

Half Year Report

- 31 December 2012

carsales.com Ltd ABN 91 074 444 018
ASX Half-year information - 31 December 2012

Lodged with the ASX under Listing Rule 4.2A.
This information should be read in conjunction with the
30 June 2012 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 2012 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)
Pat O'Sullivan (Non-Executive Director)
Kim Anderson (Non-Executive Director)
Steve Kloss (Alternate Non-Executive Director)

Company Secretary

Cameron McIntyre

Registered Office

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Richmond Vic 3121

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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 2012
(Previous corresponding period: half-year ended 31 December 2011)

Results for Announcement to the Market
31 December 2012
 \$'000

Revenue from ordinary activities (Appendix 4D item 2.1)	up	17%	to	102,104
Profit from ordinary activities after tax attributable to members (Appendix 4D item 2.2)	up	14%	to	37,570
Net profit for the period attributable to members (Appendix 4D item 2.3)	up	14%	to	37,570

Dividends / distributions (Appendix 4D item 2.4)	Amount per security (cents)	Franked amount per security (cents)
Interim dividend (Prior year)	11.3	11.3
Final dividend (Prior year)	13.2	13.2
Special dividend (Prior year)	6.0	6.0
Interim dividend (Current year)	12.7	12.7

Record date for determining entitlements to the interim dividend 27 March 2013
 Dividend payable 10 April 2013

Net tangible assets

Net tangible asset backing per ordinary share is 20.95 cents (June 2012: 20.44 cents)

Half-year
31 December 2012 31 December 2011
 \$'000 \$'000

Revenue from continuing operations

Online Advertising	89,605	76,950
Data and Research	12,499	10,417
Interest revenue	701	677
Total revenue	102,805	88,044

Other income	13	-
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Operating expenses

Sales and marketing expenses	(28,217)	(23,741)
Service development & maintenance	(8,400)	(6,917)
Operations and administration	(11,597)	(8,404)
Other expenses	(1,254)	(2,011)
Interest expense	(5)	-
Total expenses	(49,473)	(41,073)

Profit before income tax	53,345	46,971
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Income tax expense	(15,775)	(13,911)
Profit from continuing operations	37,570	33,060

For the half-year ended 31 December 2012
(Previous corresponding period: half-year ended 31 December 2011)
(continued)

Explanation of Revenue

Revenue for the 6 months to 31 December 2012 grew 17% to \$102.8m (2011: \$88.0m).

- Online advertising revenue grew 16% to \$89.6m (2011: \$77.0m) as a result of continued organic growth.
- Data and Research revenue grew 20% to \$12.5m (2011: \$10.4m) driven by a mixture of organic growth and new product development.
- Interest income for the period was \$0.7m (2011: \$0.7m).

Explanation of Net Profit

Consolidated net profit after tax for the 6 months to 31 December 2012 grew 14% to \$37.6m (2011: \$33.1m).

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 2012.

Directors

The following persons were directors of carsales.com Ltd during the half-year ended 31 December 2012 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)
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 2012 the Group generated gross revenues of \$102.8m (2011: \$88.0m). This result was mainly driven by:

- Total automotive enquiry growth up 9% on pcpc.
- Strong ongoing growth in display advertising. Mediamotive revenue growing 28% on pcpc.
- Private revenue up 7% on pcpc. Sources of growth coming from product upsells and non-automotive.
- Non-automotive verticals all performed well.
- Dealer and data services continued to show strong growth throughout the half.
- Quicksales demonstrated good growth in operational metrics throughout the half as we continued to invest in general classifieds.

This revenue growth delivered consolidated net profit after tax of \$37.6m (2011: \$33.1m) representing a 14% increase compared to the same period in 2011.

Total operating expenses were \$49.5m (2011: \$41.1m) reflecting a 20% increase.

EBITDA for the half-year ended 31 December 2012 was \$53.9m (2011: \$48.3m) up 12% with EBITDA margins at 53% (2011: 55%). Margins lowered slightly on pcpc due largely to marketing spend particularly on Quicksales.com.au.

Dividends - carsales.com Ltd

On the 13th February 2013, the directors declared a dividend of 12.7 cents fully franked. The dividend will be paid on the 10th April 2013.

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.

A handwritten signature in black ink, appearing to read 'Greg Roebuck', with a stylized flourish at the end.

Greg Roebuck
Managing Director and CEO

Sydney, New South Wales
13 February 2013



Auditor's Independence Declaration

As lead auditor for the review of carsales.com Limited for the half year ended 31 December 2012, 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 'A. Linschoten'.

