

Half Year Report
December 2013



carsales.com Ltd ABN 91 074 444 018

ASX Half-year information - 31 December 2013

Lodged with the ASX under Listing Rule 4.2A.
This information should be read in conjunction with the
30 June 2013 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 2013 and any public announcements made by carsales.com Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Corporate directory

Directors	Wal Pisciotta (Non-Executive Chairman) Greg Roebuck (Managing Director) Richard Collins (Non-Executive Deputy Chairman) Ian Law (Non-Executive Director - from beginning of the year until deceased 30 September 2013) Jeffrey Browne (Non-Executive Director - appointed 16 December 2013) Pat O'Sullivan (Non-Executive Director) Kim Anderson (Non-Executive Director) Steve Kloss (Alternate Non-Executive Director)
Company Secretary	Cameron McIntyre
Registered Office	Level 4, 449 Punt Road Richmond Vic 3121 T: +61 3 9093 8600 F: +61 3 9093 8697 W: www.carsales.com.au
Share registry	Computershare Ltd 452 Johnston Street Abbotsford Vic 3067 T: +61 3 9415 4000 F: +61 3 9473 2500 W: www.computershare.com
External Auditor	PricewaterhouseCoopers Freshwater Place 2 Southbank Boulevard Southbank Vic 3006
Stock exchange	carsales.com Ltd is a public company listed with the Australian Stock Exchange Limited ASX: CRZ

For the half-year ended 31 December 2013
(Previous corresponding period: half-year ended 31 December 2012)

Results for Announcement to the Market
31 December 2013
 \$'000

Revenue from ordinary activities <i>(Appendix 4D item 2.1)</i>	up	10%	to	112,282
Profit from ordinary activities after tax attributable to members <i>(Appendix 4D item 2.2)</i>	up	17%	to	43,875
Net profit for the period attributable to members <i>(Appendix 4D item 2.3)</i>	up	17%	to	43,875

Dividends / distributions*(Appendix 4D item 2.4)*

	Amount per security (cents)	Franked amount per security (cents)
Interim dividend <i>(Prior year)</i>	12.7	12.7
Final dividend <i>(Prior year)</i>	15.6	15.6
Interim dividend <i>(Current year)</i>	14.7	14.7

Record date for determining entitlements to the interim dividend	12 March 2014
Dividend payable	2 April 2014

Net tangible assets

Net tangible asset backing per ordinary share is 32.75 cents (June 2013: 30.20 cents)

	Half-year	
	31 December 2013 \$'000	31 December 2012 \$'000

Revenue from continuing operations

Online Advertising	98,304	89,605
Data and Research	13,978	12,499
Interest revenue	208	701
Total revenue	112,490	102,805

Other income	-	13
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Operating expenses

Sales and marketing expenses	(30,592)	(28,217)
Service development & maintenance	(8,569)	(8,400)
Operations and administration	(9,634)	(11,597)
Other expenses	(1,500)	(1,254)
Interest expense	(1,283)	(5)
Share of profit/(loss) from associates	1,510	-
Total expenses	(50,068)	(49,473)

Profit before income tax	62,422	53,345
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Income tax expense	(18,467)	(15,775)
Profit from continuing operations	43,955	37,570

For the half-year ended 31 December 2013
(Previous corresponding period: half-year ended 31 December 2012)
(continued)

Explanation of Revenue

Revenue for the 6 months to 31 December 2013 grew 10% to \$112.3m (2012: \$102.1m).

- Online advertising revenue grew 10% to \$98.3m (2012: \$89.6m) as a result of continued organic growth.
- Data and Research revenue grew 12% to \$14.0m (2012: \$12.5m) driven by a mixture of organic growth and new product development.

Explanation of Net Profit

Consolidated net profit after tax for the 6 months to 31 December 2013 grew 17% to \$44.0m (2012: \$37.6m).

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 2013.

