

# Half-Year Report

31 December 2015

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**carsales.com Ltd** ABN 91 074 444 018  
**ASX Half-year information - 31 December 2015**

Lodged with the ASX under Listing Rule 4.2A.  
This information should be read in conjunction with the  
30 June 2015 Annual report

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by carsales.com Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.



For the half-year ended 31 December 2015  
(Previous corresponding period: half-year ended 31 December 2014)

Results for Announcement to the Market  
31 December 2015

\$'000

<b>Revenue</b> from ordinary activities (Appendix 4D item 2.1)	up	11% to	167,336
<b>Profit</b> from ordinary activities after tax attributable to members (Appendix 4D item 2.2)	up	10% to	51,338
<b>Net profit</b> for the period attributable to members (Appendix 4D item 2.3)	up	10% to	51,338

**Dividends / distributions**

(Appendix 4D item 2.4)

	Amount per security (cents)	Franked amount per security (cents)
Interim dividend (Prior year)	16.2	16.2
Final dividend (Prior year)	17.7	17.7
Special dividend (Prior year)	1.4	1.4
Interim dividend (Current year)	17.8	17.8

<b>Record date</b> for determining entitlements to the interim dividend	24 March 2016
Latest date for dividend reinvestment plan participation	30 March 2016
Dividend payable	15 April 2016

**Net tangible assets**

Net tangible asset backing per ordinary share is 24.23 cents (June 2015: 30.64 cents)

	Half-year 31 December 2015 \$'000	31 December 2014 \$'000
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**Revenue from continuing operations**

Online Advertising	115,771	105,952
Data and Research	16,397	15,169
International	1,740	1,355
Finance and Related Services	33,428	28,457
<b>Total revenue</b>	<b>167,336</b>	<b>150,933</b>

**Operating expenses**

Cost of sale of goods	(15,608)	(14,305)
Sales and marketing expenses	(46,804)	(42,186)
Service development and maintenance	(12,351)	(10,911)
Operations and administration	(11,119)	(10,591)
Other expenses	(4,099)	(2,185)
Finance income	269	371
Finance costs	(4,486)	(4,473)
<b>Total expenses</b>	<b>(94,198)</b>	<b>(84,280)</b>

Share of net profit from associates accounted for using the equity method	2,749	2,546
Gain on associate dilution	955	-

<b>Profit before income tax</b>	<b>76,842</b>	<b>69,199</b>
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Income tax expense	(22,780)	(20,646)
<b>Profit from continuing operations</b>	<b>54,062</b>	<b>48,553</b>

**For the half-year ended 31 December 2015**  
**(Previous corresponding period: half-year ended 31 December 2014)**  
(continued)

**Explanation of Revenue**

Revenue from ordinary activities for the 6 months to 31 December 2015 grew 11% to \$167.3m (2014: \$150.9m).

- Online advertising revenue grew 9% to \$115.8m (2014: \$105.9m) as a result of continued organic growth.
- Data and Research revenue grew 8% to \$16.4m (2014: \$15.2m) driven by organic growth.
- International revenue grew 28% to \$1.7m (2014: \$1.4m).
- Finance and Related Services revenue grew 17% to \$33.4m (2014: \$28.5m).

**Explanation of Net Profit**

Consolidated net profit after tax for the 6 months to 31 December 2015 grew 11% to \$54.1m (2014: \$48.6m).

**Dividend Reinvestment Plan (DRP)**

The carsales.com Ltd DRP will be maintained for the 2016 interim dividend, offering shareholders the opportunity to acquire further ordinary shares in carsales. The DRP will not be offered at a discount and the price will be calculated using the daily volume weighted average sale price of carsales.com Ltd shares sold in the ordinary course of trading on the ASX during the 5 days after, but not including, the Record Date (24 March 2016). The last date for shareholders to nominate their participation in the DRP is 5:00pm (AEST) on Wednesday 30 March 2016. Shares issued under the DRP will rank equally with carsales.com Ltd existing fully paid ordinary shares. Shareholders eligible to participate in the DRP are currently limited to those whose registered address on the carsales.com Ltd share registry is in Australia and New Zealand.

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

## Corporate directory

### Directors

Jeffrey Browne (Non-Executive Director - appointed as Non-Executive Chairman on 27 August 2015)

Greg Roebuck (Managing Director)

Richard Collins (Non-Executive Deputy Chairman)

Wal Pisciotta (Non-Executive Director - resigned as Non-Executive Chairman on 27 August 2015)

Pat O'Sullivan (Non-Executive Director)

Kim Anderson (Non-Executive Director)

Steve Kloss (Alternate Non-Executive Director)

### Company secretary

Nicole Birman

### Registered office

Level 4, 449 Punt Road  
Richmond Vic 3121

T: +61 3 9093 8600

F: +61 3 9093 8697

W: [www.carsales.com.au](http://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](http://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".

