6 month by either party	6 month by either party	6 month by either party	6 month by either party	6 month by either party	6 month by either party

* Base Salary (including superannuation) as at 30 June 2015. Key management personnel received a salary increase on 1 July 2014.

2015	Short-term employee benefits			Deferred short-term incentive	Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Non-monetary benefits	Performance rights	Superannuation	Long service leave	Options	Performance rights	
Name	\$	\$	\$	\$	\$	\$	\$	\$	\$
Non-executive directors									
Wal Pisciotta	175,804	-	-	-	-	-	-	-	175,804
Richard Collins	182,172	-	-	-	17,306	-	-	-	199,478
Pat O'Sullivan	140,945	-	-	-	13,390	-	-	-	154,335
Kim Anderson	122,680	-	-	-	11,655	-	-	-	134,335
Jeffrey Browne	122,045	-	-	-	-	-	-	-	122,045
Steve Kloss (Alternate)	90,417	-	-	-	-	-	-	-	90,417
Sub-total non-executive directors	834,063	-	-	-	42,351	-	-	-	876,414
Executive director									
Greg Roebuck	1,675,351	680,500	129,744	-	18,783	243,414	402,464	484,041	3,634,297
Other key management personnel and executives (Group)									
Cameron McIntyre	981,217	186,125	-	-	18,783	61,355	149,557	212,035	1,609,072
Anthony Saines	581,217	102,360	-	-	18,783	20,870	87,845	122,190	933,265
Ajay Bhatia	581,217	107,192	-	-	18,783	20,363	66,959	101,535	896,049
Paul Barlow	481,217	105,000	-	-	18,783	12,226	44,591	65,298	727,115
Chris Polites	365,217	107,850	-	-	18,783	5,069	5,339	52,548	554,806
Total key management personnel compensation (Group)	5,499,499	1,289,027	129,744	-	155,049	363,297	756,755	1,037,647	9,231,018

2014	Short-term employee benefits			Deferred short-term incentive	Post-employment benefits	Long-term benefits	Share-based payments		Total \$
	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Performance rights \$	Superannuation \$	Long service leave \$	Options \$	Performance rights \$	
Name									
Non-executive directors									
Wal Pisciotta	167,412	-	-	-	-	-	-	-	167,412
Richard Collins	127,154	-	-	-	11,762	-	-	-	138,916
Pat O'Sullivan	103,201	-	-	-	9,546	-	-	-	112,747
Ian Law	28,927	-	-	-	2,676	-	-	-	31,603
Kim Anderson	103,201	-	-	-	9,546	-	-	-	112,747
Jeffrey Browne	51,249	-	-	-	-	-	-	-	51,249
Steve Kloss (Alternate)	51,250	-	-	-	-	-	-	-	51,250
Sub-total non-executive directors	632,394	-	-	-	33,530	-	-	-	665,924
Executive director									
Greg Roebuck	1,184,880	660,000	4,366	81,521	17,775	155,196	422,269	448,185	2,974,192
Other key management personnel and executives (Group)									
Cameron McIntyre	582,225	210,325	-	67,934	17,775	20,303	173,047	203,321	1,274,930
Damian Hardy	302,225	75,208	-	35,597	17,775	8,429	85,361	99,292	623,887
Anthony Saines	382,225	193,775	-	37,500	17,775	13,413	106,979	122,214	873,881
Ajay Bhatia	387,225	157,881	-	37,364	17,775	13,470	83,481	98,249	795,445
Paul Barlow	352,225	103,844	-	22,418	17,775	11,381	56,376	64,956	628,975
Total key management personnel compensation (Group)	3,823,399	1,401,033	4,366	282,334	140,180	222,192	927,513	1,036,217	7,837,234

STI & DSTI Payments (cash & performance right) achievement against on-target earning.

	Actual STI Payment			Actual DSTI Payment		
	\$	% Paid	% Forfeited	\$	% Paid	% Forfeited
Greg Roebuck	680,500	194%	0%	-	0%	100%
Cameron McIntyre	186,125	124%	0%	-	0%	100%
Anthony Saines	102,360	73%	27%	-	0%	100%
Ajay Bhatia	107,192	143%	0%	-	0%	100%
Paul Barlow	105,000	91%	9%	-	0%	100%
Chris Polites	107,850	108%	0%	-	0%	100%

STI & DSTI Payments (cash & performance rights) achievement against maximum entitlement

All Key Management Personnel and Executives received grants which were less than their maximum potential STI & DSTI entitlements.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration		At risk – STI		At risk – DSTI		At risk – LTI	
	2015 %	2014 %	2015 %	2014 %	2015 %	2014 %	2015 %	2014 %
Directors of carsales.com Ltd								
Wal Pisciotta	100	100	-	-	-	-	-	-
Greg Roebuck	57	46	19	22	-	3	24	29
Richard Collins	100	100	-	-	-	-	-	-
Pat O'Sullivan	100	100	-	-	-	-	-	-
Ian Law*	-	100	-	-	-	-	-	-
Kim Anderson	100	100	-	-	-	-	-	-
Steve Kloss	100	100	-	-	-	-	-	-
Jeffrey Browne	100	100	-	-	-	-	-	-
Other key management personnel of the Group								
Cameron McIntyre	66	49	12	16	-	5	22	30
Damian Hardy**	-	52	-	12	-	6	-	30
Anthony Saines	66	48	11	22	-	4	23	26
Ajay Bhatia	69	52	12	20	-	5	19	23
Paul Barlow	71	60	14	17	-	4	15	19
Chris Polites**	67	-	18	-	-	-	15	-

* Ian Law retired as a Director on 30 September 2013.

** As set out above Chris Polites is considered a KMP for 2015, replacing Damian Hardy.

Service agreements

There are no service agreements between the Company and its non-executive directors. The Company's constitution requires that director's remuneration be determined at Annual General Meetings. There are no agreements to pay benefits to non-executive directors upon termination.

Remuneration and other terms of employment for the Managing Director and key management personnel are formalised in service agreements. Unless otherwise stated each of these agreements provide for the provision of base salary and in some circumstances the provision of other benefits such as commissions, cash bonuses, car allowances and where eligible participation in the Company's Employee Option Plan. None of the agreements provide for any payment of benefits upon termination of employment, other than for accrued employee benefits and statutory or contractual notice periods. Details of payments made under the agreements are shown earlier in this report.

All executives have on-going terms of agreement with the Group. Agreements can be terminated on the basis of performance, long-term illness or otherwise by agreement.

Employee Share Trust

In July 2011 carsales.com Ltd established an Employee Share Trust (EST) to oversee the administration of all current and future share option and performance rights plans. The Trustee of the EST is Computershare Plan Manager Pty Ltd.

As well as streamlining administration of the plans, the structure enables the Trustee to buy carsales.com Ltd shares on market, or issue new carsales shares for delivery to employees exercising vested share options or performance rights. The establishment of the EST does not have any negative change to the rights of employees in the various plans, or on Shareholders.

Share-based compensation

Options and performance rights

Options and performance rights are granted under the carsales.com Ltd Employee Option Plan which was established via a prospectus lodged with ASIC in 2000. The Board of Directors determines who shall be invited to participate in the plan. Options and performance rights under this plan are issued for no cash consideration. Options and performance rights are issued subject to vesting rules and expiry periods. Options and performance rights vest on fixed dates provided that employment has not been terminated, and for senior executives, when EPS targets have been achieved.

EPS targets relating to senior executive options and performance rights, together with the Company's actual achievements are as follows:

LTI		Minimum Entitlement		Maximum Entitlement		Actual Achieved	
Grant	Vesting Date	% payable	EPS target	% payable	EPS target	% payable	EPS
Year ending 30 June 2013	Aug-15	50%	0.353	100%	0.380	74%	0.366

Minimum and maximum EPS targets for the Options and Performance Rights were set for the period ending 30 June 2015 at the 2013 AGM on 26 October 2012, at a minimum aggregate growth rate over a three year period of 15.2% and a maximum aggregate growth rate over a three year period of 24.0%.

EPS targets exclude any corporate activity associated with mergers and acquisitions, corporate or capital re-organisations.

The actual EPS achieved for the LTI grant vesting in August 2015 of \$0.366 per share is below the reported FY15 EPS of \$0.432 per share principally as the LTI award excludes the income and incremental costs related to the iCar Asia, Webmotors, SKENCARSALES and Stratton acquisitions as these occurred after the LTI grant was awarded.

DSTI		Minimum Entitlement		Maximum Entitlement		Actual Achieved	
Grant	Vesting Date	% payable	EPS target	% payable	EPS target	% payable	EPS
Year ending 30 June 2015	Aug-16	50%	0.4424	100%	0.465	0%	0.417

The exercise price of each option is fixed by the Board of Directors when the options and performance rights are issued. Amounts received on the exercise of options are recognised as share capital. The performance rights have a \$0.00 exercise price and are converted to shares when all vesting conditions have been met. Options and performance rights granted under the plan carry no dividend or voting rights until vested.

Senior executives who leave the Company have 30 days from their date of departure to exercise any vested options they may be holding unless such departure is under adverse conditions. In exceptional circumstances, and at the Board's discretion, senior executives may be allowed to exercise unvested options in future periods when they vest.

Alignment of Managing Director and senior executive employees

Options and performance rights issued to the Managing Director contain the same terms, conditions and performance targets as those issued to senior executive employees.

The Company has each year also used its Long-Term Incentive plan to issue options and performance rights to a select number of key staff members to support retention of talent. These awards are not linked to particular performance targets and vest three years from the grant date.

The Deferred Short-Term Incentive (DSTI) program is only available to the Managing Director and senior executive employees.

Since listing on the ASX in September 2009 the Board has reviewed a number of different incentive structures that align the terms and performance target methodologies with those of respected peers in our sector, as well as the interests of shareholders in ensuring management are incented to deliver high performance outcomes over the long-term.

The Company has selected EPS to be the most appropriate target on which to apply its Long-Term Incentive and Deferred Short-Term Incentive programs. The rationale for this choice has historically been as a result of having only a small pool of relevant peers, being other ASX listed online businesses, and the lack of liquidity in the stock of both the Company until March 2011 and some appropriate peers. The Board continues to believe that EPS is the most appropriate measure that best aligns the interest of shareholders with those of management.

The following award details are outlined for all unvested grants.

Deferred Short-Term Incentive (DSTI)

The vesting of performance rights is subject to the achievement of a financial year ending 30 June 2015 earnings per share target. The Board, in considering appropriate performance targets, believes EPS is the most effective measure in ensuring alignment with the interests of shareholders.

The minimum and maximum EPS target for the performance rights to vest has been set by the Board. In considering the appropriate EPS target, the Board has used the historical earnings performance of the Company, forward looking market consensus earnings expectations and other internal forward looking plans as inputs for determining the appropriate objective.

Performance Rights will not be capable of exercise if at the testing date the minimum targeted growth rate has not been achieved.

12,332 performance rights were issued to the Managing Director on 24 October 2014, with an exercise price of \$0.00. These performance rights were approved by shareholders at the AGM held on 24 October 2014.

In addition, 44,963 performance rights were issued to senior executives on 24th October 2014, with an exercise price of \$0.00, and with the same conditions as those of the Managing Director.

Performance Rights will be capable of exercise if at the testing date the EPS target has been achieved or exceeded as follows;

- If the EPS achieved is equal to the minimum target, 50% of the performance rights will be capable of exercise.
- If the EPS achieved is between the minimum and maximum targets, vested performance rights will be capable of exercise on a

pro-rata basis between 50% and 100%.

- If the EPS achieved is equal to or exceeds the maximum target, 100% of the performance rights will be capable of exercise.

The performance conditions applying to the Performance Rights will be tested at 30 June 2015.

Subject to the performance conditions being satisfied, performance rights may be exercised after the Board releases the 2015 Annual Report to the ASX.

FY2013 Award (Issue date 26 October 2012 Managing Director, and senior executive employees)

198,603 options and 69,640 performance rights were issued to the Managing Director on 26 October 2012, with an exercise price of \$5.93 for employee share options and \$0.00 for performance rights. These options were approved by shareholders at the AGM held on 26 October 2012.

