Appendix 4D

carsales.com Ltd

ABN 91 074 444 018

Results for Announcement to the Market

Half-year ended 31 December 2019

(Previous corresponding period: Half-year ended 31 December 2018)

				2019 A$'000	*Restated 2018 A$'000
Revenue from contracts with customers from continuing operations	Up	4.5%	to	**214,083**	204,868
Profit for the half-year after tax	Up	541.0%	to	**68,731**	10,722
Net profit for the half-year attributable to members	Up	543.5%	to	**66,632**	10,354
Adjusted net profit from continuing operations for the half-year attributable to members	Up	6.7%	to	**63,416**	59,433

Dividends / Distribution	Amount per security	Franked amount per security
2019 Interim Dividend paid	20.5 cents	20.5 cents
2019 Final Dividend paid	25.0 cents	25.0 cents
2020 Interim Dividend declared	22.0 cents	22.0 cents

2020 Interim dividend dates	
Record date for determining entitlements to the interim dividend	19 March 2020
Latest date for Dividend Reinvestment Plan participation	20 March 2020
Dividend payable	15 April 2020

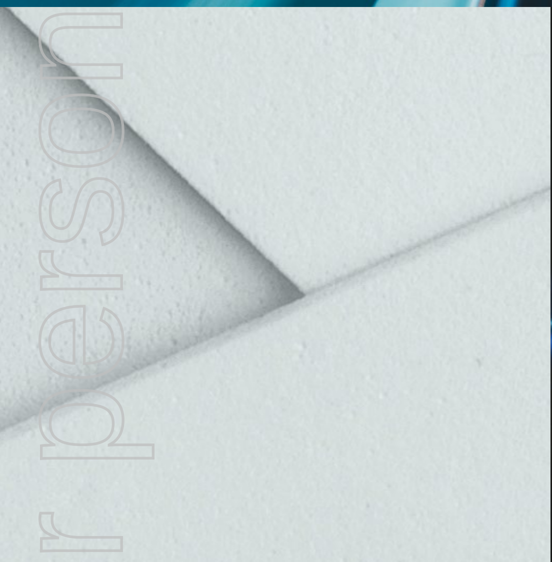
	31 December 2019	30 June 2019	*Restated 30 June 2019
Net tangible assets backing per ordinary share	**(145.8 cents)**	(128.9 cents)	(158.4 cents)

Other information required by Listing Rule 4.2A

Other information requiring disclosure to comply with Listing Rule 4.2A is contained in the 31 December 2019 Financial Report.

* See Note 1(b) for details about restatements for changes in accounting policies.

Half-Year Report 2019



carsales.com ltd

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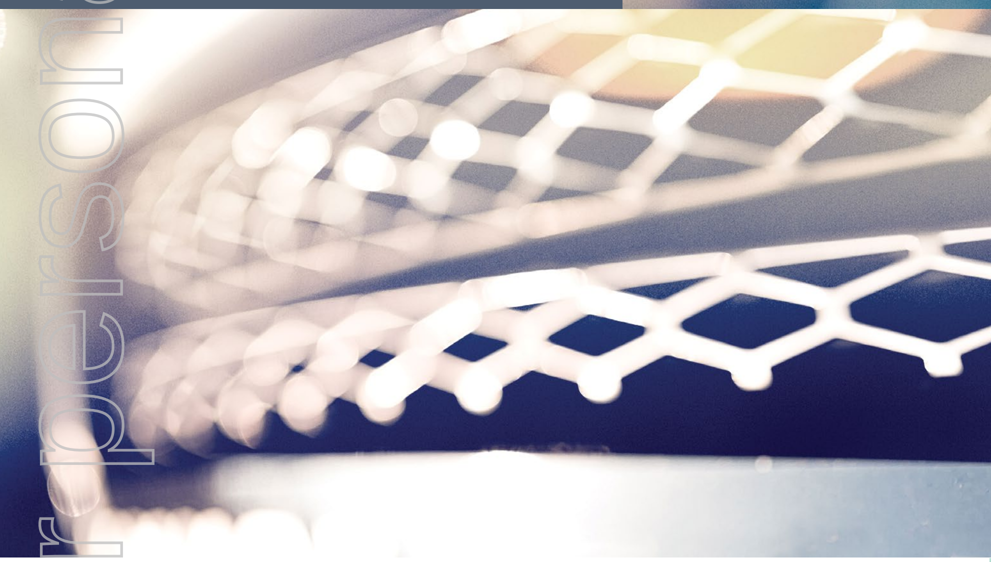


Lodged with the ASX under Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2019 Annual Report.