## **Directors' report**

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of carsales.com Ltd and the entities it controlled at the end of, or during, the half-year ended 31 December 2015.

### **Directors**

The following persons were directors of carsales.com Ltd during the half-year ended 31 December 2015 and up to the date of this report:

Jeffrey Browne (Non-Executive Director - appointed as Non-Executive Chairman on 27 August 2015)  
Greg Roebuck (Managing Director)  
Richard Collins (Non-Executive Deputy Chairman)  
Wal Pisciotta (Non-Executive Director - resigned as Non-Executive Chairman on 27 August 2015)  
Pat O'Sullivan (Non-Executive Director)  
Kim Anderson (Non-Executive Director)  
Steve Kloss (Alternate Non-Executive Director)

### **Principal activities**

#### **Review of operations**

During the half-year to December 2015 the Group generated gross revenues from continuing operations of \$167.3m (2014: \$150.9m) representing a 11% increase. This result was mainly driven by:

- Dealer revenue up 9% and private revenue growth of 15%. Automotive dealer used car enquiry growth up 4% year on year.
- Dealer and Data Services has continued growing solidly with revenue up 8% on pcp.
- Mediamotive revenue up 6% on pcp.
- Investments in Webmotors SA (Brazil) and SKENCARSALES (South Korea) performed well with local currency revenue up by 14% and 22% respectively.
- Finance and related services showed strong organic growth with revenue up 17% on pcp.
- Acquisition of 65% of SoloAutos in Mexico completed in the half-year ended 31 December 2015.

This revenue growth delivered consolidated net profit after tax and non-controlling interests of \$51.3m (2014: \$46.7m) representing a 10% increase compared to the same period in 2014.

Total operating expenses were \$94.5m (2014: \$84.7m) reflecting a 12% increase, principally due to increased sales and marketing expenses.

EBITDA for the half-year ended 31 December 2015 was \$81.5m (2014: \$72.9m) up 12% with EBITDA margins at 49% (2014: 48%).

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

### **Subsequent events**

No matters or circumstances have 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.

### **Dividends - carsales.com Ltd**

On 9 February 2016, the directors declared a dividend of 17.8 cents fully franked. The dividend will be paid on 15 April 2016.

### **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 directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

### **Auditor's independence declaration**

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

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



Greg Roebuck  
Managing Director and CEO

Sydney, New South Wales  
9th February 2016



## Auditor's Independence Declaration

As lead auditor for the review of carsales.com Ltd for the half-year ended 31 December 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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

  
Anton Linschoten  
Partner  
PricewaterhouseCoopers

Melbourne  
9 February 2016

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VIC 3001  
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**carsales.com Ltd**  
**Consolidated statement of comprehensive income**  
**For the year ended 31 December 2015**

	<b>31 December 2015 \$'000</b>	31 December 2014 \$'000
<b>Revenue from continuing operations</b>		
Sale of goods and services	<b>167,336</b>	150,933
Revenue from continuing operations	<b>167,336</b>	150,933
<b>Expenses</b>		
Cost of sale of goods	<b>(15,608)</b>	(14,305)
Sales and marketing expenses	<b>(46,804)</b>	(42,186)
Service development and maintenance	<b>(12,351)</b>	(10,911)
Operations and administration	<b>(11,119)</b>	(10,591)
<b>Earnings before interest, taxes, depreciation and amortisation</b>	<b>81,454</b>	72,940
Depreciation and amortisation expense	<b>(4,099)</b>	(2,185)
Finance income	<b>269</b>	371
Finance costs	<b>(4,486)</b>	(4,473)
Share of profit/(loss) from associates accounted for using the equity method	<b>2,749</b>	2,546
Gain on associate dilution	<b>955</b>	-
<b>Profit before income tax</b>	<b>76,842</b>	69,199
Income tax expense	<b>(22,780)</b>	(20,646)
<b>Profit from continuing operations</b>	<b>54,062</b>	48,553
<b>Other comprehensive Income</b>		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	<b>(14,299)</b>	4,584
<b>Total comprehensive income for the period</b>	<b>39,763</b>	53,137
Profit is attributable to:		
Owners of carsales.com Ltd	<b>51,338</b>	46,729
Non-controlling interests	<b>2,724</b>	1,824
	<b>54,062</b>	48,553
Total comprehensive income for the half-year is attributable to:		
Owners of carsales.com Ltd	<b>37,241</b>	51,313
Non-controlling interests	<b>2,522</b>	1,824
	<b>39,763</b>	53,137
	<b>Cents</b>	Cents
<b>Earnings per share based on profit from continuing operations, attributable to the ordinary equity holders of the parent entity:</b>		
Basic earnings per share	<b>21.4</b>	19.6
Diluted earnings per share	<b>21.3</b>	19.5