In addition, 346,406 options and 121,466 performance rights were issued to senior executives on 26 October 2012, with an exercise price of \$5.93 for employee share options and \$0.00 for performance rights, and with the same conditions as those of the Managing Director.

Subject to the performance conditions being satisfied, options and performance rights may, unless otherwise waived by the Board, be exercised as follows:

- 40% with a testing date 30 June 2014 (Year 2), exercisable after the Board releases the 2014 Annual Report to the ASX.
- 60% with a testing date 30 June 2015 (Year 3), exercisable after the Board releases the 2015 Annual Report to the ASX.

Attributable options and performance rights which have not achieved the EPS target on the applicable testing date:

- in Year 2, will be carried forward in aggregate to the testing date for Year 3,
- in Year 3, will lapse.

Minimum and maximum EPS targets for the options and performance rights have been set for each of the 2 years of the vesting period. The target for the third year, namely the period ending 30 June 2015, has been set at a minimum aggregate growth rate over the three year period of 15.2% and a maximum aggregate growth rate over the three year period of 24.0%.

Options and performance rights will be capable of exercise in tranches if, at the relevant testing date, the EPS target for the relevant period has been achieved or exceeded as follows:

- If the EPS achieved is equal to the minimum target, 50% of the vested options and performance rights will be capable of exercise.
- If the EPS achieved is equal to or exceeds the maximum target, 100% of the vested options and performance rights will be capable of exercise.
- If the EPS achieved is between the minimum and maximum targets, vested options and performance rights will be capable of exercise on a pro-rata basis between 50% and 100%.

182,863 options and 66,117 performance rights were issued to several other select employees on the 26th October 2012.

The expiry date of this award is five years from the grant date.

FY2014 Award (Issue date 25 October 2013 Managing Director and senior executive employees)

134,213 options and 50,874 performance rights were issued to the Managing Director on 25 October 2013, with an exercise price of \$9.10 for employee share options and \$0.00 for performance rights. These options were approved by shareholders at the AGM held on 25 October 2013.

In addition, 168,404 options and 63,835 performance rights were issued to senior executives on 25th October 2013, with an exercise price of \$9.10 for employee share options and \$0.00 for performance rights, and with the same conditions as those of the Managing Director.

The vesting of the options and performance rights issued are subject to the achievement of an EPS target with a testing date of 30 June 2016 and are exercisable after the Board releases the 2016 Annual Report to the ASX.

The minimum and maximum EPS target for the Options and Performance Rights have been set by the Board. In considering the appropriate EPS target, the Board has used the historical earnings performance of the Company, forward looking market consensus earnings expectations and other internal forward looking plans as inputs for determining the appropriate objective.

The minimum EPS target required for any of the awarded Options and Performance Rights to vest is a target that will require the Company to achieve an EPS value that will reflect double digit compound annual growth rate ("CAGR") in EPS between the baseline year ending 30 June 2013 and the testing year ending 30 June 2016.

The Company will publish in the FY2016 Annual Report the minimum and maximum EPS target that was applicable to the grant, along with the actual EPS achieved by the Company in that relevant year.

Options and performance rights will be capable of exercise, at the relevant testing date, the EPS target for the relevant period has been achieved or exceeded as follows:

- If the EPS achieved is equal to the minimum target, 50% of the vested options and performance rights will be capable of exercise.
- If the EPS achieved is equal to or exceeds the maximum target, 100% of the vested options and performance rights will be capable of exercise.
- If the EPS achieved is between the minimum and maximum targets, vested options and performance rights will be capable of exercise on a pro-rata basis between 50% and 100%.

105,456 options and 82,331 performance rights were issued to several other select employees on the 25th October 2013.

The expiry date of this award is five years from the grant date.

FY2015 Award (Issue date 24 October 2014 Managing Director and senior executive employees)

204,063 options and 55,603 performance rights were issued to the Managing Director on 24 October 2014, with an exercise price of \$10.71 for employee share options and \$0.00 for performance rights. These options were approved by shareholders at the AGM held on 24 October 2014.

In addition, 385,604 options and 94,821 performance rights were issued to senior executives on 24th October 2014, with an exercise price of \$10.71 for employee share options and \$0.00 for performance rights, and with the same conditions as those of the Managing Director.

The vesting of the options and performance rights issued are subject to the achievement of an EPS target with a testing date of 30 June 2017 and are exercisable after the Board releases the 2017 Annual Report to the ASX.

The minimum and maximum EPS target for the Options and Performance Rights have been set by the Board. In considering the appropriate EPS target, the Board has used the historical earnings performance of the Company, forward looking market consensus earnings expectations and other internal forward looking plans as inputs for determining the appropriate objective.

The minimum EPS target required for any of the awarded Options and Performance Rights to vest is a target that will require the Company to achieve an EPS value that will reflect double digit compound annual growth rate ("CAGR") in EPS between the baseline year ending 30 June 2014 and the testing year ending 30 June 2017.

The Company will publish in the FY2017 Annual Report the minimum and maximum EPS target that was applicable to the grant, along with the actual EPS achieved by the Company in that relevant year.

Options and performance rights will be capable of exercise, at the relevant testing date, the EPS target for the relevant period has been achieved or exceeded as follows:

- If the EPS achieved is equal to the minimum target, 50% of the vested options and performance rights will be capable of exercise.
- If the EPS achieved is equal to or exceeds the maximum target, 100% of the vested options and performance rights will be capable of exercise.
- If the EPS achieved is between the minimum and maximum targets, vested options and performance rights will be capable of exercise on a pro-rata basis between 50% and 100%.

71,222 options and 17,536 performance rights were issued to several other select employees on the 24th October 2014.

The expiry date of this award is five years from the grant date.

The terms and conditions of each grant of options and performance rights affecting remuneration in the current or a future reporting period are as follows:

Grant date	Date exercisable	Expiry date	Exercise price	Value at grant date	% Vested	Performance achieved
October 2010	August 2013	October 2015	\$4.90	\$1.32	100	Yes
October 2010	October 2013	October 2015	\$4.90	\$1.44	100	Yes
October 2011	August 2012	October 2016	\$4.69	\$0.96	100	Yes
October 2011	August 2013	October 2016	\$4.69	\$1.10	100	Yes
October 2011	August 2014	October 2016	\$4.69	\$1.19	100	Yes
October 2011	August 2013	October 2016	\$0.00	\$4.54	100	Yes
October 2011	August 2014	October 2016	\$0.00	\$4.36	100	Yes
October 2012	August 2014	October 2017	\$5.93	\$2.33	100	Yes
October 2012	August 2015	October 2017	\$5.93	\$2.43	75%	Part
October 2012	August 2014	October 2017	\$0.00	\$6.96	100%	Yes
October 2012	August 2015	October 2017	\$0.00	\$6.73	100%	Yes
October 2013	August 2015	October 2018	\$0.00	\$10.58	75%	Part
October 2013	August 2016	October 2018	\$9.10	\$3.91	N/A	To be determined
October 2013	August 2016	October 2018	\$0.00	\$10.32	N/A	To be determined
October 2014	August 2017	October 2019	\$10.71	\$2.36	N/A	To be determined
October 2014	August 2016	October 2019	\$0.00	\$9.41	N/A	To be determined
October 2014	August 2017	October 2019	\$0.00	\$9.12	N/A	To be determined

\$0.00 exercise price represents performance rights.

When exercisable, each option is convertible into one ordinary share upon payment of the exercise price by the option holder, provided that the option holder complies with the rules of the carsales.com Ltd Employee Option Plan. Performance rights will automatically be converted to one ordinary share upon the vesting date provided the holder complies with the rules of carsales.com Ltd Employee Option Plan.

Options and performance rights not exercised expire where (a) the expiry date applicable to the option or performance right is reached, (b) 30 days post the employee ceasing to be employed by

carsales.com Ltd or their employment is terminated, (c) where EPS vesting conditions are not met, or (d) where there has been a special circumstance, then within 90 days after that special circumstance has occurred or as specified by the Board.

Details of options and performance rights granted over ordinary shares in the Company provided as remuneration to each director of carsales.com Ltd and each of the key management personnel of the Parent Entity and the Group are set out below.

Further information on the options and performance rights is set out in Note 24 to the financial statements.

Name	Number of options granted during the year 2015	Number of performance rights granted during the year 2015	\$ Value of options at grant date 2015	\$ Value of performance rights at grant date 2015	Number of options and performance rights vested during the year 2015
Executive director					
Greg Roebuck	204,063	67,935	481,815	623,233	312,646
Other Key management personnel and executives (Group)					
Cameron McIntyre	77,902	29,812	183,935	274,997	152,730
Anthony Saines	44,515	16,829	105,105	155,199	95,456
Ajay Bhatia	33,387	14,067	78,830	129,999	70,216
Paul Barlow	22,258	8,988	52,554	82,996	50,019
Chris Polites	18,363	7,444	43,357	68,744	27,489

Shares provided on exercise of remuneration options and performance rights

Details of ordinary shares in the Company provided as a result of the exercise of options by each director of carsales.com Ltd and other key management personnel of the Group are set out below.

Name	Date of exercise of options and performance rights	Number of ordinary shares issued on exercise of options and performance rights during the year	Value at exercise date *
Directors of carsales.com Ltd			
Greg Roebuck	August 2014	70,642	786,245
	March 2015	471,034	2,554,477
Other key management personnel and executives of the Group			
Cameron McIntyre	August 2014	152,730	1,102,504
Anthony Saines	August 2014	95,456	689,061
Ajay Bhatia	August 2014	70,216	505,466
Paul Barlow	August 2014	11,275	125,491
	June 2015	38,744	201,870
Chris Polites	August 2014	6,313	70,264

* The value at the exercise date of options and performance rights that were granted as part of remuneration and were exercised during the year has been determined as the intrinsic value of the options and performance rights at that date.

The amounts paid per ordinary share by each director and other key management personnel on the exercise of options and performance rights at the date of exercise were as follows:

Exercise date	Amount paid per share
August 2014	\$0.00
August 2014	\$4.69
August 2014	\$5.93
March 2015	\$4.69
June 2015	\$4.69
June 2015	\$5.93

No amounts are unpaid on any shares issued on the exercise of option.

Additional information

Details of remuneration: Share-based compensation benefits

For each grant of options and performance rights, the percentage of the available grant that vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. The vesting periods for options and performance rights are detailed above. No options and performance rights will vest if the conditions are not satisfied, hence the minimum value of the options and performance rights yet to vest is nil. The value of the options and performance rights yet to vest has been determined as the amount of the grant date fair value of the options and performance rights that is yet to be expensed.

Share-based compensation benefits (options and performance rights)

Name	Financial year granted	Vested %	Forfeited %	Financial years in which grant may vest	Minimum total value of grant yet to vest \$	Maximum total value of grant yet to vest \$
Greg Roebuck	2012	100	-		-	-
	2013	100	-		-	-
	2013	-	26	2016*	-	25,148
	2014	-	26	2016*	-	5,563
	2014	-	-	2017*	-	432,352
	2015	-	-	2017*	-	73,845
	2015	-	-	2018*	-	756,300
Cameron McIntyre	2012	100	-		-	-
	2013	100	-		-	-
	2013	-	26	2016*	-	10,588
	2014	-	26	2016*	-	4,637
	2014	-	-	2017*	-	144,118
	2015	-	-	2017*	-	63,635
	2015	-	-	2018*	-	274,479
Anthony Saines	2012	100	-		-	-
	2013	100	-		-	-
	2013	-	26	2016*	-	6,618
	2014	-	26	2016*	-	2,538
	2014	-	-	2017*	-	82,351
	2015	-	-	2017*	-	35,126
	2015	-	-	2018*	-	156,845
Ajay Bhatia	2012	100	-		-	-
	2013	100	-		-	-
	2013	-	26	2016*	-	5,294
	2014	-	26	2016*	-	2,550
	2014	-	-	2017*	-	61,765
	2015	-	-	2017*	-	35,000
	2015	-	-	2018*	-	117,633
Paul Barlow	2012	100	-		-	-
	2013	100	-		-	-
	2013	-	26	2016*	-	3,468
	2014	-	26	2016*	-	1,530
	2014	-	-	2017*	-	41,175
	2015	-	-	2017*	-	21,000
	2015	-	-	2018*	-	78,420
Chris Polites	2012	100	-		-	-
	2013	100	-		-	-
	2013	-	26	2016*	-	2,648
	2014	-	26	2016*	-	1,275
	2014	-	-	2017*	-	33,969
	2015	-	-	2017*	-	17,497
	2015	-	-	2018*	-	64,698

*Vesting is contingent upon board approval. Options are exercisable after the Board release the results to ASX in August each year.