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 2019 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*.

ABN 91 074 444 018

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 2019.

Directors

The following persons were Directors of carsales.com Ltd during the half-year ended 31 December 2019 and up to the date of this report:

Pat O'Sullivan (Non-Executive Chair)

Cameron McIntyre (Managing Director and Chief Executive Officer, CEO)

Wal Pisciotta OAM (Non-Executive Director)

Kim Anderson (Non-Executive Director)

Edwina Gilbert (Non-Executive Director)

Kee Wong (Non-Executive Director)

David Wiadrowski (Non-Executive Director)

Steve Kloss (Alternate Non-Executive Director)

Review of operations

The Group delivered another record set of results, despite the impact of challenging market conditions. The Group's International portfolio recorded excellent results whilst the Australian business performed admirably, demonstrating the resilience and diversification of the Group's business model.

The Group reported total operating revenue from continuing operations of $214.1 million (2018 restated: $204.9 million) up 5% compared to the same period in FY19, underpinned by the increasing contribution of the high growth International portfolio, resilient performance of the core Australian business and margin expansion across the Australian and International businesses.

The key operational matters for the Group were:

- In the Domestic business solid performance in the dealer business with revenue up 6% year on year to $79.4 million.
- Pleasing private seller revenue performance up 7% year on year to $44.3 million.
- Display revenue down 5% to $28.8m due to a challenging new car market.
- From an international perspective, SK Encar in Korea recorded revenue of $33.1 million, up 13% on the same period in FY19. Our Brazilian business webmotors delivered strong underlying local currency revenue of $41.1 million, up 29% year on year.

Total operating expenses from continuing operations were $109.6 million reflecting a 5% increase, principally due to continued investment in our high growth domestic and international businesses, offset by strong cost discipline in the core domestic business.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) was $104.5 million which represents an increase of 3% compared to the prior comparative period (pcp).

Adjusted net profit after tax from continuing operations (Adjusted NPAT) was 7% higher than pcp at $63.4 million. Reported net profit after tax and non-controlling interests was $66.6 million, 544% higher than pcp.

Outlook

Consistent with our guidance at the AGM in October 2019, we anticipate Group Revenue, Adjusted EBITDA and Adjusted NPAT growth to be solid in FY20.

Domestic business performance in January has remained solid, with the exception of display advertising. Domestic Dealer, Private and Data business performance has been solid in January, reflecting the continued resilience of these segments. In Display, we anticipate a similar run rate against pcp in the second half to that achieved in the first half subject to no further deterioration in advertising market conditions.

In Korea, we expect continued good growth in revenue and earnings. In Brazil, we expect continued strong growth in revenue and earnings. In the remainder of our Latin American businesses we expect similar growth rates to those achieved in the first half.

Subsequent events

Subsequent to 31 December 2019, the Group has agreed to sell its 50.1% stake in Stratton Finance Pty Ltd ("Stratton") to a third party. We anticipate the transaction will be completed by June 2020.

No other matters or circumstances have occurred subsequent to period end that have 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 11 February 2020, the Directors declared an interim dividend of 22.0 cents fully franked. The dividend will be paid on 15 April 2020.

Restatement of prior year balances

As a result of the changes in the Group's accounting policy as set out in Note 1(b) and discontinued operations of Stratton as set out in Note 10, prior year financial statements have been restated retrospectively from the beginning of the preceding period.

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 3.

