

# Half Year Report

- 31 December 2011

**carsales.com Ltd** ABN 91 074 444 018

## **ASX Half-year information - 31 December 2011**

Lodged with the ASX under Listing Rule 4.2A.

This information should be read in conjunction with the  
30 June 2011 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 2011 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 Director)  
Ian Law (Non Executive Director)  
Patrick O'Sullivan (Non Executive Director)  
Kim Anderson (Non Executive Director)  
Steven Kloss (Alternate Non Executive Director)

**Secretary**

Cameron McIntyre  
Margaret Beattie (ceased as secretary effective 11 January 2012)

**Principal registered office in Australia**

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**Share registry**

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T: +61 3 9415 4000  
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W: [www.computershare.com](http://www.computershare.com)

**Auditor**

PricewaterhouseCoopers  
Freshwater Place  
2 Southbank Boulevard  
Southbank Vic 3006

**Stock exchange**

[carsales.com](http://carsales.com) Ltd is a public company listed with the Australian Stock Exchange Limited

ASX: CRZ

**For the half-year ended 31 December 2011**  
**(Previous corresponding period: half-year ended 31 December 2010)**

**Results for Announcement to the Market**  
**31 December 2011**  
 \$'000

<b>Revenue</b> from ordinary activities (Appendix 4D item 2.1)	up	22%	to	88,044
<b>Profit</b> from ordinary activities after tax attributable to members (Appendix 4D item 2.2)	up	20%	to	33,060
<b>Net profit</b> for the period attributable to members (Appendix 4D item 2.3)	up	20%	to	33,060

	Amount per security (cents)	Franked amount per security (cents)
<b>Dividends / distributions</b> (Appendix 4D item 2.4)		
Interim dividend (Prior year)	9.4	9.4
Final dividend (Prior year)	10.5	10.5
Interim dividend (Current year)	11.3	11.3

**Record date** for determining entitlements to the interim dividend 29 March 2012  
 Dividend payable 11 April 2012

**Net tangible assets**

Net tangible asset backing per ordinary share is 13.98 cents (June 2011: 11.64 cents)

**Half-year**  
**31 December 2011**    **31 December 2010**  
**\$'000**            **\$'000**

**Revenue from continuing operations**

Online Advertising	76,950	63,441
Data and Research	10,417	8,406
Interest revenue	677	337
<b>Total revenue</b>	<b>88,044</b>	<b>72,184</b>

**Operating expenses**

Sales and marketing expenses	(23,741)	(19,126)
Service development & maintenance	(6,917)	(5,736)
Operations and administration	(8,404)	(7,173)
Other expenses	(2,011)	(1,335)
Interest expense	-	(2)
<b>Total expenses</b>	<b>(41,073)</b>	<b>(33,372)</b>

**Profit before income tax**

<b>46,971</b>	<b>38,812</b>
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Income tax expense	(13,911)	(11,162)
<b>Profit from continuing operations</b>	<b>33,060</b>	<b>27,650</b>

**Explanation of Revenue**

Revenue for the 6 months to 31 December 2011 grew 22% to \$88.0m (2010: \$72.2m).

- Online advertising revenue grew 21% to \$77.0m (2010: \$63.4m) as a result of continued organic growth.
- Data and Research revenue grew 24% to \$10.4m (2010: \$8.4m) driven by a mixture of organic growth and new product development.
- Interest income for the period was \$0.7m (2010: \$0.3m).

**Explanation of Net Profit**

Consolidated net profit after tax for the 6 months to 31 December 2011 grew 20% to \$33.1m (2010: \$27.6m).

## **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 2011.

### **Directors**

The following persons were directors of carsales.com Ltd during the whole of the financial period and up to the date of this report:

Wal Pisciotta (Non Executive Chairman)  
Greg Roebuck (Managing Director)  
Richard Collins (Non Executive Director)  
Ian Law (Non Executive Director)  
Patrick O'Sullivan (Non Executive Director)  
Kim Anderson (Non Executive Director)  
Steven Kloss (Alternate Non Executive Director)

### **Review of operations**

During the half-year to December 2011 the Group generated gross revenues of \$88.0m (2010: \$72.2m). This result was mainly driven by:

- Automotive enquiry growth up 10% on pcp.
- Very strong ongoing growth in display advertising. Mediamotive revenue growing 49% on pcp.
- Private ad volume growth across non-automotive verticals continued to grow at double digit rates. Automotive ad volume similar to this time last year.
- Non-automotive verticals all performed well with bikes, industry and caravan & camping the highlights.
- Dealer and data services showed strong growth with livemarket the standout.