The following tables show the number of:

(i) Option holdings and performance rights

The numbers of options and performance rights over ordinary shares in the Company held during the financial year by each director of carsales.com Ltd and other key management personnel of the Company, including their personally related parties, are set out below.

2015 Name	Balance at start of the year	Granted as compensation (including performance rights)	Exercised	Forfeited	Balance at end of the year	Vested and exercisable	Unvested
Directors of carsales.com Ltd							
Wal Pisciotta	-	-	-	-	-	-	-
Richard Collins	-	-	-	-	-	-	-
Greg Roebuck	979,059	271,998	(541,676)	(45,425)	663,956	81,487	582,469
Pat O'Sullivan	-	-	-	-	-	-	-
Steve Kloss (Alternate)	-	-	-	-	-	-	-
Kim Anderson	-	-	-	-	-	-	-
Other key management personnel of the Group							
Cameron McIntyre	291,023	107,714	(152,730)	(21,418)	224,589	-	224,589
Anthony Saines	177,893	61,344	(95,456)	(13,048)	130,733	-	130,733
Ajay Bhatia	135,428	47,454	(70,216)	(10,941)	101,725	-	101,725
Paul Barlow	92,755	31,246	(50,019)	(7,026)	66,956	-	66,956
Chris Polites	61,416	25,807	(6,313)	(5,470)	75,440	21,176	54,264

(ii) Share holdings

The numbers of shares in the Company held during the financial year by each director of carsales.com Ltd and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2015 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Directors of carsales.com Ltd				
Ordinary shares				
Wal Pisciotta	14,770,700	-	-	14,770,700
Richard Collins	991,750	-	11,526	1,003,276
Greg Roebuck	5,038,505	541,676	(727,500)	4,852,681
Steve Kloss (Alternate)	2,774,500	-	-	2,774,500
Kim Anderson	10,000	-	-	10,000
Pat O'Sullivan	5,376	-	1,974	7,350
Jeffrey Browne	-	-	13,650	13,650
Other key management personnel of the Group				
Ordinary shares				
Cameron McIntyre	223,649	152,730	(10,360)	366,019
Anthony Saines	15,484	95,456	(73,939)	37,001
Ajay Bhatia	3,071	70,216	(70,287)	3,000
Paul Barlow	32,455	50,019	(19,210)	63,264
Chris Polites	-	6,313	-	6,313

Other transactions with key management personnel

(i) Directors of carsales.com Ltd

W Pisciotta is a director and shareholder of Pentana, which entered into a relationship agreement with carsales.com Ltd in 2010 for the supply of data and services. Under the contract, Pentana supplies data for the exclusive use of carsales.com Ltd in return for a fixed annual payment, plus a percentage of revenues generated through Pentana Solutions. This was re-signed with a 2-year term from March 2015.

R Collins is a shareholder of automotive dealerships which utilised the Group's services under terms and conditions no more favourable than dealing with other customers at arm's length in the same circumstances.

Shares under option and performance rights

Unissued ordinary shares of carsales.com Ltd under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under options	Number under performance rights
Oct-2010	Oct-2015	\$4.90	25,000	
Mar-2011	Oct-2015	\$4.90	45,000	
Oct-2011	Oct-2016	\$4.69	33,662	
Mar-2012	Oct-2016	\$4.69	69,244	
Oct-2012	Oct-2017	\$5.93	482,823	
Oct-2012	Oct-2017	\$0.00		136,196
Oct-2013	Oct-2018	\$9.10	394,759	
Oct-2013	Oct-2018	\$0.00		172,179
Oct-2014	Oct-2019	\$10.71	657,376	
Oct-2014	Oct-2019	\$0.00		224,523
			1,707,864	532,898

No option or performance rights holder has any right under the options or performance rights to participate in any other share issue of the Company. No options or performance rights have been issued post 30 June 2015.

Shares issued on the exercise of options and performance rights

The following ordinary shares of carsales.com Ltd were issued during the year ended 30 June 2015 on the exercise of options granted under the carsales.com Ltd Employee Option Plan. No amounts are unpaid on any of the shares.

Date options and performance rights exercised	Issue price of shares	Number of shares issued
Aug-2014	\$0.00	208,613
Aug-2014	\$2.00 – \$5.93	337,408
Oct-2014	\$0.00	52,379
Oct-2014	\$1.75 – \$4.69	37,952
Nov-2014	\$4.69 – \$4.90	38,275
Dec-2014	\$4.69 – \$5.93	51,874
Mar-2015	\$4.69 – \$5.93	576,057
May-2015	\$4.69	5,172
Jun-2015	\$4.69 – \$5.93	38,744
		1,346,474

Insurance of officers

During the financial year, carsales.com Ltd paid a premium to insure the directors and officers of the Company and its Australian-based controlled entities. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnification of directors and officers

All current directors and officers are indemnified under a deed of indemnity, insurance and access.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

Details of the amounts paid or payable to the auditor (PwC) for non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor.
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*.

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

	Consolidated	
	2015	2014
	\$	\$
Other assurance services		
PwC Australian firm		
Controls assurance services	25,028	-
Due diligence services	241,879	165,543
Total remuneration for other assurance services	266,907	165,543
Taxation services		
PwC Australian firm		
Tax compliance services	77,000	64,439
Tax consulting and tax advice on acquisitions	84,264	61,880
Total remuneration for taxation services	161,264	126,319
Other advisory services		
Due diligence fees paid to PricewaterhouseCoopers network firms	-	91,755
Other services	8,000	-
Total remuneration for non-audit services	436,171	383,617

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 39.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Director's Report. Amounts in the Director's Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor

PwC continues in office in accordance with section 327 of the *Corporations Act 2001*.

Corporate governance report

As allowed under the *ASX Corporate Governance Principles and Recommendations (Third Edition)* the Company has included its report on compliance with the principles in the year to 30 June 2015 in the Corporate Governance section of the Investor Centre on the carsales website. The full report can be found at the following URL: <http://shareholder.carsales.com.au/Investor-Centre/?page=Corporate-Governance>

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

Wal Pisciotta
Chairman

Greg Roebuck
Managing Director and CEO

Sydney
11 August 2015



Auditor's Independence Declaration

As lead auditor for the audit of carsales.com Ltd for the year ended 30 June 2015, 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 audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of carsales.com Ltd and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'A. Linschoten', is written over the printed name.

Anton Linschoten
Partner
PricewaterhouseCoopers

Melbourne
11 August 2015

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Financial report



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ASX information

Consolidated statement of comprehensive income

For the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Revenue from continuing operations			
Sale of goods and services	2	311,756	235,603
Revenue from continuing operations		311,756	235,603
Expenses			
Cost of sale of goods		(28,485)	(2,461)
Sales and marketing expenses		(86,855)	(56,564)
Operations and administration		(19,836)	(18,151)
Service development and maintenance		(22,242)	(20,017)
Earnings before interest, taxes, depreciation and amortisation		154,338	138,410
Depreciation and amortisation expense		(4,689)	(3,309)
Finance income	9	688	474
Finance costs	9	(9,204)	(3,388)
Share of net profit/(loss) from associates accounted for using the equity method	19(c)	4,926	3,434
Gain on associate dilution	19(c)	3,447	-
Profit before income tax		149,506	135,621
Income tax expense	4	(42,339)	(39,349)
Profit from continuing operations		107,167	96,272
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations	11(a)	2,212	(1,047)
Total comprehensive income for the year		109,379	95,225
Profit is attributable to:			
Owners of carsales.com Ltd		103,167	95,457
Non-controlling interests		4,000	815
		107,167	96,272
Total comprehensive income for the year is attributable to:			
Owners of carsales.com Ltd		105,379	94,410
Non-controlling interests	19(b)	4,000	815
		109,379	95,225
Earnings per share based on profit from continuing operations, attributable to the ordinary equity holders of the parent entity:			
		Cents	Cents
Basic earnings per share	6	43.2	40.2
Diluted earnings per share	6	42.9	40.0

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

Consolidated statement of financial position

As at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	8	26,823	26,042
Trade and other receivables	14	39,176	35,384
Inventories		1,870	-
Total current assets		67,869	61,426
Non-current assets			
Investments accounted for using the equity method	19(c)	257,251	240,426
Property, plant and equipment	15	5,949	4,402
Deferred tax assets	4	5,171	5,916
Intangible assets	16	155,948	92,269
Total non-current assets		424,319	343,013
Total assets		492,188	404,439
LIABILITIES			
Current liabilities			
Payables	17	33,552	22,740
Borrowings	9	1,876	9,842
Current tax liabilities		2,237	9,349
Provisions	17	5,412	3,818
Deferred revenue	17	5,940	5,535
Total current liabilities		49,017	51,284
Non-current liabilities			
Borrowings	9	212,493	164,841
Provisions	17	1,165	938
Total non-current liabilities		213,658	165,779
Total liabilities		262,675	217,063
Net assets		229,513	187,376
EQUITY			
Contributed equity	10	91,905	77,603
Reserves	11(a)	21,471	17,695
Retained earnings	11(b)	113,829	90,946
Non-controlling interests		2,308	1,132
Total equity		229,513	187,376

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

Consolidated statement of changes in equity

For the year ended 30 June 2015

Attributable to owners of carsales.com Ltd

	Notes	Contributed equity \$'000	Other reserves \$'000	Retained earnings \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2013		70,104	14,908	67,498	-	152,510
Profit for the year		-	-	95,457	815	96,272
Exchange differences on translation of foreign operations		-	(1,047)	-	-	(1,047)
Total comprehensive income for the year		-	(1,047)	95,457	815	95,225
Transactions with owners in their capacity as owners:						
Contributions of equity upon exercise of employee share options	10(b)	7,499	-	-	-	7,499
Non-controlling interest on acquisition of subsidiary		-	-	-	317	317
Dividends paid to members of the parent	12	-	-	(72,009)	-	(72,009)
Increase in share-based payment reserve inclusive of tax		-	3,834	-	-	3,834
Balance at 30 June 2014		77,603	17,695	90,946	1,132	187,376
Profit for the year		-	-	103,167	4,000	107,167
Exchange differences on translation of foreign operations		-	2,212	-	-	2,212
Total comprehensive income for the year		-	2,212	103,167	4,000	109,379
Transactions with owners in their capacity as owners:						
Contributions of equity upon exercise of employee share options	10(b)	5,252	-	-	-	5,252
Non-controlling interest on acquisition of subsidiary		-	-	-	(1,119)	(1,119)
Dividends paid to members of the parent	12	9,050	-	(80,284)	-	(71,234)
Dividends paid to non-controlling interest		-	-	-	(1,705)	(1,705)
Increase in share-based payment reserve inclusive of tax		-	1,564	-	-	1,564
Balance at 30 June 2015		91,905	21,471	113,829	2,308	229,513

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

Consolidated statement of cash flows

For the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Receipts from customers (incl GST)		338,458	254,341
Payments to suppliers and employees (incl GST)		(185,770)	(118,734)
Income taxes paid		(50,879)	(34,323)
Net cash inflow from operating activities	5	101,809	101,284
Cash flows from investing activities			
Investment in subsidiaries (net of cash acquired)		(55,751)	(8,400)
Investment in associates		(10,042)	(133,897)
Payments for property, plant and equipment		(676)	(948)
Proceeds from disposal of other assets		-	1
Dividends received from associates		4,153	665
Interest received		688	474
Payments for intangible assets		(1,065)	(860)
Net cash (outflow) from investing activities		(62,693)	(142,965)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		5,252	7,499
Proceeds from borrowings		80,080	183,500
Repayment of borrowings		(41,035)	(63,342)
Interest paid		(8,843)	(3,065)
Dividends paid to non-controlling interests		(1,705)	-
Dividends paid to company shareholders	12	(71,234)	(72,009)
Loan arrangement fees paid		(850)	-
Net cash inflow/(outflow) from financing activities		(38,335)	52,583
Net increase in cash and cash equivalents		781	10,902
Cash and cash equivalents at the beginning of the financial year		26,042	15,140
Cash and cash equivalents at end of year	8	26,823	26,042

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

About this report

This financial report covers the consolidated financial statement of the consolidated entity consisting of carsales.com Ltd, its subsidiaries and investments in associates. The financial report is presented in the Australian currency.