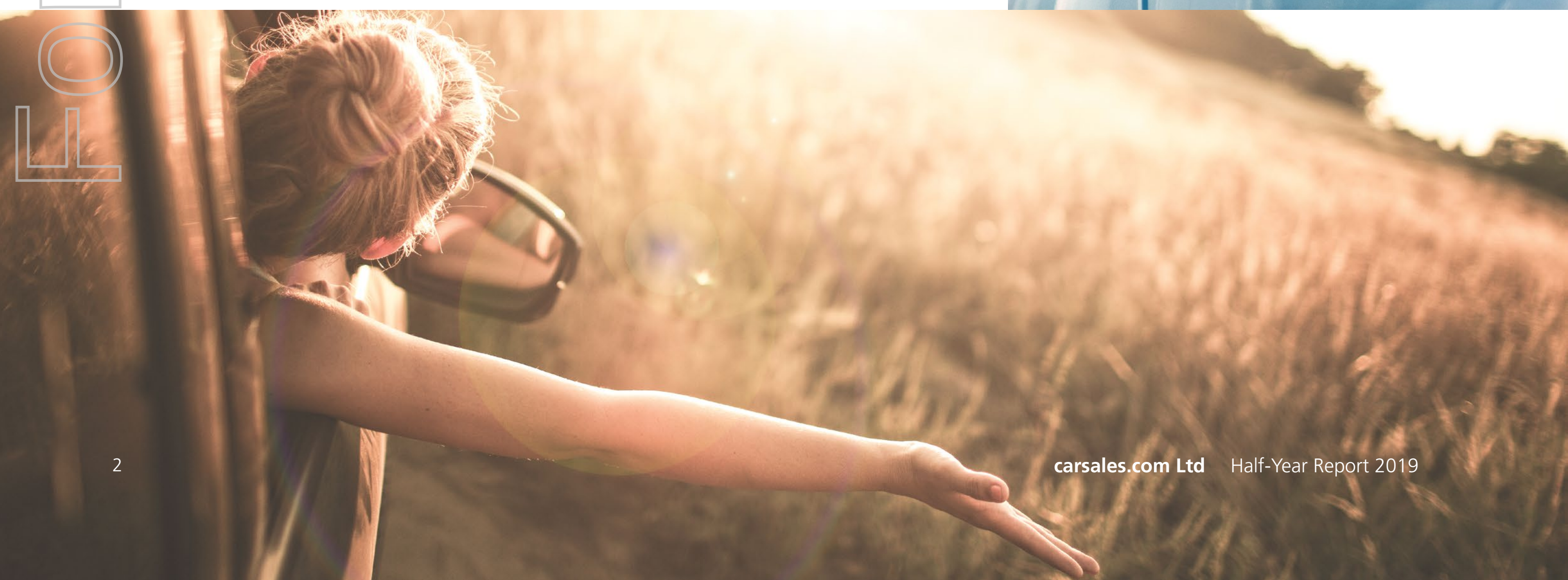
This report is made in accordance with a resolution of Directors.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars or, in certain cases, to the nearest dollar.

Cameron McIntyre
Managing Director and CEO

Melbourne
11 February 2020



Auditor's Independence Declaration

As lead auditor for the review of carsales.com Limited for the half-year ended 31 December 2019, 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.

Lisa Harker

Lisa Harker
Partner
PricewaterhouseCoopers

Melbourne
11 February 2020

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
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Consolidated Statement of Comprehensive Income

For the Half-Year Ended 31 December 2019

	Notes	31 December 2019 $'000	*Restated 31 December 2018 $'000
Continuing operations			
Revenue from contracts with customers	3	**214,083**	204,868
Revenue from continuing operations			
Expenses			
Costs of sale		**(20,620)**	(17,307)
Sales and marketing expenses		**(44,455)**	(44,616)
Service development and maintenance		**(13,522)**	(14,557)
Operations and administration		**(31,034)**	(27,463)
Earnings before interest, taxes, depreciation and amortisation		**104,452**	100,925
Depreciation and amortisation expense		**(17,598)**	(15,113)
Finance income		**392**	540
Finance costs		**(7,671)**	(8,697)
Changes in fair value of put options	5	**5,228**	1,200
Share of net profit from associates accounted for using the equity method		**2,420**	1,486
Gain on associates revaluation and investment dilution		**-**	2,069
Fair value gain arising from discontinuing the equity method	7	**9,753**	-
Profit on disposal of subsidiary		**1,069**	-
Profit before income tax		**98,045**	82,410
Income tax expense		**(24,838)**	(23,537)
Profit from continuing operations		**73,207**	58,873
Net result after tax from discontinued operations (attributable to the equity holders of the Company)	10(b)	**(4,476)**	(48,151)
Profit for the half-year		**68,731**	10,722
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(5,793)**	26,163
Remeasurement of post-employment benefit obligations		**(490)**	(99)
Loss on net investment hedge		**(1,180)**	(22,850)
Gain on cash flow hedge		**2,345**	-
Items that will not be reclassified to profit or loss			
Changes in financial assets at fair value through other comprehensive income		**5,181**	(4,406)
Other comprehensive income for the half-year		**63**	(1,192)
Total comprehensive income for the half-year		**68,794**	9,530
Profit is attributable to:			
Owners of carsales.com Ltd		**66,632**	10,354
Non-controlling interests		**2,099**	368
		68,731	10,722
Total comprehensive income for the half-year is attributable to:			
Owners of carsales.com Ltd		**66,672**	9,089
Non-controlling interests		**2,122**	441
		68,794	9,530