This revenue growth delivered consolidated net profit after tax of \$33.1m (2010: \$27.6m) representing a 20% increase compared to the same period in 2010.

Total operating expenses were \$41.1m (2010: \$33.4m) reflecting a 23% increase.

EBITDA for the half-year ended 31 December 2011 was \$48.3m (2010: \$39.8m) up 21% with EBITDA margins staying steady at 55%.

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

On the 15th February 2012, the directors declared a dividend of 11.3 cents fully franked. The dividend will be paid on the 11th April 2012.

### **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 5.

### **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

Richmond, Victoria  
15 February 2012



## **Auditor's Independence Declaration**

As lead auditor for the review of Carsales.com Limited for the half year ended 31 December 2011, 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 Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'John Yeoman', with a stylized, flowing script.

John Yeoman  
Partner  
PricewaterhouseCoopers

Melbourne  
15 February 2012

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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](http://www.pwc.com.au)

**carsales.com Ltd**  
**Consolidated statement of comprehensive income**  
**For the half-year 31 December 2011**

	31 December 2011 \$'000	31 December 2010 \$'000
Notes		
<b>Revenue from continuing operations</b>	<b>88,044</b>	72,184
Sales and marketing expenses	<b>(23,741)</b>	(19,126)
Service development & maintenance	<b>(6,917)</b>	(5,736)
Operations and administration	<b>(8,404)</b>	(7,173)
Other expenses	<b>(2,011)</b>	(1,335)
Finance costs	<b>-</b>	(2)
<b>Profit before income tax</b>	<b>46,971</b>	38,812
Income tax expense	<b>(13,911)</b>	(11,162)
<b>Profit for the period</b>	<b>33,060</b>	27,650
<b>Other comprehensive income</b>		
Exchange differences on translation of foreign operations	<b>(4)</b>	(71)
<b>Total comprehensive income for the period</b>	<b>33,056</b>	27,579
Profit is attributable to:		
Owners of carsales.com Ltd	<b>33,060</b>	27,650
Total comprehensive income for the period is attributable to:		
Owners of carsales.com Ltd	<b>33,056</b>	27,579
	<b>Cents</b>	Cents
<b>Earnings per share for profit attributable to the ordinary equity holders of the parent entity:</b>		
Basic earnings per share	<b>14.1</b>	11.8
Diluted earnings per share	<b>13.9</b>	11.7

*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 2011

	31 December 2011 \$'000	30 June 2011 \$'000
Notes		
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	25,562	32,840
Trade and other receivables	24,210	19,733
<b>Total current assets</b>	<u>49,772</u>	<u>52,573</u>
<b>Non-current assets</b>		
Property, plant and equipment	4,900	1,927
Deferred tax assets	2,064	2,326
Intangible assets	80,981	81,467
<b>Total non-current assets</b>	<u>87,945</u>	<u>85,720</u>
<b>Total assets</b>	<u>137,717</u>	138,293
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	8,904	13,625
Current tax liabilities	7,425	8,831
Provisions	2,838	2,627
Other current liabilities	4,369	4,017
<b>Total current liabilities</b>	<u>23,536</u>	<u>29,100</u>
<b>Non-current liabilities</b>		
Provisions	589	447
<b>Total non-current liabilities</b>	<u>589</u>	<u>447</u>
<b>Total liabilities</b>	<u>24,125</u>	29,547
<b>Net assets</b>	<u>113,592</u>	108,746
<b>EQUITY</b>		
Contributed equity	3 60,838	68,735
Reserves	5,809	1,497
Retained profits	46,945	38,514
Capital and reserves attributable to owners of carsales.com Ltd	<u>113,592</u>	<u>108,746</u>
<b>Total equity</b>	<u>113,592</u>	108,746