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

carsales.com Ltd
Level 4, 449 Punt Road
Richmond Vic 3121

A description of the nature of the consolidated entity's operations and its principle activities is included in the Chairman's Update to shareholders on page 7, the Managing Director's Update on page 11, and in the Directors' Reports on page 15-38, each of which are not part of this financial report.

The financial report was authorised for issue by the directors on 11 August 2015. The directors have the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available at our shareholder's centre on our website: www.carsales.com.au

For queries in relation to our reporting please call +61 (3) 9093 8600.

These financial statements have been prepared on a streamlined basis where key information is grouped together for ease of understanding and readability. The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature;
- it is important for understanding the results of the Group;
- it helps to explain the impact of significant changes in the Group's business – for example, acquisitions; or
- it relates to an aspect of the Group's operations that is important to its future performance.

Navigating this report

The notes are organised into the following sections:

- **Key performance:** provides a breakdown of the key individual line items in the financial statements that the directors consider most relevant to understanding performance and shareholder returns for the year and summarises the accounting policies, judgements and estimates relevant to understanding these line items;
- **Capital and Financial Risk Management:** provides information about the capital management practices of the Group, the Group's exposure and management of various financial risks and explains how these affect the Group's financial position and performance;
- **Other assets and liabilities:** Provides information on other balance sheet assets and liabilities that do not materially affect performance or give rise to material financial risk;
- **Group structure:** explains aspects of the group structure, such as our portfolio of associate accounted investments and acquisitions and how these have affected the financial position and performance of the Group; and
- **Other:** provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements however, are not considered critical in understanding the financial performance or position of the Group.

Significant and other accounting policies that summarise the measurement basis used and presentation policies and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

Key reporting highlights

Notes containing information relevant to understanding significant changes to the Group's affairs and performance in the current year are as follows:

- The Group recorded record revenue and EBITDA – Note 1;
- 50.1% of Stratton Finance Pty Ltd was acquired during the year – Note 20;
- The Group entered into a 5-year \$325m syndicated borrowing facility to support future growth – Note 9;
- Full year dividend proposed – Note 12.

Key estimates and judgements

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are set out below:

- Goodwill impairment testing – Note 16(a);
- Valuation of share based payments – Note 24.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*. carsales.com Ltd is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with International Financial Reporting Standards

The financial report of carsales.com Ltd complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

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

(iii) Financial statement presentation

The accounting policies adopted are consistent with those of the previous financial year except as set out in the "New accounting standards and interpretation" section below and as follows:

Interest received in the consolidated statement of comprehensive income has been reclassified from revenue to be presented adjacent to finance costs for the 12 months to 30 June 2014 consistent with the presentation adopted for the year to 30 June 2015 as this better reflects the management of interest income and expenses as a net expense to the Group. The interest received and paid in the consolidated statement of cash flows has been reclassified for the 12 months to 30 June 2014 to present interest received under 'Cash flows from investing activities' and interest paid under 'Cash flows from financing activities' consistent with the 12 months to 30 June 2015 as management believes this better reflects the nature of the interest cash flows.

The classification of expenses in the FY14 year has been restated to match the classification adopted for the FY15 year for comparability purposes. This principally reflects the split out of cost of sale of goods and a reclassification of costs from sales and marketing expenses to service development and maintenance to reflect an internal headcount restructuring made in FY15 where staff are better considered as development heads.

(iv) Going concern

The financial statements have been prepared on a going concern basis.

Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of carsales.com Ltd ("Company" or "parent entity") as at 30 June 2015 and the results of all subsidiaries for the year then ended. carsales.com Ltd and its subsidiaries together are referred to in this financial report as the Group or the Consolidated Entity.

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 carsales.com Ltd'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 consolidated statement of comprehensive income.

(iii) Group companies

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

- Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that balance sheet.
- Income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings are taken to other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the consolidated statement of comprehensive income, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Rounding of amounts

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

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are mandatory for 30 June 2015 reporting periods 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 their year-end reporting 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.



Key Performance

1 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Managing Director.

Management has determined the operating segments based on the reports reviewed by Key Management Personnel 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 allows customers (including dealers and consumers) to advertise automotive and non-automotive goods and services for sale across the carsales Network. Classified advertising typically allows a customer to advertise their red Brand X, model Y car with 20,000km for \$10,000 on a carsales website. This segment includes services such as subscriptions, lead fees and priority placement services across automotive and non-automotive websites.

Display advertising, typically involves corporate customers such as automotive manufacturers/importers, finance and insurance companies etc, placing advertisements on carsales Network websites. 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, as banner advertisements or other sponsored links.

Online advertising includes carsales' investment in tyresales which is an online tyre advertisement website that allows consumers to transact and purchase tyres.

Data and Research Services

The carsales.com Ltd divisions of Redbook, LiveMarket, 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, analysis, research and reporting, valuation services, website development and hosting as well as photography services. This segment also includes display and consumer advertising related to these divisions.

International

carsales.com Ltd has operations in overseas countries through both subsidiaries and equity accounted associate investments as set out below:

Automotive Data Services:

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

Online automotive classifieds:

- Webmotors S.A.(operation in Brazil) – 30%
- iCar Asia Limited (operations in Indonesia, Malaysia and Thailand) – 20.2%
- SK ENCARSALES.COM Ltd (operation 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.

(b) Segment analysis

2015	Online Advertising \$'000	Data and Research \$'000	International \$'000	Finance and Related Services \$'000	Total \$'000
Segment revenue					
Segment revenue	216,463	33,037	2,886	59,370	311,756
Total segment revenue	216,463	33,037	2,886	59,370	311,756
EBITDA	122,067	19,041	1,579	11,651	154,338
Depreciation and amortisation					(4,689)
Net interest expense					(8,516)
Profit before income tax					141,133
Income tax expense					(42,339)
Share of profit from associates			4,926		4,926
Gain on associate dilution			3,447		3,447
Non-controlling interests					(4,000)
Profit for the year					103,167
Segment assets	99,724	18,321	247,024	71,361	436,430
Deferred tax assets					5,171
Unallocated assets					50,587
Total assets					492,188
2014					
Segment revenue					
Segment revenue	203,864	29,131	2,607	-	235,602
Total segment revenue	203,864	29,131	2,607	-	235,602
EBITDA	120,256	16,747	1,407	-	138,410
Depreciation and amortisation					(3,309)
Net interest income					(2,914)
Profit before income tax					132,187
Income tax expense					(39,349)
Share of profit from associates			3,434		3,434
Non-controlling interests					(815)
Profit for the year					95,457
Segment assets	100,463	19,393	240,426	-	360,282
Deferred tax assets					5,916
Unallocated assets					38,241
Total assets					404,439

(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 1(a) above.

(ii) Segment EBITDA

The consolidated entity's chief 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.

(iii) Segment assets

Segment assets include goodwill and trade receivables. Unallocated assets include property, plant and equipment, intangibles and other assets utilised across multiple segments. All unallocated assets are assessed by the chief operating decision maker at a consolidated entity level.

(iv) Liabilities

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

2 Revenue

	2015 \$'000	2014 \$'000
From continuing operations		
Sales revenue		
Sale of services	280,927	232,819
Sale of goods	30,829	2,784
	311,756	235,603

Recognition and measurement

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Where services have not been provided but the Company is obligated to provide the services in the future, revenue recognition is deferred. Where the Group has utilised the services of a sales agency to sell advertising services on behalf of the Group, the sale is recorded at a value net of sales commissions paid to the sales agency.

Revenue is recognised for the major business activities as follows:

(i) Advertising services

A sale is recorded when a customer's advertisement has been displayed or when a referral has been generated leading to an enforceable claim by the Group. Subscription services are recognised across the period to which they relate.

(ii) Sale of goods – retail

A sale is recorded when goods have been provided to a customer leading to an enforceable claim by the Group.

(iii) Finance and related services

Fees and commissions are recognised on an accruals basis when the service has been provided or on completion of the underlying transaction. Used car disposal revenue and cost of goods are recognised gross (revenue being the fair value of the cash received for the sale of the vehicle, and the cost of goods being the trade in price of the vehicle).

(iv) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

(v) R&D Tax Rebate

The R&D 10% tax rebate is recognised as other income.

3 Expenses

	2015 \$'000	2014 \$'000
Profit before income tax includes the following specific expenses:		
Total employee benefits	63,924	43,559
Defined contribution superannuation expense	4,992	3,391
Research and development	10,870	8,115
Minimum lease payments	4,645	3,858

Recognition and measurement

(i) Retirement benefit obligations

All employees of the Group are entitled to benefits on retirement, disability or death from the Group's superannuation plan. The Group has a defined contribution plan. The defined contribution plan receives fixed contributions from Group companies and the Group's legal or constructive obligation is limited to these contributions. The employees of the parent entity are all members of the defined contribution section of the Group's plan.

Past service costs are recognised immediately in profit or loss, unless the changes to the superannuation fund are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

(ii) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved services) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as an intangible asset and amortised from the point of which the asset is ready for use on a straight line basis over its useful life, which varies from 3 to 5 years.

(iii) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

4 Income tax

(a) Income tax expense

	2015 \$'000	2014 \$'000
Current tax	41,275	38,934
Deferred tax	1,000	450
Adjustments for current tax of prior periods	64	(35)
	42,339	39,349
Deferred income tax expense included in income tax expense comprises:		
Decrease in deferred tax assets	1,000	450
	1,000	450

Current tax expense of \$50,000 (2014: deduction of \$2,331,000) has been directly recognised in equity, related to share based payments.

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

	2015 \$'000	2014 \$'000
Profit from continuing operations before income tax expense	149,506	135,621
Tax at the Australian tax rate of 30.0% (2014 – 30.0%)	44,852	40,686
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax offset for R&D	(150)	(140)
Deferred tax on share options transferred to the Employee Share Trust	104	(320)
Sundry items	83	188
Difference in overseas tax rates	(103)	-
Adjustments for current tax of prior periods	64	(35)
Tax on share of (profit)/losses from associates	(1,477)	(1,030)
Non-taxable gain on associate dilution	(1,034)	-
Total income tax expense	42,339	39,349

(c) Deferred tax assets

The balance comprises temporary differences attributable to:

	Employee benefits \$'000	Employee Share Trust \$'000	Doubtful debts \$'000	Expense accruals \$'000	Total \$'000
At 1 July 2013	1,217	4,108	313	1,000	6,638
(Charged)/credited to the profit or loss	(200)	19	-	(269)	(450)
Credited directly to equity	-	(272)	-	-	(272)
At 30 June 2014	1,017	3,855	313	731	5,916
Acquisition of subsidiary	170	-	-	135	305
(Charged)/credited to the profit or loss	757	(2,292)	(120)	655	(1,000)
Credited directly to equity	-	(50)	-	-	(50)
At 30 June 2015	1,944	1,513	193	1,521	5,171
				2015 \$'000	2014 \$'000
Deferred tax assets to be recovered within 12 months				3,771	4,683
Deferred tax assets to be recovered after more than 12 months				1,400	1,233
				5,171	5,916

Recognition and measurement

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses 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 foreign operations where the Company 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax consolidation legislation

carsales.com Ltd and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, carsales.com Ltd, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, carsales.com Ltd also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Company.