Consolidated Statement of Comprehensive Income continued

For the Half-Year Ended 31 December 2019

	Notes	31 December 2019 $'000	*Restated 31 December 2018 $'000
Total profit for the half-year is attributable to owners of carsales.com Ltd			
Continuing operations		**71,183**	58,503
Discontinued operations	10(b)	**(4,551)**	(48,149)
		66,632	10,354

	Cents	*Restated Cents
Earnings per share for profit attributable to the ordinary equity holders of the parent company:		
Basic earnings per share	**27.2**	4.3
Diluted earnings per share	**27.1**	4.2
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the parent entity:		
Basic earnings per share	**29.1**	24.0
Diluted earnings per share	**29.0**	23.9

* See Note 1(b) for details about restatements for changes in accounting policies.

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

Consolidated Statement of Financial Position

As at 31 December 2019

	Notes	31 December 2019 $'000	*Restated 30 June 2019 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**108,642**	94,411
Trade and other receivables		**57,409**	61,238
Assets classified as held for sale	10(c)	**35,132**	45,667
Total current assets		**201,183**	201,316
Non-current assets			
Investments accounted for using the equity method		**64,461**	76,668
Financial assets at fair value through other comprehensive income	7	**40,674**	19,905
Property, plant and equipment		**14,174**	10,512
Right-of-use assets	1(b)	**53,091**	55,225
Deferred tax assets	1(b)	**17,806**	18,547
Intangible assets		**596,471**	600,619
Other receivables		**9,349**	7,363
Total non-current assets		**796,026**	788,839
Total assets		**997,209**	990,155
LIABILITIES			
Current liabilities			
Trade and other payables		**37,903**	31,369
Borrowings	4	**225**	248
Lease liabilities	1(b)	**6,497**	6,228
Current tax liabilities		**6,384**	8,585
Provisions		**7,116**	6,815
Deferred revenue		**7,720**	8,034
Liabilities directly associated with assets classified as held for sale	10(c)	**27,655**	33,663
Total current liabilities		**93,500**	94,942
Non-current liabilities			
Trade and other payables		**181**	29
Borrowings	4	**482,412**	474,314
Lease liabilities	1(b)	**55,761**	57,485
Other financial liabilities	5	**2,000**	9,538
Derivative liabilities	4	**15,236**	17,445
Deferred tax liabilities		**20,122**	20,928
Provisions		**984**	912
Total non-current liabilities		**576,696**	580,651
Total liabilities		**670,196**	675,593
Net assets		**327,013**	314,562
EQUITY			
Contributed equity	6	**145,743**	135,372
Reserves		**(29,588)**	(29,694)
Retained earnings	1(b)	**208,809**	203,361
Non-controlling interests	1(b)	**2,049**	5,523
Total equity		**327,013**	314,562

* See Note 1(b) for details about restatements for changes in accounting policies.