Anton Linschoten
Partner
PricewaterhouseCoopers

Melbourne
13 February 2013

PricewaterhouseCoopers, ABN 52 780 433 757

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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 2012

	31 December 2012 \$'000	31 December 2011 \$'000
Notes		
Revenue from continuing operations		
Sale of goods and services	102,104	87,367
Other revenue from ordinary activities	701	677
Revenue from continuing operations	<u>102,805</u>	<u>88,044</u>
Other Income	13	-
Expenses		
Sales and marketing expenses	(28,217)	(23,741)
Service development & maintenance	(8,400)	(6,917)
Operations and administration	(11,597)	(8,404)
Other expenses	(1,254)	(2,011)
Finance costs	(5)	-
Profit before income tax	<u>53,345</u>	<u>46,971</u>
Income tax expense	(15,775)	(13,911)
Profit from continuing operations	<u>37,570</u>	<u>33,060</u>
Other comprehensive Income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	3	(4)
<i>Items that will not be reclassified to profit or loss</i>	-	-
Other comprehensive income for the half-year, net of tax	<u>3</u>	<u>(4)</u>
Total comprehensive income for the period	<u>37,573</u>	<u>33,056</u>
Profit is attributable to:		
Owners of carsales.com Ltd	<u>37,570</u>	<u>33,060</u>
Total comprehensive income for the half-year is attributable to:		
Owners of carsales.com Ltd	<u>37,573</u>	<u>33,056</u>
	Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the parent entity:		
Basic earnings per share	16.0	14.1
Diluted earnings per share	15.9	13.9

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 2012

	31 December 2012 \$'000	30 June 2012 \$'000
Notes		
ASSETS		
Current assets		
Cash and cash equivalents	41,102	40,935
Receivables	28,625	30,243
Total current assets	<u>69,727</u>	<u>71,178</u>
Non-current assets		
Property, plant and equipment	5,100	5,039
Deferred tax assets	5,305	5,094
Intangible assets	80,154	80,610
Total non-current assets	<u>90,559</u>	<u>90,743</u>
Total assets	<u>160,286</u>	<u>161,921</u>
LIABILITIES		
Current liabilities		
Payables	13,945	15,861
Current tax liabilities	8,093	9,241
Provisions	3,011	3,021
Other current liabilities	4,949	4,806
Total current liabilities	<u>29,998</u>	<u>32,929</u>
Non-current liabilities		
Provisions	728	607
Total liabilities	<u>30,726</u>	<u>33,536</u>
Net assets	<u>129,560</u>	<u>128,385</u>
EQUITY		
Contributed equity	3 68,711	61,749
Reserves	9,311	7,568
Retained profits	51,538	59,068
Total equity	<u>129,560</u>	<u>128,385</u>

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 2012

		Attributable to owners of carsales.com Ltd			
	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2012		61,749	7,568	59,068	128,385
Profit for the half-year to 31 December 2012		-	-	37,570	37,570
Exchange differences on translation of foreign operations		-	3	-	3
Total comprehensive income for the period		-	3	37,570	37,573
Transactions with owners in their capacity as owners:					
Contributions of equity upon exercise of employee share options		6,962	-	-	6,962
Dividends paid	4	-	-	(45,100)	(45,100)
Increase in share-based payment reserve		-	1,740	-	1,740
		6,962	1,740	(45,100)	(36,398)
Balance at 31 December 2012		68,711	9,311	51,538	129,560
		Attributable to owners of carsales.com Ltd			
	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2011		68,735	1,497	38,514	108,746
Profit for the half-year to 31 December 2011		-	-	33,060	33,060
Exchange differences on translation of foreign operations		-	(4)	-	(4)
Total comprehensive income for the period		-	(4)	33,060	33,056
Transactions with owners in their capacity as owners:					
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
		(7,897)	4,316	(24,629)	(28,210)
Balance at 31 December 2011		60,838	5,809	46,945	113,592