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

	2015 \$'000	2014 \$'000
Profit for the year	107,167	96,272
Depreciation and amortisation	4,689	3,309
Profit on sale of assets	-	(1)
Non-cash employee benefits expense – share-based payments	1,614	1,775
Net finance related costs	8,516	2,749
Share of (profit)/losses of associates	(4,926)	(3,434)
Gain on associate dilution	(3,447)	-
Net exchange differences	164	(22)
Change in operating assets and liabilities:		
Decrease/(Increase) in trade debtors	2,725	(4,437)
Decrease in deferred tax assets	1,050	722
(Increase)/Decrease in other operating assets	(5,426)	315
(Decrease)/Increase in trade creditors	(574)	4,749
Increase/(Decrease) in other operating liabilities	338	(3,219)
(Decrease)/Increase in provision for income taxes payable	(11,109)	1,805
Increase in other provisions	1,028	701
Net cash inflow from operating activities	101,809	101,284

6 Earnings per share

	Basic earnings per share		Diluted earnings per share	
	2015	2014	2015	2014
Profit attributable to equity holders of the Company	103,167,000	95,457,000	103,167,000	95,457,000
Weighted average number of ordinary shares	238,911,085	237,466,757	238,911,085	237,466,757
Dilutive impact of potential ordinary shares	-	-	1,530,744	1,322,631
Total weighted average number of ordinary shares used in EPS calculation	238,911,085	237,466,757	240,441,829	238,789,388
Earnings per share	43.2	40.2	42.9	40.0
Adjusted earnings per share excluding gain on associate dilution	41.7	40.2	41.5	40.0

Recognition and measurement

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 financial year, adjusted for bonus elements in ordinary shares issued during the year.

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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Options and performance rights granted to employees under the carsales.com Ltd Employee Option Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options and performance rights have not been included in the determination of basic earnings per share. Details relating to the options are set out in Note 24.

Capital & Financial Risk Management

7 Capital risk management

The Company's capital position at 30 June is as follows:

	2015 \$'000	2014 \$'000
Payables (Note 17)	33,552	22,740
Borrowings (Note 9)	214,369	174,683
Less: cash and cash equivalents (Note 8)	(26,823)	(26,042)
Net debt	221,098	171,381
Contributed equity (Note 10)	91,905	77,603
Reserves (Note 11(a))	21,471	17,695
Retained profits (Note 11(b))	113,829	90,946
Non-controlling interests	2,308	1,132
Total equity	229,513	187,376
Total capital	450,611	358,757

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors its capital on an ongoing-basis.

There are no externally imposed capital requirements.

Investments and other financial assets

The Group classifies its investments in the following categories: financial assets at fair value, loans and receivables and held-to-maturity investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables (Note 14) and receivables in the consolidated statement of financial position.

8 Cash and cash equivalents

	2015 \$'000	2014 \$'000
Cash on hand	7	7
Bank balances	26,816	26,035
	26,823	26,042

Recognition and measurement

For cash flow statement presentation purposes, 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

(a) Risk exposure

The Company's exposure to interest rate risk is discussed in Note 9. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

(b) Cash at bank and on hand

Cash on hand is non-interest bearing. Bank balances attracted interest at an average rate of 2.7% (2014: 2.6%).

9 Borrowings

	2015 \$'000	2014 \$'000
Bank loan – current	1,876	9,842
Bank loan – non-current	212,493	164,841
	214,369	174,683

The Group's principal funding is a \$325m rolling syndicated banking facility entered into in February 2015 with tranches maturing at 2, 3 and 5 years. Establishment fees of \$1.3m are net against the borrowings set out above.

	2015 \$'000	2014 \$'000
Finance income	688	474
Finance costs	(9,204)	(3,388)
	(8,516)	(2,914)

Finance income

Finance income is recognised on a time proportionate basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amounts to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as finance income. Finance income on impaired loans is recognised using the original effective interest rate.

Recognition and measurement

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual draw-down of the facility, are recognised net against the loan and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. The Group's fixed rate borrowings and receivables are carried at amortised cost. They are therefore not subject to interest rate risk as defined in AASB7 since neither the carrying amount nor the future cash flows will fluctuate because of a change in market rates.

The consolidated entity's exposure to the cash flow risk of changes in market interest rates relates primarily to the cash at bank and the cash advance facility. The interest rate applicable at year end on the cash at bank was 2.5%, while the interest on the cash advance facility was 3.4% (2014 – 4.0%). As at reporting date, the Group had \$215,219,000 (2014 – \$175,000,000) variable rate borrowings at a weighted average interest rate of 3.4% (2014 – 3.9%). The variable interest rate may have an impact on cash flow, but this impact is not considered material. carsales.com Ltd has a Board approved treasury policy and treasury strategy for the management of interest rate risk. The Company does not currently hedge against interest rate risk. The Board keeps the decision to actively hedge interest rate risk under regular review and this will be reassessed during the 2016 financial year. Any derivative contracts will be entered into solely for interest rate risk management and no speculative hedging is permitted under the policy.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	2015 \$'000	2014 \$'000
Floating rate		
- Expiring within one year (overdraft)	3,000	3,000
- Expiring within two to five years	110,000	-
	113,000	3,000

Maturities of financial liabilities

The following table sets out the Group's exposure to liquidity risk. The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual maturities of financial liabilities

	0 – 12 months \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Total contractual cash flows \$'000	Carrying amount (assets)/ liabilities \$'000
Group – at 30 June 2015					
Non-derivatives					
Non-interest bearing payables	33,552	-	-	33,552	33,552
Variable rate borrowings	1,859	63,803	165,797	231,459	214,137
Fixed rate borrowings	135	88	19	242	232
Total non-derivatives	35,546	63,891	165,816	265,253	247,921
Group – at 30 June 2014					
Non-derivatives					
Non-interest bearing payables	22,740	-	-	22,740	22,740
Variable rate borrowings	10,000	12,540	171,803	194,343	174,683
Fixed rate borrowings	-	-	-	-	-
Total non-derivatives	32,740	12,540	171,803	217,083	197,423

Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and non-interest bearing financial liabilities of the consolidated entity approximates their carrying amounts. There are no off-balance sheet financial instruments in place.

Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk.

	Interest rate risk				
	Carrying amount \$'000	-100 bps		+100 bps	
		Profit \$'000	Other equity \$'000	Profit \$'000	Other equity \$'000
At 30 June 2015					
Financial assets					
Cash and cash equivalents	26,823	(188)	(188)	188	188
Financial liabilities					
Borrowings	(215,219)	1,506	1,506	(1,506)	(1,506)
Total increase/(decrease)		1,318	1,318	(1,318)	(1,318)
	Interest rate risk				
	Carrying amount \$'000	-100 bps		+100 bps	
		Profit \$'000	Other equity \$'000	Profit \$'000	Other equity \$'000
At 30 June 2014					
Financial assets					
Cash and cash equivalents	26,042	(168)	(168)	168	168
Financial liabilities					
Borrowings	(175,000)	1,750	1,750	(1,750)	(1,750)
Total increase/(decrease)		1,582	1,582	(1,582)	(1,582)

10 Contributed equity

(a) Share capital

	Notes	2015 Shares	2014 Shares	2015 \$'000	2014 \$'000
Ordinary shares					
Fully paid	10(b)	240,081,596	237,828,965	91,905	77,603
		240,081,596	237,828,965	91,905	77,603

Recognition and measurement

Ordinary shares are classified as equity.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of, and amounts paid on, the shares held.

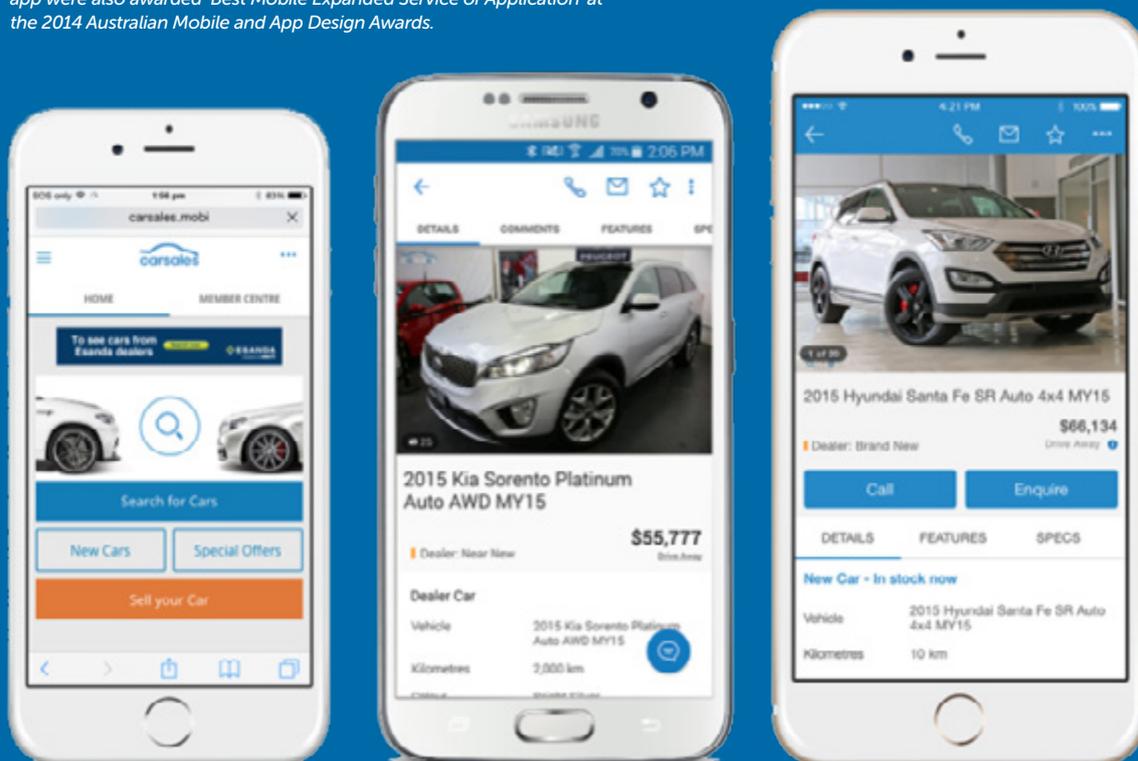
On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Incremental costs directly attributable to the issue of new shares, options or performance rights 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 performance rights for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

The carsales.com.au iPhone and Android app

The carsales app received an exceptional 5 star rating from the Apple App Store and 4.5 stars from Google Play. The carsales mobile site and app were also awarded 'Best Mobile Expanded Service or Application' at the 2014 Australian Mobile and App Design Awards.



(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	\$'000
1 July 2013	Opening balance	236,181,964		70,104
July 2013	Exercise of employee options	20,000	\$2.00-\$3.89	59
August 2013	Exercise of employee options	1,231,682	\$1.75-\$4.90	5,857
August 2013	Exercise of employee performance rights	67,819	-	-
September 2013	Exercise of employee options	12,500	\$2.00-\$3.89	39
October 2013	Exercise of employee options	165,000	\$4.90	808
November 2013	Exercise of employee options	85,000	\$4.90	417
December 2013	Exercise of employee options	10,000	\$4.90	49
March 2014	Exercise of employee options	30,000	\$4.90	147
May 2014	Exercise of employee options	25,000	\$4.90	123
30 June 2014	Balance	237,828,965		77,603

Date	Details	Number of shares	Issue price	\$'000
1 July 2014	Opening balance	237,828,965		77,603
August 2014	Exercise of employee options	337,408	\$3.89-\$5.93	1,669
August 2014	Exercise of employee performance rights	208,613	-	-
October 2014	Exercise of employee options	37,952	\$1.75-\$4.69	156
October 2014	Exercise of employee performance rights	52,379	-	-
October 2014	Dividend Reinvestment Plan	446,293	\$9.78	4,363
November 2014	Exercise of employee options	38,275	\$4.69-\$4.90	183
December 2014	Exercise of employee options	51,874	\$4.69-\$5.93	256
March 2015	Exercise of employee options	576,057	\$4.69-\$5.93	2,768
April 2015	Dividend Reinvestment Plan	459,864	\$10.19	4,687
May 2015	Exercise of employee options	5,172	\$4.69	24
June 2015	Exercise of employee options	38,744	\$4.69-\$5.93	196
30 June 2015	Balance	240,081,596		91,905

Information relating to the carsales.com Ltd Employee Option Plan, including details of options and performance rights issued, exercised and lapsed during the financial year and options and performance rights outstanding at the end of the financial year, is set out in Note 24.