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

Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2019

	Notes	Attributable to owners of carsales.com Ltd				
		Contributed equity $'000	Reserves $'000	Retained earnings $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2019, as previously reported		135,372	(29,694)	209,934	6,068	321,680
Impact of change in accounting policy*		-	-	(6,573)	(545)	(7,118)
***Restated balance at 1 July 2019**		**135,372**	**(29,694)**	**203,361**	**5,523**	**314,562**
Profit for the half-year to 31 December 2019		-	-	66,632	2,099	68,731
Items that may be reclassified to profit or loss						
Exchange differences on translation of foreign operations		-	(5,816)	-	23	(5,793)
Remeasurement of post-employment benefit obligations		-	(490)	-	-	(490)
Loss on net investment hedge		-	(1,180)	-	-	(1,180)
Gain on cash flow hedge		-	2,345	-	-	2,345
Items that will not be reclassified to profit or loss						
Changes in financial assets at fair value through other comprehensive income		-	5,181	-	-	5,181
Total comprehensive income for the half-year		**-**	**40**	**66,632**	**2,122**	**68,794**
Transactions with owners in their capacity as owners:						
Contributions of equity upon exercise of employee share options	6	4,068	-	-	-	4,068
Increase in share-based payment reserve inclusive of tax		-	2,047	-	-	2,047
Dividends paid to members of the parent	9	6,303	-	(61,184)	-	(54,881)
Dividends paid to non-controlling interests		-	-	-	(5,095)	(5,095)
Transactions with non-controlling interests		-	(1,981)	-	(501)	(2,482)
Balance at 31 December 2019		**145,743**	**(29,588)**	**208,809**	**2,049**	**327,013**

* See Note 1(b) for details about restatement for changes in accounting policies.

Consolidated Statement of Changes in Equity continued

For the Half-Year Ended 31 December 2019

		Attributable to owners of carsales.com Ltd				
	Notes	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2018, as previously reported		119,541	(24,427)	232,289	6,002	333,405
Impact of change in accounting policy*		-	-	(5,310)	(424)	(5,734)
***Restated balance at 1 July 2018**		**119,541**	**(24,427)**	**226,979**	**5,578**	**327,671**
Restated profit for the half-year to 31 December 2018		-	-	10,354	368	10,722
Items that may be reclassified to profit or loss						
Exchange differences on translation of foreign operations		-	26,090	-	73	26,163
Remeasurement of post-employment benefit obligations		-	(99)	-	-	(99)
Loss on cash flow hedge		-	(22,850)	-	-	(22,850)
Items that will not be reclassified to profit or loss						
Changes in financial assets at fair value through other comprehensive income		-	(4,406)	-	-	(4,406)
Total comprehensive income for the half-year		**-**	**(1,265)**	**10,354**	**441**	**9,530**
Transactions with owners in their capacity as owners:						
Contributions of equity upon exercise of employee share options		1,492	-	-	-	1,492
Increase in share-based payment reserve inclusive of tax		-	(174)	-	-	(174)
Dividends paid to members of the parent	9	7,378	-	(57,640)	-	(50,262)
Dividends paid to non-controlling interests		-	-	-	(538)	(538)
Non-controlling interests on acquisition of subsidiary		-	-	-	1,064	1,064
Transactions with non-controlling interests		-	(2,863)	-	(546)	(3,409)
Restated balance at 31 December 2018		**128,411**	**(28,729)**	**179,693**	**5,999**	**285,374**

* See Note 1(b) for details about restatements for changes in accounting policies

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

Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2019

	Notes	31 December 2019 $'000	*Restated 31 December 2018 $'000
Cash flows from operating activities			
Receipts from customers (including GST)		**271,918**	264,094
Payments to suppliers and employees (including GST)	1(b)	**(160,629)**	(161,130)
Income taxes paid		**(27,216)**	(32,136)
Net cash inflow from operating activities		**84,073**	70,828
Cash flows from investing activities			
Investment in associates		**-**	(1,330)
Investment in financial assets at fair value through other comprehensive income		**(1,207)**	(624)
Payments for property, plant and equipment		**(3,663)**	(2,451)
Payments for intangible assets		**(12,328)**	(11,942)
Proceeds from sale of property, plant and equipment		**49**	-
Interest received		**394**	551
Net cash (outflow) from investing activities		**(16,755)**	(15,796)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**4,068**	1,492
Proceeds from borrowings		**30,000**	500,983
Repayment of borrowings		**(22,409)**	(450,024)
Principal elements of lease payments	1(b)	**(3,334)**	(2,764)
Proceeds from financial instruments		**71**	579
Dividends paid to non-controlling interests		**(305)**	(538)
Dividends paid to Company shareholders	9	**(54,881)**	(50,262)
Purchase of non-controlling interests		**(2,500)**	(3,409)
Interest paid	1(b)	**(6,991)**	(9,755)
Net cash (outflow) from financing activities		**(56,281)**	(13,698)
Effects of exchange rates on cash and cash equivalents		**(1,328)**	1,719
Net increase in cash and cash equivalents		**9,709**	43,053
Cash and cash equivalents at the beginning of the financial year		**94,411**	65,061
Cash outflow from discontinued operations	10(b)	**4,522**	-
Cash and cash equivalents at end of the half-year		**108,642**	108,114