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

**carsales.com Ltd**  
**Consolidated statement of financial position**  
**As at 31 December 2015**

	31 December 2015 Notes	30 June 2015 \$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	31,854	26,823
Trade and other receivables	43,093	39,176
Inventories	1,542	1,870
<b>Total current assets</b>	<b>76,489</b>	<b>67,869</b>
<b>Non-current assets</b>		
Investments accounted for using the equity method	4 251,190	257,251
Property, plant and equipment	6,364	5,949
Deferred tax assets	4,746	5,171
Intangible assets	171,765	155,948
<b>Total non-current assets</b>	<b>434,065</b>	<b>424,319</b>
<b>Total assets</b>	<b>510,554</b>	<b>492,188</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	30,514	33,552
Borrowings	1,920	1,876
Current tax liabilities	1,463	2,237
Provisions	5,376	5,412
Deferred revenue	5,951	5,940
<b>Total current liabilities</b>	<b>45,224</b>	<b>49,017</b>
<b>Non-current liabilities</b>		
Borrowings	230,005	212,493
Deferred tax liabilities	3,990	-
Provisions	1,210	1,165
<b>Total non-current liabilities</b>	<b>235,205</b>	<b>213,658</b>
<b>Total liabilities</b>	<b>280,429</b>	<b>262,675</b>
<b>Net assets</b>	<b>230,125</b>	<b>229,513</b>
<b>EQUITY</b>		
Contributed equity	3 96,321	91,905
Reserves	9,198	21,471
Retained profits	119,269	113,829
Non-controlling interests	5,337	2,308
<b>Total equity</b>	<b>230,125</b>	<b>229,513</b>

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

**carsales.com Ltd**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2015**

Notes	Attributable to owners of carsales.com Ltd				
	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>Balance at 1 July 2015</b>	91,905	21,471	113,829	2,308	229,513
Profit for the half-year to 31 December 2015	-	-	51,338	2,724	54,062
Exchange differences on translation of foreign operations	-	(14,097)	-	(202)	(14,299)
<b>Total comprehensive income for the period</b>	-	<b>(14,097)</b>	<b>51,338</b>	<b>2,522</b>	<b>39,763</b>
<b>Transactions with owners in their capacity as owners:</b>					
Contributions of equity upon exercise of employee share options	1,518	-	-	-	1,518
Increase in share-based payment reserve inclusive of tax	-	1,824	-	-	1,824
Dividends paid to members of the parent	2,898	-	(45,898)	-	(43,000)
Dividends paid to non-controlling interest	-	-	-	(2,700)	(2,700)
Non-controlling interest on acquisition of subsidiary	-	-	-	3,207	3,207
	4,416	1,824	(45,898)	507	(39,151)
<b>Balance at 31 December 2015</b>	<b>96,321</b>	<b>9,198</b>	<b>119,269</b>	<b>5,337</b>	<b>230,125</b>

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

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

**carsales.com Ltd**  
**Consolidated statement of cash flows**  
**For the half-year ended 31 December 2015**

	<b>Half-year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
Notes	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (incl GST)	<b>180,721</b>	166,051
Payments to suppliers and employees (incl GST)	<b>(108,271)</b>	(97,855)
Income taxes paid	<b>(22,111)</b>	(23,643)
<b>Net cash inflow from operating activities</b>	<b>50,339</b>	44,553
<b>Cash flows from investing activities</b>		
Investment in subsidiaries, net of cash acquired	<b>(9,030)</b>	(55,126)
Investment in associates	<b>(3,797)</b>	-
Payments for property, plant and equipment	<b>(1,258)</b>	(210)
Payment for domain names	<b>(97)</b>	(35)
Payments for computer software	<b>(406)</b>	(466)
Interest received	<b>269</b>	371
<b>Net cash (outflow) from investing activities</b>	<b>(14,319)</b>	(55,466)
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares and other equity securities	<b>1,518</b>	2,265
Proceeds from borrowings	<b>38,497</b>	59,118
Repayment of borrowings	<b>(21,070)</b>	(175)
Dividends paid to non-controlling interests	<b>(2,700)</b>	(927)
Dividends paid to members of the parent	<b>(43,000)</b>	(37,117)
Interest paid	<b>(4,234)</b>	(4,335)
<b>Net cash (outflow) inflow from financing activities</b>	<b>(30,989)</b>	18,829
<b>Net increase in cash and cash equivalents</b>	<b>5,031</b>	7,916
Cash and cash equivalents at the beginning of the financial year	<b>26,823</b>	26,042
<b>Cash and cash equivalents at end of the half-year</b>	<b>31,854</b>	33,958