11 Reserves and retained earnings

(a) Reserves

	2015 \$'000	2014 \$'000
Share-based payment reserve	20,299	18,735
Foreign currency translation reserve	1,172	(1,040)
	21,471	17,695

(i) Share-based payment reserve

Balance 1 July	18,735	14,901
Option expense	1,614	1,775
Tax on Employee Share Trust charged to equity	(50)	2,059
Balance 30 June	20,299	18,735

The share-based payments reserve is used to recognise the fair value of options and performance rights issued but not exercised.

(ii) Foreign currency translation reserve

Balance 1 July	(1,040)	7
Currency translation differences arising during the year	2,212	(1,047)
Balance 30 June	1,172	(1,040)

Exchange differences arising on translation of the foreign operations are taken to the foreign currency translation reserve, as described in "Basis of preparation" and accumulated within a separate reserve within equity. The reserve is recognised in profit and loss when the net investment is disposed of.

(b) Retained earnings

Movements in retained earnings were as follows:

	2015 \$'000	2014 \$'000
Balance 1 July	90,946	67,498
Net profit for the year	103,167	95,457
Dividends	(80,284)	(72,009)
Balance 30 June	113,829	90,946

12 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(a) Ordinary shares

	2015 \$'000	2014 \$'000
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.	37,109	37,052
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	-
	41,472	37,052
Interim ordinary dividend for the year ended 30 June 2015 of 16.2 cents (2014 – 14.7 cents) per fully paid share paid on 15 April 2015 (2 April 2014). Fully franked (2014 – fully franked) based on tax paid @ 30%.	34,125	34,957
Interim ordinary dividend for the year ended 30 June 2015 of 16.2 cents (2014 – 14.7 cents) per share – satisfied through issuance of shares under the Dividend Reinvestment Plan.	4,687	-
	38,812	34,957
Total dividends paid	80,284	72,009

(b) Dividends not recognised at year end

	2015 \$'000	2014 \$'000
In addition to the above dividends, since year end, due to sufficient cash and confidence in future earnings, the Directors have recommended the payment of 17.7 cents per fully paid ordinary share (2014 – final dividend 17.4 cents) plus a special dividend of 1.4 cents per fully paid ordinary share (2014: nil cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 15 October 2015 out of retained earnings at 30 June 2015, but not recognised as a liability at year end, is	45,856	41,408

(c) Franked dividends

	2015 \$'000	2014 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30.0% (2014 – 30.0%)	34,428	31,853

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

- (a) franking credits that will arise from the payment of the amount of the provision for income tax
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

(d) Dividend Reinvestment Plan ("DRP")

The carsales.com Ltd DRP will be maintained for the 2015 final 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 (18 September 2015). The last date for shareholders to nominate their participation in the DRP is 5:00pm (AEST) on 21 September 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 or New Zealand.

Eligible shareholders who wish to participate in the DRP can make their elections online at www.computershare.com.au/easyupdate/ CAR 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.

13 Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, interest rate risk and liquidity and foreign exchange risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed.

Risk management is the responsibility of the Chief Financial Officer (CFO) and follows approved policies of the Board of Directors. The CFO identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

(a) Market risk

(i) Foreign exchange risk

Refer to Note 19(d) for exposure to foreign exchange risk.

(ii) Price risk

The Group is not exposed to significant equities price risk.

(b) Credit risk

Credit risk of the Group arises predominantly from outstanding receivables from customers.

The Group's credit risk on its receivables is recognised on the consolidated statement of financial position at the carrying amount of those receivable assets, net of any provisions for doubtful debts. There are no significant concentrations of receivables within the Group. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not considered to be material.

Details of impaired and past due receivables are disclosed in Note 14.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted by carsales.com Ltd.

(c) Interest rate risk

Interest rate risk is set out in Note 9.

(d) Liquidity risk

Liquidity risk is set out in Note 9.

Fair value estimation

There are no financial assets or liabilities that are measured at fair value at 30 June 2015.



Other Assets and Liabilities

14 Trade and other receivables

	Impaired receivables 2015 \$'000	Not impaired receivables 2015 \$'000	Total receivables 2015 \$'000	Provision 2015 \$'000	Carrying value 2015 \$'000	Carrying value 2014 \$'000
Current	130	26,752	26,882	(129)	26,753	26,979
1-3 months	31	5,267	5,298	(31)	5,267	5,329
3-6 months	92	596	688	(92)	596	400
Over 6 months	410	72	482	(410)	72	-
Trade receivables	663	32,687	33,350	(662)	32,688	32,708
Other receivables					3,205	1,205
Prepayments					3,283	1,471
Trade and other receivables					39,176	35,384

Recognition and measurement

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are due for settlement generally within 30 days following the provision of advertising, data services or finance services.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the consolidated statement of comprehensive income within the 'operations and administration' expense. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the consolidated statement of comprehensive income.

(a) Impaired trade receivables

The individually impaired receivables mainly relate to customers which are in unexpectedly difficult economic situations. The creation and release of the provision for impaired receivables has been included in 'operational and administration' expenses in the consolidated statement of comprehensive income. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

(b) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. Interest is not charged and collateral is not normally obtained.

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

(c) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

15 Property, plant and equipment

	Plant and equipment \$'000	Motor vehicles \$'000	Leasehold improvements \$'000	Total \$'000
At 30 June 2015				
Cost	5,763	210	6,455	12,428
Accumulated depreciation	(3,955)	(95)	(2,429)	(6,479)
Net book amount	1,808	115	4,026	5,949
At 30 June 2014				
Cost	3,442	94	5,143	8,679
Accumulated depreciation	(2,572)	(45)	(1,660)	(4,277)
Net book amount	870	49	3,483	4,402

Recognition and measurement

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Vehicles	3–5 years
Furniture, fittings and equipment	3–10 years
Computer hardware and peripherals	3–5 years
Leased plant and equipment	10–15 years
Leasehold improvements	3–10 years or minimum lease period if shorter

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of comprehensive income.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

16 Intangible assets

	Goodwill \$'000	Computer Software \$'000	Other intangible assets \$'000	Total \$'000
At 1 July 2013				
Cost	77,444	7,547	3,825	88,816
Accumulated amortisation and impairment	-	(5,251)	(2,373)	(7,624)
Net book amount	77,444	2,296	1,452	81,192
Year ended 30 June 2014				
Opening net book amount	77,444	2,296	1,452	81,192
Additions	-	3,617	529	4,146
Acquisition of subsidiary	8,421	494	-	8,915
Amortisation charge	-	(1,374)	(610)	(1,984)
Closing net book amount	85,865	5,033	1,371	92,269
At 30 June 2014				
Cost	85,865	11,704	4,343	101,912
Accumulated amortisation and impairment	-	(6,671)	(2,972)	(9,643)
Net book amount	85,865	5,033	1,371	92,269
Year ended 30 June 2015				
Opening net book amount	85,865	5,033	1,371	92,269
Additions	-	6,000	99	6,099
Acquisition of subsidiary	60,978	-	12	60,990
Amortisation charge	-	(2,828)	(582)	(3,410)
Closing net book amount	146,843	8,205	900	155,948
At 30 June 2015				
Cost	146,843	17,704	4,453	169,000
Accumulated amortisation and impairment	-	(9,499)	(3,553)	(13,052)
Net book amount	146,843	8,205	900	155,948

* Other intangible assets include database, domain names and other.

Recognition and measurement

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment in each primary operating segment (Note 1).

(ii) IT development: Software, domain names and database

Software includes capitalised development costs being an internally generated intangible assets.

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Redbook database costs capitalised to date include direct payroll and payroll related costs of employees' time spent on developing the database. These intangible assets have finite lives and are subject to amortisation on a straight line basis. The useful lives for these assets are as follows:

Software	4-5 years
Domain Names	5 years
Database	10 years

(a) Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to segment.

A segment-level summary of the goodwill allocation is presented below.

2015	Australia \$'000	Total \$'000
Online Advertising	70,715	70,715
Data and Research	15,823	15,823
Finance and related services	60,305	60,305
	146,843	146,843
2014	Australia \$'000	Total \$'000
Online Advertising	70,715	70,715
Data and Research	15,150	15,150
	85,865	85,865

Recognition and measurement

(i) Impairment

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 inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

(ii) Estimated impairment of goodwill

The Company tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in "basis of preparation". The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. 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 inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(b) Key assumptions used for value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on approved budgets.

CGU	Growth rate **		Discount rate ***	
	2015 %	2014 %	2015 %	2014 %
Online Advertising	2.0	2.5	4.8	4.3
Data and Research	2.0	2.5	4.8	4.3
Finance and related services	2.5	-	4.8	-

** Weighted average growth rate used to extrapolate cash flows beyond the budget period.

*** In performing the value-in-use calculations for each CGU, the Company has applied pre-tax discount rates to discount the forecast future attributable pre-tax cash flows.

(c) Impact of possible changes in key assumptions

Management do not consider that a reasonable change in any of the key assumptions would lead to impairment.

17 Other liabilities

	2015 \$'000	2014 \$'000
Trade payables	14,167	6,477
Accrued expenses	15,451	14,482
Other payables	3,934	1,781
Total payables	33,552	22,740
Employee benefits – current	5,412	3,818
Employee benefits – non-current	1,165	938
Total employee benefits	6,577	4,756
Deferred advertising services revenue	5,940	5,535

Recognition and measurement

(i) Payables

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

(ii) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' service up to the end of the reporting period and are measured at the amount expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(iii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related services 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 end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and period of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iv) Bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

18 Commitments

Non-cancellable operating leases

The Group leases offices in a number of locations. The most significant of these leases is the Melbourne head office where the lease is a non-cancellable operating lease expiring within 5 years. Upon renewal date, the Company has the option to renew the lease for a further 2 years at terms which are negotiable. The Group also leases various motor cars and printers under non-cancellable operating leases.

	2015 \$'000	2014 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	4,538	3,828
Later than one year but not later than five years	14,953	14,621
Later than five years	3,204	598
	22,695	19,047

Bank guarantee facility

Guarantees in respect of bank facilities drawn down but not included in the accounts of the Group are \$2.7m (2014: \$2.1m)

Group structure

19 Interests in other entities

(a) Material subsidiaries

The Group's principal subsidiaries at 30 June 2015 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the Group *		Ownership interest held by non-controlling interests		Principal activities
		2015 %	2014 %	2015 %	2014 %	
Webpointclassified Pty Ltd	Australia	100.0	100.0	-	-	(1)
Equipment Research Group Pty Ltd	Australia	100.0	100.0	-	-	(2)
Discount Vehicles Australia Pty Ltd	Australia	100.0	100.0	-	-	(1)
Automotive Data Services Pty Ltd	Australia	100.0	100.0	-	-	(2)
Auto Information Limited	New Zealand	100.0	100.0	-	-	(2)
Red Book Automotive Services (M) Sdn Bhd	Malaysia	100.0	100.0	-	-	(2)
Red Book Automotive Data Services (Beijing) Limited	China	100.0	100.0	-	-	(2)
Tyresales Pty Ltd	Australia	50.0	50.0	50.0	50.0	(3)
Automotive Data Services (Thailand) Company Limited	Thailand	100.0	100.0	-	-	(2)
Auto Exchange Holdings Pty Ltd	Australia	100.0	100.0	-	-	(4)
Automotive Exchange Pty Ltd	Australia	50.0	50.0	50.0	50.0	(1)
carsales.com Investments Pty Ltd	Australia	100.0	100.0	-	-	(4)
carsales Holdings Pty Ltd	Australia	100.0	100.0	-	-	(4)
carsales.com Ltd Employee Share Trust	Australia	100.0	-	-	-	(5)
carsales Finance Pty Ltd	Australia	100.0	100.0	-	-	(4)
Stratton Finance Pty Ltd	Australia	50.1	-	49.9	-	(6)
Stratton Fleet Services Pty Ltd	Australia	50.1	-	49.9	-	(6)
Stratton Franchise Pty Ltd	Australia	50.1	-	49.9	-	(6)
Auto Inspect Pty Ltd	Australia	50.1	-	49.9	-	(7)

* The proportion of ownership interest is equal to the proportion of voting power held.