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 31 December 2011**

		Attributable to owners of carsales.com Ltd			
	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
<b>Balance at 1 July 2011</b>		<b>68,735</b>	<b>1,497</b>	<b>38,514</b>	<b>108,746</b>
Profit for the half-year to 31 December 2011		-	-	33,060	33,060
Exchange differences on translation of foreign operations		-	(4)	-	(4)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>(4)</b>	<b>33,060</b>	<b>33,056</b>
<b>Transactions with owners in their capacity as owners:</b>					
Contributions of equity upon exercise of employee share options		2,102	-	-	2,102
Buy-back of shares		(9,999)	3,086	-	(6,913)
Dividends paid	4	-	-	(24,629)	(24,629)
Increase in share-based payment reserve		-	1,230	-	1,230
		<b>(7,897)</b>	<b>4,316</b>	<b>(24,629)</b>	<b>(28,210)</b>
<b>Balance at 31 December 2011</b>		<b>60,838</b>	<b>5,809</b>	<b>46,945</b>	<b>113,592</b>
		Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
	Notes				
<b>Balance at 1 July 2010</b>		<b>64,384</b>	<b>2,990</b>	<b>21,600</b>	<b>88,974</b>
Profit for the half-year to 31 December 2010		-	-	27,650	27,650
Exchange differences on translation of foreign operations		-	(71)	-	(71)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>(71)</b>	<b>27,650</b>	<b>27,579</b>
<b>Transactions with owners in their capacity as owners:</b>					
Contributions of equity upon exercise of employee share options		3,758	-	-	3,758
Dividends paid	4	-	-	(19,318)	(19,318)
Increase in share-based payment reserve		-	720	-	720
		<b>3,758</b>	<b>720</b>	<b>(19,318)</b>	<b>(14,840)</b>
<b>Balance at 31 December 2010</b>		<b>68,142</b>	<b>3,639</b>	<b>29,932</b>	<b>101,713</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 31 December 2011**

	<b>Half-year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2011</b>	<b>2010</b>
Notes	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	<b>93,293</b>	78,872
Payments to suppliers and employees (inclusive of goods and services tax)	<b>(49,170)</b>	(41,424)
Interest received	<b>677</b>	334
Interest paid	<b>-</b>	(2)
Income taxes paid	<b>(15,054)</b>	(14,131)
<b>Net cash inflow from operating activities</b>	<b>29,746</b>	23,649
<b>Cash flows from investing activities</b>		
Payments for purchase of business, net of cash acquired	<b>-</b>	(1,033)
Payments for property, plant and equipment	<b>(4,194)</b>	(710)
Payments for intangible assets	<b>(304)</b>	(365)
<b>Net cash outflow from investing activities</b>	<b>(4,498)</b>	(2,108)
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares and other equity securities	<b>2,102</b>	3,758
Payments for shares bought back	<b>(9,999)</b>	-
Dividends paid to company's shareholders	<b>(24,629)</b>	(19,318)
<b>Net cash outflow from financing activities</b>	<b>(32,526)</b>	(15,560)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(7,278)</b>	5,981
Cash and cash equivalents at the beginning of the financial year	<b>32,840</b>	13,604
<b>Cash and cash equivalents at end of the half-year</b>	<b>25,562</b>	19,585

*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 periods 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 2011 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 2011 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.

(i) Standards issued but not yet applied:

#### **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)

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. carsales.com Ltd is listed on the ASX and is therefore not eligible to adopt the new Australian Accounting Standards - Reduced Disclosure Requirements. As a consequence, the two standards will have no impact on the financial statements of the entity.

#### **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)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures. The standards will be first applied in the financial statements for the annual reporting period ending 30 June 2014 and the Group does not expect the adoption of these standards to have a material impact.

#### **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. It is therefore unlikely that the new rules will have a significant impact on any of the amounts recognised in the financial statements. This standard will be first applied in the annual reporting period ending 30 June 2014.

#### **AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income** (effective 1 July 2012)

In September 2011, the AASB made an amendment to AASB 101 Presentation of Financial Statements which requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. This will not affect the measurement of any of the items recognised in the balance sheet or the profit or loss in the current period. The group intends to adopt the new standard from 1 July 2012.