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

## 1 Summary of significant accounting policies

### (a) Basis of preparation

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2015 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for year ended 30 June 2015 and any public announcements made by carsales.com Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except as set out in b) below.

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

### (b) New accounting standards and interpretations

The Group has applied the following standards in the current reporting period commencing 1 July 2015:

- AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities (effective 1 January 2015).

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 (effective 1 January 2018).
- Clarification of acceptable methods of depreciation and amortisation (AASB 2014-4) (effective 1 January 2016).
- Accounting for acquisitions of interests in joint operations (AASB 2014-3) (effective 1 January 2016).

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

- Superannuation Entities (AASB 1056) (effective 1 January 2016).

## **2 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 the 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 a carsales Network website. These advertisements typically display the product or service offerings of the corporate advertiser such as a special offer on new utes by manufacturer X, or save 10% on insurance this month only etc, 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, Live Trade, Datamotive and Datamotive Business Intelligence provide various solutions to a range of customers including manufacturers/importers, dealers, industry bodies, finance and insurance companies offering products including software, research and reporting, valuation services, website development and hosting as well as photography services. This segment also includes display advertising related to these divisions.

#### **International**

carsales.com Ltd has 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 ENCARSALLES.COM Ltd (operation in South Korea) - 49.9%
- carsales Mexico SAPI de CV (operation in Mexico) - 65%



## **2 Segment information (continued)**

### **(a) Description of segments (continued)**

#### **Finance and Related Services**

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

## 2 Segment information (continued)

### (b) Primary reporting format - business segments

Half-year ended 31 December 2015	Online Advertising \$'000	Data and Research \$'000	International \$'000	Finance and Related Services \$'000	Consolidated \$'000
<b>Segment revenue</b>					
Segment revenue (Note 2(c)(i))	115,771	16,397	1,740	33,428	167,336
<b>Total segment revenue</b>	<b>115,771</b>	<b>16,397</b>	<b>1,740</b>	<b>33,428</b>	<b>167,336</b>
<b>Segment result</b>					
<b>EBITDA (Note 2(c)(ii))</b>	<b>62,046</b>	<b>9,874</b>	<b>620</b>	<b>8,914</b>	<b>81,454</b>
Depreciation and amortisation					(4,099)
Net interest paid					(4,217)
Share of profit/(loss) from associates			3,331	(582)	2,749
Gain on associate dilution			955		955
Profit before income tax					76,842
Income tax expense					(22,780)
Non-controlling interests					(2,724)
<b>Profit for the half-year</b>					<b>51,338</b>
<b>Segment assets (Note 2(c)(iii))</b>					
Total segment assets	106,082	15,191	250,570	63,023	434,866
Deferred tax assets					756
Unallocated assets					70,942
<b>Total assets</b>					<b>506,564</b>
<b>Half-year ended 31 December 2014</b>	<b>Online Advertising \$'000</b>	<b>Data and Research \$'000</b>	<b>International \$'000</b>	<b>Finance and Related Services \$'000</b>	<b>Consolidated \$'000</b>
<b>Segment revenue</b>					
Segment revenue (Note 2(c)(i))	105,952	15,169	1,355	28,457	150,933
<b>Total segment revenue</b>	<b>105,952</b>	<b>15,169</b>	<b>1,355</b>	<b>28,457</b>	<b>150,933</b>
<b>Segment result</b>					
<b>EBITDA (Note 2(c)(ii))</b>	<b>58,402</b>	<b>8,066</b>	<b>825</b>	<b>5,647</b>	<b>72,940</b>
Depreciation and amortisation					(2,185)
Net interest paid					(4,102)
Share of profit/(loss) from associates			2,546		2,546
Profit before income tax					69,199
Income tax expense					(20,646)
Non-controlling interests					(1,824)
<b>Profit for the half-year</b>					<b>46,729</b>
<b>Segment assets (Note 2(c)(iii))</b>					
Total segment assets	95,689	19,355	257,027	65,279	437,350
Deferred tax assets					6,646
Unallocated assets					41,910
<b>Total assets</b>					<b>485,906</b>

## 2 Segment information (continued)

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

#### (i) Segment revenues

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

#### (ii) Segment EBITDA

The consolidated entity's 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.