Directors

The following persons were directors of carsales.com Ltd during the half-year ended 31 December 2013 and up to the date of this report:

Wal Pisciotta (Non-Executive Chairman)
Greg Roebuck (Managing Director)
Richard Collins (Non-Executive Deputy Chairman)
Ian Law (Non-Executive Director - from beginning of the year until deceased 30 September 2013)
Jeffrey Browne (Non-Executive Director - appointed 16 December 2013)
Pat O'Sullivan (Non-Executive Director)
Kim Anderson (Non-Executive Director)
Steve Kloss (Alternate Non-Executive Director)

Review of operations

During the half-year to December 2013 the Group generated gross revenues from continuing operations of \$112.5m (2012: \$102.8m). This result was mainly driven by:

- Automotive dealer enquiry growth steady throughout the half, while overall automotive inventory was similar to the same time last year.
- Dealer and Data Services have continued growing strongly with revenue up 12% on pcp.
- Investment in Webmotors SA (Brazil) performed well, with revenue up 23% on pcp and contributing \$2.3m AUD to the NPAT of the company.
- Mediamotive performance saw revenue growth of 9% on pcp. Some impacts from the broader advertising market (election, consumer/business confidence) and changes in some OEM advertising strategies.
- Private revenue growth was consistent with prior year up 7% on pcp. Growth coming from higher yields and new product offerings.
- Non automotive verticals continued performing well throughout H1.
- Tyresales.com.au has performed well and is now consolidated in the financial statements post 1 July 2013 due to a change in control.
- Strong continued market leadership throughout H1 FY2014.
- A number of new products and initiatives released throughout H1 with more to come during the remainder of the year.

This revenue growth delivered consolidated net profit after tax of \$44.0m (2012: \$37.6m) representing a 17% increase compared to the same period in 2012.

Total operating expenses were \$51.6m (2012: \$49.5m) reflecting a 4% increase.

EBITDA for the half-year ended 31 December 2013 was \$63.5m (2012: \$53.9m) up 18% with EBITDA margins at 57% (2012: 53%).

In relation to performance outlook we continue to closely monitor our performance and market conditions. Assuming these remain stable throughout H2 FY2014, we anticipate full year FY2014 EBITDA to be around \$138m.

Dividends - carsales.com Ltd

On the 12th February 2014, the directors declared a dividend of 14.7 cents fully franked. The dividend will be paid on the 2nd April 2014.

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.

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.

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



Greg Roebuck
Managing Director and CEO

Sydney, New South Wales
12 February 2014



Auditor's Independence Declaration

As lead auditor for the review of carsales.com Ltd for the half-year ended 31 December 2013, 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.

A handwritten signature in black ink that reads 'Anton Linschoten'.

Anton Linschoten
Partner
PricewaterhouseCoopers

Melbourne
12 February 2014

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Liability limited by a scheme approved under Professional Standards Legislation.

carsales.com Ltd
Consolidated statement of comprehensive income
For the half-year ended 31 December 2013

	31 December 2013 \$'000	31 December 2012 \$'000
Revenue from continuing operations		
Sale of goods and services	112,282	102,104
Other revenue from ordinary activities	208	701
Revenue from continuing operations	112,490	102,805
Other Income	-	13
Expenses		
Sales and marketing expenses	(30,592)	(28,217)
Service development & maintenance	(8,569)	(8,400)
Operations and administration	(9,634)	(11,597)
Other expenses	(1,500)	(1,254)
Finance costs	(1,283)	(5)
Share of profit/(loss) from associates	1,510	-
Profit before income tax	62,422	53,345
Income tax expense	(18,467)	(15,775)
Profit from continuing operations	43,955	37,570
Other comprehensive Income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	35	3
<i>Items that will not be reclassified to profit or loss</i>	-	-
Other comprehensive income for the half-year, net of tax	35	3
Total comprehensive income for the period	43,990	37,573
Profit is attributable to:		
Owners of carsales.com Ltd	43,875	37,570
Non-controlling interests	80	-
	43,955	37,570
Total comprehensive income for the half-year is attributable to:		
Owners of carsales.com Ltd	43,910	37,573
Non-controlling interests	80	-
	43,990	37,573
	Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the parent entity:		
Basic earnings per share	18.5	16.0
Diluted earnings per share	18.4	15.9

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 2013

		31 December 2013 \$'000	30 June 2013 \$'000
	Notes		
ASSETS			
Current assets			
Cash and cash equivalents		25,507	15,140
Receivables		30,956	31,262
Total current assets		56,463	46,402
Non-current assets			
Investments accounted for using the equity method	4	106,349	104,187
Property, plant and equipment		4,737	4,732
Deferred tax assets		4,137	6,638
Intangible assets		91,660	81,192
Total non-current assets		206,883	196,749
Total assets		263,346	243,151
LIABILITIES			
Current liabilities			
Payables		16,090	19,220
Borrowings		63,500	54,525
Current tax liabilities		4,407	7,544
Provisions		3,565	3,334
Other current liabilities		5,381	5,297
Total current liabilities		92,943	89,920
Non-current liabilities			
Provisions		871	721
Total liabilities		93,814	90,641
Net assets		169,532	152,510
EQUITY			
Contributed equity	3	77,334	70,104
Reserves		17,483	14,908
Retained profits		74,319	67,498
Equity attributable to owners of carsales.com Ltd		169,136	152,510
Equity attributable to non-controlling interests		396	-
Total equity		169,532	152,510