(1) Classified advertising.

(2) Data and research.

(3) Online retail.

(4) Holding company.

(5) Share trust company.

(6) Finance and related services.

(7) Car inspection.

(i) Subsidiaries

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 Company (refer to Note 20).

Intercompany transactions, balances and unrealised gains on transactions between 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 Company.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Employee Share Trust

The Group has formed a trust to administer the Group's employee share scheme. This trust is consolidated, as the substance of the relationship is that the trust is controlled by the Group.

(b) Non-controlling interests (NCI)

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

30 June 2015	Tyresales \$'000	Auto Exchange \$'000	Stratton Finance \$'000	Auto Inspect \$'000
Summarised balance sheet				
Current assets	1,780	4,190	13,316	75
Current liabilities	(1,873)	(2,038)	(15,654)	(63)
Non-current assets	287	214	10,518	36
Non-current liabilities	-	-	(3,058)	(52)
Net assets	194	2,366	5,122	(4)

30 June 2014	Tyresales \$'000	Auto Exchange \$'000	Stratton Finance \$'000	Auto Inspect \$'000
Summarised balance sheet				
Current assets	1,420	2,827	-	-
Current liabilities	(1,275)	(1,220)	-	-
Non-current assets	428	102	-	-
Net assets	573	1,709	-	-

30 June 2015	Tyresales \$'000	Auto Exchange \$'000	Stratton Finance \$'000	Auto Inspect \$'000
Summarised statement of comprehensive income				
Profit/(loss) for the period	(360)	656	7,719	-
Profit/(loss) allocated to NCI	(180)	328	3,852	-

30 June 2014	Tyresales \$'000	Auto Exchange \$'000	Stratton Finance \$'000	Auto Inspect \$'000
Summarised statement of comprehensive income				
Profit/(loss) for the period	80	1,550	-	-
Profit/(loss) allocated to NCI	40	775	-	-

30 June 2015	Tyresales \$'000	Auto Exchange \$'000	Stratton Finance \$'000	Auto Inspect \$'000
Summarised cash flows				
Cash flows from operating activities	340	820	10,892	-
Cash flows from investing activities	(138)	(127)	(8,548)	-
Cash flows from financing activities	-	-	239	-
Net increases/(decrease) in cash and cash equivalents	202	693	2,583	-

30 June 2014	Tyresales \$'000	Auto Exchange \$'000	Stratton Finance \$'000	Auto Inspect \$'000
Summarised cash flows				
Cash flows from operating activities	536	182	-	-
Cash flows from investing activities	(358)	(68)	-	-
Cash flows from financing activities	200	-	-	-
Net increases/(decrease) in cash and cash equivalents	378	114	-	-

(c) Interests in associates and joint ventures

Name of entity	Place of business/ country of incorporation	% of ownership interest		Nature of relationship	Measurement method	Quoted fair value		Carrying amount	
		2015 %	2014 %			2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Webmotors S.A.	Brazil	30.0	30.0	Associate	Equity method	-	-	82,811	93,323
iCar Asia Limited	Indonesia	20.2	22.9	Associate	Equity method	31,191	57,106	19,362	19,146
SK ENCARSALES.COM Ltd	South Korea	49.9	49.9	Associate	Equity method	-	-	144,851	127,957
RateSetter	Australia	20.0	-	Associate	Equity method	-	-	10,227	-
Total equity accounted investments								257,251	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 20.2% from 20 November 2014 to 30 June 2015.

(i) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill identified on acquisition. Acquisition related costs of associates are capitalised.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Commitments and contingent liabilities in respect of associates

	2015 \$'000	2014 \$'000
Contingent liabilities – associates		
Contingent liabilities relating to liabilities of the associate for which the Company is severally liable	599	1,230

(iii) Summarised financial information for significant associates

	Webmotors S.A.		iCar Asia Limited*		SK ENCARSALES.COM Ltd	
Summarised balance sheet	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Total current assets	91,063	98,753	8,504	15,593	20,592	13,955
Total non-current assets	18,341	16,059	27,083	7,391	33,124	30,818
Total current liabilities	(9,056)	(5,569)	(3,462)	(1,523)	(6,858)	(5,327)
Total non-current liabilities	-	-	(527)	(1,831)	(7,968)	(8,184)
Net assets	100,348	109,242	31,598	19,630	38,890	33,062
Group's share in %	30.0	30.0	20.2	22.9	49.9	49.9
Group's share in \$	30,104	32,773	6,383	4,495	19,406	16,499
Goodwill	52,707	60,550	12,979	14,651	125,445	111,458
Carrying amount	82,811	93,323	19,362	19,146	144,851	127,957
Reconciliation of carrying value						
Opening carrying value	93,323	90,535	19,146	13,431	127,957	-
Investment in associate	15	430	1	7,705	314	126,475
Profit/(loss) for the period	3,478	4,609	(3,288)	(1,990)	4,736	815
Gain on dilution	-	-	3,447	-	-	-
Other comprehensive income	(12,032)	(1,607)	56	-	14,024	667
Dividends received	(1,973)	(644)	-	-	(2,180)	-
Closing carrying value	82,811	93,323	19,362	19,146	144,851	127,957

* These numbers are management estimates based on market available data.

	Webmotors S.A.		iCar Asia Limited*		SK ENCARSALES.COM Ltd	
Summarised statement of comprehensive income	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000	30 June 2015 \$'000	30 June 2014 \$'000
Revenue	37,437	35,455	4,443	1,991	35,490	4,923
Profit from continuing operations	12,431	15,363	(15,889)	(9,448)	9,519	1,633
Other comprehensive income	-	(1,607)	-	-	-	667
Total comprehensive income	12,431	13,756	(15,889)	(9,448)	9,519	2,300
carsales share						
Profit from continuing operations	3,478	4,609	(3,288)	(1,990)	4,736	815
Comprehensive income	(12,032)	(1,607)	-	-	14,024	667
Total	(8,554)	3,002	(3,288)	(1,990)	18,760	1,482
Dividends received from associates and joint venture entities	1,973	644	-	-	2,180	-

* These numbers are management estimates based market available data.

(d) Foreign Exchange Risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Brazilian Real (BRL) and the Korean Won (KRW).

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in foreign currency that is not the entity's functional currency.

Hedging contracts are sometimes used to manage foreign currency exchange risk. The Company has a treasury strategy and a treasury policy and will actively hedge any major known commitments using forward exchange contracts. The Company does not net investment hedge the carrying value of associates in the balance sheet. Trading and dividend cash flows between associates and the Group are not

hedged unless the cash flows are significant and the amount and future payment date is certain. No foreign currency derivatives were entered into in the year.

The analysis below reflects management's view of possible movements in relevant foreign currencies against the Australian dollar. The table summarises the range of possible outcomes that would affect the Group's net profit and equity as a result of foreign currency movements.

The estimated impact on carsales.com Ltd share of the reported net profits of our overseas associates through potential movements in exchange rates are as follows:

	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Impact on profit:	-5%	-5%	+5%	+5%
AUD to KRW (+5% to -5%)	254.6	38.9	(281.4)	(43.0)
AUD to BRL (+5% to -5%)	184.6	219.5	(204.0)	(242.6)
Net Movement	439.2	258.4	(485.4)	(285.6)
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Impact on equity:	-5%	-5%	+5%	+5%
AUD to KRW (+5% to -5%)	4,238	6,686	(3,834)	(6,049)
AUD to BRL (+5% to -5%)	7,621	4,855	(6,895)	(4,393)
Net Movement	11,859	11,541	(10,729)	(10,442)

20 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	58,995
The assets and liabilities acquired are estimated 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	305
Intangible assets	12
Trade and other payables	(7,085)
Provisions	(793)
External loans	(588)
Tax liabilities	(3,997)
Net liabilities	(2,487)
Outside shareholders interests	1,117
Goodwill	60,365
Net assets acquired	58,995

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 \$1,681,000 which includes trade receivables with a fair value of \$1,527,000. 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 Ltd	50.1%
Non-controlling interests	
D'Azur Holdings Pty Ltd	35.4%
Other minor shareholders	14.5%
	100.0%

Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Company. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Contingent payments classified as debt are subsequently remeasured through profit or loss. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Company recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Company's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a discount on purchase. If the Company recognises previously acquired deferred tax assets after the initial acquisition accounting is completed these will be recorded directly in profit or loss.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

21 Related party transactions

(a) Subsidiaries

Interests in subsidiaries are set out in Note 19.

(b) Key management personnel compensation

	2015 \$	2014 \$
Short-term employee benefits	6,918,270	5,228,798
Deferred short-term employee benefits	-	282,334
Post-employment benefits	155,049	140,180
Long-term employment benefits	363,297	222,192
Share-based payments	1,794,402	1,963,730
	9,231,018	7,837,234

(c) Transactions with other related parties

The following transactions occurred with related parties, the nature of which are described in the remuneration report.

	2015 \$	2014 \$
<i>Sales of goods and services</i>		
Sale of services to related parties	858,996	772,284
<i>Purchases of goods and services</i>		
Purchases of goods and services from related parties	3,434,710	3,652,135

All transactions were made on normal commercial terms and conditions, at market rates and includes transactions with associates.

(d) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2015 \$	2014 \$
Current receivables (sales of goods and services)		
Other related parties	108,392	135,710
Current payables (purchases of goods and services)		
Other related parties	850,521	805,886

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

22 Deed of cross guarantee

The following controlled entities have entered into a Deed of Cross Guarantee:

Company	Financial year entered into agreement
carsales.com Limited	30 June 2015
carsales Holdings Pty Ltd	30 June 2015
carsales Finance Pty Ltd	30 June 2015
Auto Exchange Holdings Pty Ltd	30 June 2015
Automotive Data Services Pty Ltd	30 June 2015
carsales.com Investments Pty Ltd	30 June 2015
Discount Vehicles Australia Pty Ltd	30 June 2015
Equipment Research Group Pty Ltd	30 June 2015
Webpointclassifieds Pty Ltd	30 June 2015

The companies that are party to this deed guarantee the debts of the others and represent the "Closed Group" from the date of entering into the agreement.

These wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

(a) Consolidated statement of comprehensive income

Set out below is a consolidated income statement for the year ended 30 June 2015 of the Closed Group.

Consolidated statement of comprehensive income	2015 \$'000
Revenue from continuing operations	
Sale of goods and services	238,303
Revenue from continuing operations	238,303
Expenses	
Sales and marketing expenses	(55,120)
Operations and administration	(19,543)
Service development and maintenance	(21,931)
Earnings before interest, taxes, depreciation and amortisation	141,709
Depreciation and amortisation expense	(4,004)
Finance income	571
Finance costs	(8,772)
Dividends received to date	6,231
Profit before income tax	135,735
Income tax expense	(38,526)
Profit from continuing operations	97,209
Total comprehensive income for the year	97,209

(b) Consolidated statement of financial position

Set out below is a Consolidated statement of financial position as at 30 June 2015 of the Closed Group.