* See Note 1(b) for details about restatement for changes in accounting policies.

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 2019 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 the year ended 30 June 2019 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) Changes in accounting policies

AASB 16 Leases

AASB 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements. On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 and a corresponding asset to reflect the right-of-use of these lease items, with the exception of short-term or low-value leases with payments recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less. Low-value leases comprise small items of office and IT related equipment.

Approach on adoption

The Group has adopted AASB 16 under the fully retrospective approach, where comparatives have been restated. The opening consolidated statement of financial position as at 1 July 2018 has been restated, as well as the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the applicable comparative periods.

The Group's leasing activities and how these are accounted for

AASB 16 primarily impacts the Group's accounting for operating leases relating to properties (commercial office premises and retail properties), equipment and motor vehicles. The Group's leases are typically for fixed periods between 2 to 15 years and may include extension options. Lease terms are negotiated on an individual lease basis and contain a wide range of different terms and conditions. None of the Group's lease agreements impose any covenants, however leased assets may not be used as security for borrowing purposes.

Payments made under operating leases, less any incentives received from the lessor, were previously charged to profit or loss on a straight-line basis over the period of the lease pursuant to the requirements of AASB 117. In applying AASB 16, a right-of-use asset representing the right to use the underlying asset and a corresponding lease liability representing the obligation to make lease payments, are recognised at the date at which the leased asset is available for use by the Group.

AASB 16 Leases **(continued)**

Right-of-use assets are measured at cost comprising the following:

- the initial measurement of the lease liability;
- any lease payments made in advance of the lease commencement date less any incentives received;
- any initial direct costs; and
- an estimate of any costs to dismantle and remove the asset at the end of the lease.

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use assets for impairment when such indicators exist.

At the lease commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease where that rate is readily available or using the Group's incremental borrowing rate at the time the lease was entered into.

Lease payments included in the measurement of the lease liability consist:

- fixed payments less any incentives receivable;
- variable payments based on an index or rate;
- amounts expected to be payable under a residual value guarantee; and
- payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest incurred. The liability is remeasured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is remeasured, a corresponding adjustment is made to the value of the right-of-use asset.

Extension and termination options

Extension and termination options are included in a number of the Group's property leases. The extension and termination options are exercisable only by the Group and not by the respective lessor. In determining the lease term, which forms part of the initial measurement of the right-of-use asset and lease liability, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Deferred tax accounting

As the adoption of this standard has not changed the nature of the leases, the tax treatment of the leases remains the same. Lease payments are generally deductible whilst interest and depreciation expenses on these leases remain non-deductible. As a result, a net deferred tax asset has been recognised in relation to the temporary differences arising from the right-of-use assets and the lease liabilities. The policy adopted going forward for tax purposes is to recognise the deferred tax gross on the right-of-use assets and lease liability balances.

Transitional financial statement impacts

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117. As previously mentioned, lease liabilities were measured at the present value of the remaining lease payments over the lease term inclusive of option extension period where it was reasonably certain to be exercised, discounted using the Company's incremental borrowing rate as of the inception of the lease.