## 3 Contributed equity

### Movement in ordinary shares during the period

	Number of Shares	\$'000
Balance at 1 July 2014	237,828,965	77,603
Exercise of options and performance rights under the carsales.com Ltd Option Plan	1,346,474	5,252
Dividend reinvestment plan	906,157	9,050
<b>Balance at 30 June 2015</b>	<b>240,081,596</b>	<b>91,905</b>
Balance at 1 July 2015	240,081,596	91,905
Exercise of options and performance rights under the carsales.com Ltd Option Plan	449,471	1,518
Dividend reinvestment plan	300,352	2,898
<b>Balance at 31 December 2015</b>	<b>240,831,419</b>	<b>96,321</b>

#### 4 Investments accounted for using the equity method

Name of entity	Ownership interest	31 December 2015	30 June 2015
	%	\$'000	\$'000
Webmotors S.A.	30.0	70,338	82,811
iCar Asia Limited	20.2	22,942	19,362
SK ENCARSALES.COM Ltd	49.9	148,179	144,851
RateSetter Australia Pty Ltd	20.0	9,731	10,227
<b>Total equity accounted investments</b>		<b>251,190</b>	<b>257,251</b>

#### 5 Dividends

##### (a) Ordinary shares

	Half-year 31 December 2015 \$'000	31 December 2014 \$'000
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##### Final dividend

Final fully franked cash dividend for the year ended 30 June 2015 of 17.7 cents (2014 - 17.4 cents) per fully paid ordinary share plus a special dividend of 1.4 cents (2014: nil cents) paid on 15 October 2015.

<b>43,000</b>	37,109
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Final fully franked dividend for the year ended 30 June 2015 of 17.7 cents (2014 - 17.4 cents) plus a special dividend of 1.4 cents (2014: nil cents) - satisfied through the issuance of shares under the Dividend Reinvestment Plan.

<b>2,898</b>	4,363
<b>45,898</b>	41,472

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

<b>2015 \$'000</b>	2014 \$'000
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In addition to the above dividends, since half-year end the Directors have recommended the payment of 17.8 cents per fully paid ordinary share (2014 - 16.2 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 15 April 2016 out of retained earnings at 31 December 2015, but not recognised as a liability at the end of the reporting period, is

<b>42,868</b>	38,718
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## 6 Business combination

### (a) SoloAutos acquisition

On 2 October 2015 carsales.com Ltd acquired 65% of carsales Mexico SAPI de CV ("SoloAutos").

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	<b>\$'000</b>
Purchase consideration:	
Cash	<u>9,747</u>
The assets and liabilities acquired are as follows:	
Cash and cash equivalents	4,269
Plant and equipment	88
<b>Net assets</b>	<b><u>4,357</u></b>
Outside shareholders interests	(3,207)
Goodwill	<u>8,597</u>
<b>Net assets acquired</b>	<b><u>9,747</u></b>

#### 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) Earn out agreement

As part of the inducement agreement there is a portion of deferred consideration that is payable in respect of the purchase of the trade and assets of the business from SoloAutos over a 3 year period after the acquisition date. This amounts to USD \$2.15m.

carsales has the option to purchase the remaining 35% of the shares subject to satisfaction of the terms and conditions.

#### iii) Non-controlling interest

The Group will recognise the non-controlling interests in SoloAutos 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 SoloAutos is as follows:

carsales.com Limited	65%
<i>Non-controlling interests:</i>	
Jose Antonio Ramirez (and other legacy shareholders)	<u>35%</u>
	<u>100%</u>

## **7 Events occurring after the reporting period**

No matters or circumstances have occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the group, the results of those operations or the state of affairs of the group or economic entity in subsequent financial years.



In the directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 19 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

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



Greg Roebuck  
Managing Director and CEO

Sydney, New South Wales  
9th February 2016



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

### ***Report on the half-year financial report***

We have reviewed the accompanying half-year financial report of carsales.com Ltd (the Company), which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for carsales.com Ltd (the consolidated entity). The consolidated entity comprises the Company and the entities it controlled during that half-year.

### ***Directors' responsibility for the half-year financial report***

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

### ***Auditor's responsibility***

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of carsales.com Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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### *Independence*

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

### *Conclusion*

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*PricewaterhouseCoopers*  
PricewaterhouseCoopers

*A. Linschoten*  
Anton Linschoten  
Partner

Melbourne  
9 February 2016