Consolidated statement of finance position	2015 \$'000
Current assets	
Cash and cash equivalents	16,177
Trade and other receivables	36,998
Total current assets	53,175
Non-current assets	
Investments	313,556
Property, plant and equipment	3,576
Deferred tax assets	4,806
Intangible assets	85,545
Total non-current assets	407,483
Total assets	460,658
Current liabilities	
Trade and other payables	18,836
Current tax liabilities	584
Provisions	4,622
Deferred revenue	5,413
Total current liabilities	29,455
Non-current liabilities	
Borrowings	209,151
Provisions	1,031
Total non-current liabilities	210,182
Total liabilities	239,637
Net assets	221,021
Equity	
Contributed equity	91,905
Reserves	20,299
Retained earnings	108,817
Total equity	221,021

Other

23 Remuneration of auditors

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

(a) PricewaterhouseCoopers

	2015 \$	2014 \$
PricewaterhouseCoopers firm		
Audit and review of financial reports	349,000	190,000
Controls and assurance services	25,028	-
Due diligence services	241,879	165,543
Total remuneration for audit and other assurance services	615,907	355,543
Taxation services		
Tax compliance services, including review of Company income tax returns	77,000	64,439
International tax consulting and tax advice on mergers and acquisitions	84,264	61,880
Total remuneration for taxation services	161,264	126,319
Other services		
Due diligence fees paid to PricewaterhouseCoopers network firms	-	91,755
Other services	8,000	-
Total remuneration of PricewaterhouseCoopers	785,171	573,617

(b) Non-PwC audit firms

Audit and other assurance services		
Audit and review of financial statements	79,683	11,705
Total remuneration for audit and other assurance services	79,683	11,705
Total auditors' remuneration	864,854	585,322

It is the Company's policy to employ PwC on assignments additional to their statutory audit duties where PwC's expertise and experience with the Company are important. These assignments are principally tax advice and due diligence reporting on acquisitions, or where PwC is awarded assignments on a competitive basis. It is the Company's policy to seek competitive tenders for all major consulting projects.

24 Share-based payments

Share-based compensation benefits are provided to employees via the carsales.com Ltd Option Plan.

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were \$1,614,000 (2014: \$1,775,000)

(a) Employee Option Plan

Set out below are summaries of options and performance rights granted under the plan:

2015

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Options granted during the year Number	Performance rights granted during the year Number	Total exercised during the year Number	Expired during the year Number	Balance at the end of the year Number	Vested and exercisable at end of the year Number
Jul 2007	Sep 2014	\$1.75	5,000	-	-	(5,000)	-	-	-
Mar 2010	Oct 2014	\$3.89	30,625	-	-	(30,625)	-	-	-
Oct 2010	Oct 2015	\$4.90	175,000	-	-	(150,000)	-	25,000	25,000
Mar 2011	Oct 2015	\$4.90	100,000	-	-	(55,000)	-	45,000	45,000
Oct 2011	Oct 2016	\$4.69	659,375	-	-	(625,713)	-	33,662	33,662
Oct 2011	Oct 2016	\$0.00	133,725	-	-	(133,725)	-	-	-
Mar 2012	Oct 2016	\$4.69	164,283	-	-	(92,453)	(2,586)	69,244	69,244
Mar 2012	Mar 2017	\$0.00	52,379	-	-	(52,379)	-	-	-
Oct 2012	Oct 2017	\$5.93	710,410	-	-	(126,691)	(100,896)	482,823	96,927
Oct 2012	Oct 2017	\$0.00	250,912	-	-	(74,888)	(39,828)	136,196	-
Oct 2013	Oct 2018	\$9.10	406,156	-	-	-	(11,397)	394,759	-
Oct 2013	Oct 2018	\$0.00	207,656	-	-	-	(35,477)	172,179	-
Oct 2014	Oct 2019	\$10.71	-	660,349	-	-	(2,973)	657,376	-
Oct 2014	Oct 2019	\$0.00	-	-	225,255	-	(732)	224,523	-
Total			2,895,521	660,349	225,255	(1,346,474)	(193,889)	2,240,762	269,833
Weighted average exercise price			\$4.57	\$10.71	\$0.00	\$3.90	\$3.85	\$6.39	\$5.19

2014

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Options granted during the year Number	Performance rights granted during the year Number	Total exercised during the year Number	Expired during the year Number	Balance at the end of the year Number	Vested and exercisable at end of the year Number
Jul 2007	Jun 2014	\$1.75	2,000	-	-	(2,000)	-	-	-
Jul 2007	Sep 2014	\$1.75	5,000	-	-	-	-	5,000	5,000
Sep 2008	Sep 2013	\$2.00	20,000	-	-	(20,000)	-	-	-
Mar 2010	Oct 2014	\$3.89	157,500	-	-	(126,875)	-	30,625	30,625
Oct 2010	Oct 2015	\$4.90	1,067,347	-	-	(892,347)	-	175,000	175,000
Mar 2011	Oct 2015	\$4.90	450,000	-	-	(315,000)	(35,000)	100,000	100,000
Oct 2011	Oct 2016	\$4.69	882,347	-	-	(222,960)	-	659,387	167,933
Oct 2011	Oct 2016	\$0.00	201,554	-	-	(67,819)	-	133,735	-
Mar 2012	Mar 2017	\$4.69	208,247	-	-	-	(43,964)	164,283	-
Mar 2012	Mar 2017	\$0.00	66,399	-	-	-	(14,020)	52,379	-
Oct 2012	Oct 2017	\$5.93	727,850	-	-	-	(17,462)	710,388	-
Oct 2012	Oct 2017	\$0.00	257,223	-	-	-	(6,311)	250,912	-
Oct 2013	Oct 2018	\$9.10	-	408,073	-	-	(1,917)	406,156	-
Oct 2013	Oct 2018	\$0.00	-	-	208,383	-	(727)	207,656	-
Total			4,045,467	408,073	208,383	(1,647,001)	(119,401)	2,895,521	478,558
Weighted average exercise price			\$4.33	\$9.10	\$0.00	\$4.55	\$4.18	\$4.57	\$4.71

The estimate of the weighted average share price at the date of exercise of options exercised regularly during the year ended 30 June 2015 is estimated to be approximately \$10.49 (2014: approximately \$10.61).

The weighted average remaining contractual life of share options outstanding at the end of the period was 3.17 years (2014 – 2.99 years).

The establishment of the carsales.com Ltd Employee Option Plan was undertaken under a prospectus lodged with ASIC in 2000. Staff eligible to participate in the plan are those invited by the Board of Directors.

Options and performance rights are granted under the plan for no consideration with conditions including a vesting period and expiry date. Senior executives vesting conditions, including EPS targets, are noted in the Remuneration Report on page 30.

Options and performance rights granted under the plan carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share in return for payment of the option's exercise price. Each performance

rights is convertible into one ordinary share for \$0.00 exercise price, upon satisfaction of all vesting requirements.

The exercise price of options is set in advance by the Board of Directors.

Fair value of options and performance rights granted

The assessed fair value at grant date of options granted during the year ended 30 June 2015 is \$2.36 (2014 – \$3.91). The assessed value at grant date of performance rights granted during the year ended 30 June 2015 ranged between \$9.12 and \$9.41 (2014 – between \$10.32 and \$10.58). The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option and performance right, the impact of dilution, 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 model inputs for options and performance rights granted during the year ended 30 June 2015 included:

	Options		Performance rights	
	2015	2014	2015	2014
Exercise price	\$10.71	\$9.10	\$0	\$0
Grant date	October 2014	October 2013	October 2014	October 2013
Expiry date	October 2019	October 2018	October 2019	October 2018
Share price at grant date	\$10.33	\$10.55	\$10.33	\$10.55
Expected price volatility of the Company's shares	33.9%	34.1%	33.9%	34.1%
Expected dividend yield	3.1%	2.5%	3.1%	2.5%
Risk-free interest rate	3.6%	4.1%	3.6%	4.1%

The expected price volatility is based on historical volatility adjusted for any expected changes to future volatility due to publicly available information.

25 Parent entity financial information

(a) Summary financial information

	2015 \$'000	2014 \$'000
Balance sheet		
Current assets	62,759	53,553
Non-current assets	409,698	344,352
Total assets	472,457	397,905
Current liabilities	63,047	60,190
Non-current liabilities	210,182	166,008
Total liabilities	273,229	226,198
<i>Shareholders' equity</i>		
Issued capital	91,905	77,603
Reserves	20,299	17,711
Retained earnings	87,024	76,393
Total equity	199,228	171,707
Profit or loss for the year	102,700	81,759
Total comprehensive income	102,700	81,759

Recognition and measurement

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

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of carsales.com Ltd. Dividends received from subsidiaries are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments. Investments in subsidiaries are tested for impairment whenever changes in events or circumstances indicate that the carrying amount may not be recoverable. Such events may include receipt of dividends, refer Note 16 for details of impairment accounting policies.

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2015 or 30 June 2014.

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).

26 Other accounting policies

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 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).

27 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.

On 7 August 2015 the Company announced that it has agreed to acquire a 65% controlling shareholding in SoloAutos (www.soloautos.mx), a leading automotive classifieds website in Mexico, for an investment of up to US \$9m.

Directors' declaration



Directors' declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 41 to 81 are in accordance with the *Corporations Act 2001*, including:
 - (i) Complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements.
 - (ii) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date.
- (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.

The basis of preparation confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.



Greg Roebuck
Managing Director

Sydney
11 August 2015



Innovation is core to everything we do and we are constantly searching for new ways to add value for our customers. As one of the country's original disruptors, we see our investment in RateSetter Australia and the budding local P2P market as a great opportunity to deliver returns for our stakeholders.



Auditor's report





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

Report on the financial report

We have audited the accompanying financial report of carsales.com Ltd (the company), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for carsales.com Ltd (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In the basis of preparation section, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

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Auditor's opinion

In our opinion:

- (a) the financial report of carsales.com Ltd is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in the basis of preparation section.

Report on the Remuneration Report

We have audited the remuneration report included in pages 23 to 37 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of carsales.com Ltd for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.


PricewaterhouseCoopers


Anton Linschoten
Partner

Melbourne
11 August 2015



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EXIT ↗

Shareholder information



Shareholder information

The shareholder information set out below was applicable as at 31 July 2015.

A. Distribution of equity securities

Holding	Class of equity security			
	Shares	Options and performance rights	Redeemable preference shares	Convertible notes
1 – 1,000	10,294	7	-	-
1,001 – 5,000	7,419	38	-	-
5,001 – 10,000	969	9	-	-
10,001 – 100,000	565	28	-	-
100,001 and over	86	6	-	-
	19,333	88	-	-

There were 241 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares	
	Number held	Percentage of issued shares
HSBC Custody Nominees (Australia) Limited	50,722,968	21.1
J P Morgan Nominees Australia Limited	31,985,485	13.3
National Nominees Limited	22,684,423	9.4
Citicorp Nominees Pty Limited	18,805,909	7.8
Clear-Way Investments Pty Ltd <The James Family A/C>	14,609,629	6.1
BNP Paribas Noms Pty Ltd <DRP>	9,304,905	3.9
RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	4,390,040	1.8
National Nominees Limited <DB A/C>	4,138,994	1.7
Essena Pty Ltd	3,358,277	1.4
Four Us Pty Ltd	2,926,555	1.2
Steven Kloss Pty Ltd <Kloss Family A/C>	2,482,000	1.0
Citicorp Nominees Pty Limited <Colonial First State INV A/C>	2,344,895	1.0
Billkaren Pty Ltd <Robinson Family A/C>	2,250,000	0.9
HSBC Custody Nominees (Australia) Limited <NT-COMNWLTH Super Corp A/C>	1,639,271	0.7
Gregory Paul Roebuck	1,566,126	0.7
UBS Nominees Pty Ltd Level 16 Chifley Tower	1,530,380	0.6
Kilienz Pty Ltd <PW & AE Aitken Family A/C>	1,400,000	0.6
Mr Andrew Gajtan Curmi	1,160,500	0.5
Mrs Anne Beime	1,000,000	0.4
Milton Corporation Limited	867,000	0.4
	179,167,357	74.5
	Number on issue	Number of holders
Options and performance rights issued under the carsales.com Ltd Employee Option Plan to take up ordinary shares	2,357,777	88

C. Substantial holders

Substantial holders in the Company are set out below:

	Number held	Percentage
JCP Investment Partners	22,085,312	9.2
Hyperion Asset Management	20,560,124	8.6
Goldman Sachs Asset Management	16,119,891	6.7

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options

No voting rights.



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