1. Summary of significant accounting policies continued

(b) Changes in accounting policies continued

***AASB 16 Leases* (continued)**

	30 June 2019 $'000
Operating lease commitments disclosed as at 30 June 2019	32,820
Add: adjustment as a result of different treatment of extension options on existing lease agreements	61,208
Less: short-term leases recognised on a straight-line basis as expenses	(78)
Total operating lease commitments subject to AASB 16 adoption at 30 June 2019	**93,950**
Discounted using the lessee's incremental borrowing rate	74,464
Less: lease liabilities forming part of the disposal group classified as held for sale	(10,751)
Lease liabilities from continuing operations as at 1 July 2019	**63,713**
Of which are:	
Current lease liabilities	6,228
Non-current lease liabilities	57,485
	63,713

As at 31 December 2019, the contractual maturities of the Group's lease liabilities were as follows:

	Less than 6 months $'000	6-12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount liabilities $'000
Lease liabilities	4,355	4,060	6,998	15,059	46,040	**76,512**	**62,258**

The associated right-of-use assets are measured on transition as if the accounting standards had always been applied since the inception of the lease, with the right-of-use assets depreciated since lease inception.

The right-of-use assets relate to the following type of assets:

	31 December 2019 $'000	30 June 2019 $'000
Properties	52,176	54,191
Equipment	28	40
Motor vehicles	887	994
Total right-of-use assets	**53,091**	**55,225**

The adoption of AASB 16 has had the following impact:

- net increase in EBITDA from continuing operations of $4.2 million (31 December 2018: increase of $3.6 million);
- net decrease in net profit after tax from continuing operations of $0.5 million (31 December 2018: decrease of $0.7 million); and
- restatement to reduce retained earnings by $5.3 million at 1 July 2018 and $6.6 million at 30 June 2019.

Impact on financial statements

The financial impact of applying AASB 16 under the fully retrospective method on the comparative consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated statement of financial position as at 1 July 2018, 31 December 2019 and 30 June 2019 are outlined below:

Consolidated statement of financial position as at	1 July 2018 As originally presented $'000	Adoption of AASB 16 $'000	1 July 2018 Restated $'000
Right-of-use assets	-	68,803	68,803
Deferred tax assets	9,415	2,440	11,855
Trade and other payables	50,226	(90)	50,136
Lease liabilities (current)	-	3,300	3,300
Lease liabilities (non-current)	-	73,767	73,767
Retained earnings	232,289	(5,310)	226,979
Non-controlling interests	6,002	(424)	5,578

Consolidated statement of comprehensive income – continuing operations for the half-year ended	31 December 2018 As originally presented $'000	Adoption of AASB 16 $'000	Discontinued operations* $'000	31 December 2018 Restated $'000
Revenue from contracts with customers	235,015	-	(30,147)	204,868
Costs of sale	(27,177)	-	9,870	(17,307)
Operating expenses	(109,833)	3,622	19,575	(86,636)
EBITDA	98,005	3,622	(702)	100,925
Depreciation and amortisation	(12,528)	(3,477)	892	(15,113)
Net finance costs	(7,231)	(1,037)	111	(8,157)
Impairment loss	(47,809)	-	47,809	-
Income tax expense	(23,661)	195	(71)	(23,537)
Net result after tax from discontinued operations (attributable to the equity holders of the Company)	-	(112)	(48,039)	(48,151)
Basic earnings per share (continuing operations)	*4.6*	*(0.3)*	*19.7*	*24.0*
Diluted earnings per share (continuing operations)	*4.5*	*(0.3)*	*19.7*	*23.9*

* Intercompany transactions between the discontinued operations and the continuing Group have been presented on a gross basis. See Note 10 for details about discontinued operations on standalone basis.

Consolidated statement of comprehensive income – continuing operations for the year ended	30 June 2019 As originally presented $'000	Adoption of AASB 16 $'000	30 June 2019 Restated $'000
Operating expenses	(178,577)	7,638	(170,939)
EBITDA	205,226	7,638	212,864
Depreciation and amortisation	(24,284)	(7,110)	(31,394)
Net finance costs	(13,855)	(2,073)	(15,928)
Income tax expense	(50,204)	381	(49,823)
Net result after tax from discontinued operations (attributable to the equity holders of the Company)	(47,712)	(220)	(47,932)
Basic earnings per share (continuing operations)	*54.7*	*(0.5)*	*54.2*
Diluted earnings per share (continuing operations)	*54.6*	*(0.5)*	*54.1*