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 2012

	Half-year ended	
	31 December	31 December
	2012	2011
Notes	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (incl GST)	114,304	93,293
Payments to suppliers and employees (incl GST)	(61,207)	(49,170)
Interest received	701	677
Interest paid	(5)	-
Income taxes paid	(17,134)	(15,054)
Net cash inflow from operating activities	36,659	29,746
Cash flows from investing activities		
Payment for investment	(100)	-
Payments for property, plant and equipment	(674)	(4,194)
Payments for intangible assets	(10)	(304)
Payments for software assets	(83)	-
Proceeds from disposal of fixed assets	13	-
Receipts of outstanding payment	2,500	-
Net cash inflow (outflow) from investing activities	1,646	(4,498)
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	6,962	2,102
Payments for shares bought back	-	(9,999)
Dividends paid to company shareholders	(45,100)	(24,629)
Net cash outflow from financing activities	(38,138)	(32,526)
Net increase (decrease) in cash and cash equivalents	167	(7,278)
Cash and cash equivalents at the beginning of the financial year	40,935	32,840
Cash and cash equivalents at end of the half-year	41,102	25,562

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 2012 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 2012 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.

(b) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 reporting periods. The group's assessment of the impact of these new standards and interpretations is set out below.

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:

- 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 Group does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for 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.

- 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.

1 Summary of significant accounting policies (continued)

(b) New accounting standards and interpretations (continued)

- AASB 2012-5 Amendments to Australian Accounting Standard arising from Annual Improvements- 2009-2011 Cycle (effective 1 January 2013).

- Amendments to IFRS 10, 11 and 12 - Transition guidance (clarification only) (effective 1 January 2013).

The following standards are applicable but will not have a significant impact to the Company's financial statements and the Group will adopt the standards upon operative date:

- 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.

- Revised AASB 9 Financial Instruments (addressing accounting for financial liabilities and the derecognition of financial assets and financial liabilities) and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective 1 January 2015).

- 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. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Group does not intend to adopt the new standard before its operative date.

- AASB 2012-3 Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014).

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

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].

1 Summary of significant accounting policies (continued)

(b) New accounting standards and interpretations (continued)

- AASB 2011-3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments [AASB 1049] (effective 1 July 2012).
- 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 2011-13 Amendments to Australian Accounting Standard - Improvements to AASB 1049 (effective 1 July 2012).
- 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).

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.

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.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 2012	Online Advertising \$'000	Data and Research \$'000	Consolidated \$'000
Segment revenue			
Segment revenue (note (i))	89,605	12,499	102,104
Total segment revenue	89,605	12,499	102,104
Segment result			
EBITDA (note (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 (iii))	80,319	25,850	106,169
Deferred tax assets			5,305
Unallocated assets			48,812
Total assets			160,286
Half-year 31 December 2011	Online Advertising \$'000	Data and Research \$'000	Consolidated \$'000
Segment revenue			
Segment revenue (note (i))	76,950	10,417	87,367
Total segment revenue	76,950	10,417	87,367
Segment result			
EBITDA (note (ii))	43,566	4,739	48,305
Depreciation and amortisation			(2,011)
Net interest received			677
Profit before income tax			46,971
Income tax expense			(13,911)
Profit for the half-year			33,060
Segment assets			
Segment assets (note (iii))	80,288	21,367	101,655
Deferred tax assets			2,064
Unallocated assets			33,998
Total assets			137,717

Note: EBITDA segment earnings for 31 December 2011 restated between Online Advertising and Data and Research due to minor reclassification of display advertising.

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.

3 Contributed equity

	Number of Shares	\$'000
<i>Movement in ordinary shares during the period</i>		
Balance at 1 July 2011	234,350,300	68,735
Exercise of options under the carsales.com Ltd Option Plan	1,511,000	3,013
Shares cancelled after buy-back	(2,172,077)	(9,999)
Balance at 30 June 2012	233,689,223	61,749
 Balance at 1 July 2012	 233,689,223	 61,749
Exercise of options under the carsales.com Ltd Option Plan	2,079,272	6,962
Balance at 31 December 2012	235,768,495	68,711

4 Dividends

(a) Ordinary shares

	Half-year
31 December	31 December
2012	2011
\$'000	\$'000

Final dividend

Final fully franked cash dividend for the year ended 30 June 2012 of 13.2 cents per share and a special dividend of 6.0 cents per share paid on 25 September 2012.

Final fully franked cash dividend for the year ended 30 June 2011 of 10.5 cents per share paid on 5 October 2011.

45,100	-
-	24,629
<u>45,100</u>	<u>24,629</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 years.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 17 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 2012 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.

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



Greg Roebuck
Managing Director and CEO

Sydney, New South Wales
13 February 2013



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 2012, 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 the 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 2012 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*.

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 2012 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' in a cursive, flowing script.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'A. Linschoten' in a cursive, flowing script.

Anton Linschoten
Partner

Melbourne
13 February 2013

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