## **2 Segment information**

### **(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.

#### **Online Advertising Services**

carsales 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, 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 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 divisions of ERG, Redbook, LiveMarket and Datamotive 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.

## 2 Segment information (continued)

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

Half-year  
31 December 2011

	Online Advertising \$'000	Data and Research \$'000	Consolidated \$'000
<b>Segment revenue</b>			
Segment operating revenue (note (i))	76,950	10,417	87,367
<b>Total segment revenue</b>	<b>76,950</b>	<b>10,417</b>	<b>87,367</b>
<b>Segment result</b>			
<b>EBITDA (note (ii))</b>	<b>42,608</b>	<b>5,697</b>	<b>48,305</b>
Depreciation and amortisation			(2,011)
Net interest received			677
Profit before income tax			46,971
Income tax expense			(13,911)
<b>Profit for the half-year</b>			<b>33,060</b>
<b>Segment assets</b>			
<b>Segment assets (note (iii))</b>	<b>80,288</b>	<b>21,367</b>	<b>101,655</b>
Deferred tax assets			2,064
Unallocated assets			33,998
<b>Total assets</b>			<b>137,717</b>

Half-year  
31 December 2010

	Online Advertising \$'000	Data and Research \$'000	Consolidated \$'000
<b>Segment revenue</b>			
Segment operating revenue (note (i))	63,441	8,406	71,847
<b>Total segment revenue</b>	<b>63,441</b>	<b>8,406</b>	<b>71,847</b>
<b>Segment result</b>			
<b>EBITDA (note (ii))</b>	<b>35,875</b>	<b>3,937</b>	<b>39,812</b>
Depreciation and amortisation			(1,335)
Net interest received			335
Profit before income tax			38,812
Income tax expense			(11,162)
<b>Profit for the half-year</b>			<b>27,650</b>
<b>Segment assets</b>			
<b>Segment assets (note (iii))</b>	<b>74,903</b>	<b>20,053</b>	<b>94,956</b>
Deferred tax assets			2,101
Unallocated assets			25,128
<b>Total assets</b>			<b>122,185</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 above.

#### (ii) Segment EBITDA

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

#### (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.

#### (v) Cash Flow

Cash flow is not reported to the chief operating decision maker by segment and is assessed at a consolidated entity level.

## 3 Contributed equity

	Number of Shares	\$'000
<b><i>Movement in ordinary shares during the period</i></b>		
<b>Balance at 1 July 2010</b>	<b>232,490,800</b>	<b>64,384</b>
Exercise of options issued under the carsales.com Ltd Option Plan	1,859,500	4,351
<b>Balance at 30 June 2011</b>	<b>234,350,300</b>	<b>68,735</b>
 <b>Balance at 1 July 2011</b>	 <b>234,350,300</b>	 <b>68,735</b>
Exercise of options issued under the carsales.com Ltd Option Plan	1,086,000	2,102
Shares cancelled after buy-back	(2,172,077)	(9,999)
<b>Balance at 31 December 2011</b>	<b>233,264,223</b>	<b>60,838</b>

## 4 Dividends

### (a) Ordinary shares

	Half-year 31 December 2011 \$'000	31 December 2010 \$'000
<b>Final dividend</b>		
Final fully franked cash dividend for the year ended 30 June 2011 of 10.5 cents per share paid on 5 October 2011	24,629	-
Final fully franked cash dividend for the year ended 30 June 2010 of 8.3 cents per share paid on 6 October 2010	-	19,318
	<u>24,629</u>	<u>19,318</u>


## 5 Events occurring after the reporting period

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 periods.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 14 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 2011 and of its performance for the half-year 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

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



Greg Roebuck  
Managing Director and CEO

Richmond, Victoria  
15 February 2012





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

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of carsales.com Limited, which comprises the consolidated balance sheet as at 31 December 2011, 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 Limited (the consolidated entity). The consolidated entity comprises both carsales.com Limited (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 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 Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim 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 2011 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 Limited, 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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**PricewaterhouseCoopers, ABN 52 780 433 757**

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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 Limited 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 2011 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*.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'John Yeoman'.

John Yeoman  
Partner

Melbourne  
15 February 2012