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 2013

Notes	Attributable to owners of carsales.com Ltd				Non-con- trolling interests \$'000	Total equity \$'000
	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000		
Balance at 1 July 2013	70,104	14,908	67,498	152,510	-	152,510
Profit for the half-year to 31 December 2013	-	-	43,875	43,875	80	43,955
Exchange differences on translation of foreign operations	-	35	-	35	-	35
Total comprehensive income for the period	-	35	43,875	43,910	80	43,990
Transactions with owners in their capacity as owners:						
Contributions of equity upon exercise of employee share options	7,230	-	-	7,230	-	7,230
Dividends paid	-	-	(37,054)	(37,054)	-	(37,054)
Non-controlling interests on acquisition of subsidiaries	-	-	-	-	316	316
Increase in share-based payment reserve inclusive of tax	-	2,540	-	2,540	-	2,540
	7,230	2,540	(37,054)	(27,284)	316	(26,968)
Balance at 31 December 2013	77,334	17,483	74,319	169,136	396	169,532

Notes	Attributable to owners of carsales.com Ltd				Non-con- trolling interests \$'000	Total equity \$'000
	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000		
Balance at 1 July 2012	61,749	7,568	59,068	128,385	-	128,385
Profit for the year	-	-	37,570	37,570	-	37,570
Exchange differences on translation of foreign operations	-	3	-	3	-	3
Total comprehensive income for the period	-	3	37,570	37,573	-	37,573
Transactions with owners in their capacity as owners:						
Contributions of equity upon exercise of employee share options	6,962	-	-	6,962	-	6,962
Dividends paid	-	-	(45,100)	(45,100)	-	(45,100)
Increase in share-based payment reserve inclusive of tax	-	1,740	-	1,740	-	1,740
	6,962	1,740	(45,100)	(36,398)	-	(36,398)
Balance at 31 December 2012	68,711	9,311	51,538	129,560	-	129,560

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 2013

	Half-year ended	
	31 December	31 December
	2013	2012
Notes	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (incl GST)	126,263	114,304
Payments to suppliers and employees (incl GST)	(63,643)	(61,207)
Interest received	208	701
Interest paid	(1,283)	(5)
Income taxes paid	(18,197)	(17,134)
Net cash inflow from operating activities	43,348	36,659
Cash flows from investing activities		
Investment in subsidiaries and associates	(8,757)	(100)
Payments for property, plant and equipment	(663)	(674)
Payments for intangible assets	(505)	(10)
Payments for computer software	(1,732)	(83)
Proceeds from disposal of other assets	-	13
Receipts of outstanding payment	-	2,500
Net cash (outflow) inflow from investing activities	(11,657)	1,646
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	7,230	6,962
Proceeds from borrowings	8,500	-
Dividends paid to company shareholders	(37,054)	(45,100)
Net cash outflow from financing activities	(21,324)	(38,138)
Net increase in cash and cash equivalents	10,367	167
Cash and cash equivalents at the beginning of the financial year	15,140	40,935
Cash and cash equivalents at end of the half-year	25,507	41,102

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

1 Summary of significant accounting policies

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

(a) Basis of preparation

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2013 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 2013 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.

The financial statements have been prepared on a going concern basis. The net current liability position in the statement of financial position is temporary with the disclosed short-term loan forming part of our 3 year loan facility.

(b) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2013 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

1 Summary of significant accounting policies (continued)

(b) New accounting standards and interpretations (continued)

The Group has applied the following standards in their half-year reporting commencing 1 July 2013:

- AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013).
- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013). AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The Group does not use fair value measurements extensively. 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. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant.
- AASB 2012-5 Amendments to Australian Accounting Standard arising from Annual Improvements - 2009-2011 Cycle (effective 1 January 2013).
- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (effective 1 July 2013).

In July 2011 the AASB decided to remove the individual key management personnel (KMP) disclosure requirements from AASB 124 Related Party Disclosures, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the Corporations Act 2001. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early.

- AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective for annual reporting periods beginning on or after 1 January 2013).

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption.

- AASB 2012-2 Amendments to Australian Accounting Standard - Disclosures - Offsetting Financial Assets and Financial Liabilities (effective 1 January 2013).

No material impact in the financial statements as a result of the adoption of the above standards.

1 Summary of significant accounting policies (continued)

(b) New accounting standards and interpretations (continued)

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

- Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle (effective 1 July 2014).
- Defined Benefit Plans: Employee Contributions - Amendments to IAS 19 (effective 1 January 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).
- AASB 2013-5 Amendments to Australian Accounting Standards - Investment Entities (effective 1 January 2014).

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

- Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (effective 1 January 2013).
- AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective 1 July 2013).
- AASB 2010-9 Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] and AASB 2010-10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time (effective 1 January 2011/1 January 2013). Adopters [AASB 2009-11 & AASB 2010-7].
- AASB 2011-5 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation and AASB 2011-6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements (effective 1 July 2013).
- AASB Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine and AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20 (effective 1 January 2013).
- AASB 2012-1 Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements [AASB 3, AASB 7, AASB 13, AASB 140 & AASB 141] (effective 1 July 2013).
- 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.

2 Segment information

Management has determined the operating segments based on the reports reviewed by the Strategic Steering Committee that are used to make strategic decisions.

(a) Description of segments

The Group principally operates in two business segments, namely Online Advertising Services and Data and Research Services. All activities are principally conducted in the Australian Market, except for our associates Webmotors and iCar Asia which operate overseas.

Online Advertising Services

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

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

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

Data and Research Services

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

2 Segment information (continued)

(b) Primary reporting format - business segments

Half-year 31 December 2013	Online Advertising \$'000	Data and Research \$'000	Consolidated \$'000
Segment revenue			
Segment revenue (note 2(c)(i))	98,304	13,978	112,282
Total segment revenue	98,304	13,978	112,282
Segment result			
EBITDA (note 2(c)(ii))	56,534	6,952	63,486
Depreciation and amortisation			(1,500)
Net interest paid			(1,074)
Share of profit from associates			1,510
Profit before income tax			62,422
Income tax expense			(18,467)
Profit for the half-year			43,955
Segment assets			
Segment assets (note 2(c)(iii))	89,327	23,264	112,591
Deferred tax assets			4,137
Unallocated assets			146,618
Total assets			263,346

Half-year 31 December 2012	Online Advertising \$'000	Data and Research \$'000	Consolidated \$'000
Segment revenue			
Segment revenue (note 2(c)(i))	89,605	12,499	102,104
Total segment revenue	89,605	12,499	102,104
Segment result			
EBITDA (note 2(c)(ii))	48,595	5,308	53,903
Depreciation and amortisation			(1,254)
Net interest received			696
Profit before income tax			53,345
Income tax expense			(15,775)
Profit for the half-year			37,570
Segment assets			
Segment assets (note 2(c)(iii))	80,319	25,850	106,169
Deferred tax assets			5,305
Unallocated assets			48,812
Total assets			160,286

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 above.

(ii) Segment EBITDA

The consolidated entity's key operating decision maker assesses the performance of the segments based on a measure of EBITDA. Interest revenue and expense, depreciation and amortisation, and share of profit from associates 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 are goodwill and trade receivables. Unallocated assets include cash, deferred tax assets, property, plant and equipment, intangibles and other assets. All unallocated assets are assessed by the chief operating decision maker at a consolidated level.

(iv) Liabilities

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

3 Contributed equity

	Number of Shares	\$'000
Movement in ordinary shares during the period		
Balance at 1 July 2012	233,689,223	61,749
Exercise of options under the carsales.com Ltd Option Plan	2,492,741	8,355
Balance at 30 June 2013	<u>236,181,964</u>	<u>70,104</u>
Opening balance	236,181,964	70,104
Exercise of options under the carsales.com Ltd Option Plan	1,592,001	7,230
Balance at 31 December 2013	<u>237,773,965</u>	<u>77,334</u>

In the directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 18 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 2013 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
12 February 2014



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, which comprises the consolidated statement of financial position as at 31 December 2013, 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 from time to time during the 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 in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of carsales.com Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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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 entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers
PricewaterhouseCoopers

A. Linschoten
Anton Linschoten
Partner

Melbourne
12 February 2014

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