1. Summary of significant accounting policies continued

(b) Changes in accounting policies continued

Consolidated statement of financial position as at	30 June 2019 As originally presented $'000	Adoption of AASB 16 $'000	30 June 2019 Restated $'000
Right-of-use assets	-	55,225	55,225
Deferred tax assets	16,123	2,424	18,547
Assets classified as held for sale	36,060	9,607	45,667
Lease liabilities (current)	-	6,228	6,228
Lease liabilities (non-current)	-	57,485	57,485
Liabilities directly associated with assets classified as held for sale	23,002	10,661	33,663
Retained earnings	209,934	(6,573)	203,361
Non-controlling interests	6,068	(545)	5,523

Consolidated statement of cash flows for the half-year ended	31 December 2018 As originally presented $'000	Adoption of AASB 16 $'000	31 December 2018 Restated $'000
Operating activities			
Payments to suppliers and employees (including GST)	(165,171)	4,041	(161,130)
Financing activities			
Principal elements of lease payments	-	(2,764)	(2,764)
Interest paid	(8,478)	(1,277)	(9,755)

Consolidated statement of cash flows for the year ended	30 June 2019 As originally presented $'000	Adoption of AASB 16 $'000	30 June 2019 Restated $'000
Operating activities			
Payments to suppliers and employees (including GST)	(310,571)	8,483	(302,088)
Financing activities			
Principal elements of lease payments	-	(5,934)	(5,934)
Interest paid	(16,395)	(2,549)	(18,944)

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 CEO.

Management has determined the reporting segments based on the reports reviewed by the CEO that are used to make strategic decisions.

(a) Description of segments

The Group principally operates in five business segments: Online Advertising Services, Data, Research and Services, Latin America, Asia, and previously Finance and Related Services (classified as discontinued operations and treated in accordance with *AASB 5 Non-current Assets Held for Sale and Discontinued Operations*).

Online Advertising Services – Australia

carsales.com Ltd Online Advertising Services can be broken into two key product sets being classified advertising and display advertising services.

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

Display advertising typically involves corporate customers such as automotive manufacturers/importers, finance and insurance companies etc, placing advertisements on carsales Network websites. These advertisements typically display the product or service offerings of the corporate advertiser such as a special offer on new utes by manufacturer X, or save 10% on insurance this month only etc, as banner advertisements or other sponsored links.

Online Advertising Services includes carsales' investment in tyresales.com.au which is an online tyre advertisement website that allows consumers to transact and purchase tyres as well as RedBook Inspect which provides inspection services to a range of corporate and private consumers which may be published online as part of classified advertisements.

Data, Research and Services – Australia

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

International Segments

carsales.com Ltd has operations in overseas countries through subsidiaries, equity accounted associate investments and financial assets at fair value through other comprehensive income as set out below. The Group splits out the International segment into Latin America (LATAM) and Asia.

Latin America (LATAM)

Online Automotive Classifieds:

- webmotors S.A. (operations in Brazil) – 30%
- Chileautos SpA (operations in Chile) – 100%
- carsales Mexico SAPI de CV (operations in Mexico) – 100%
- Demotores Chile SpA (operations in Chile) – 100%
- Demotores S.A. (operations in Argentina) – 100%

Asia

Online Automotive Classifieds:

- iCar Asia Limited (operations in Indonesia, Malaysia and Thailand) – 11.8%
- SK ENCARSALES.COM Ltd (operations in South Korea) – 100%

Notes to the Consolidated Financial Statements continued

For the Half-Year Ended 31 December 2019

2. Segment information continued

(a) Description of segments continued

Automotive Data Services:

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

(Percentage reflects ownership interests in the entities.)

Discontinued operations (previously "Finance and Related Services")

The previously disclosed Finance and Related Services segment includes the Stratton Finance Pty Ltd subsidiary which provides innovative finance arrangements for vehicles, boats, and other leisure items, vehicle procurement and other related services to customers. Revenue arises from commissions paid by finance providers and other related service providers. The Group announced in June 2019 that it is conducting a strategic review and pursuing the sale of its 50.1% interest in Stratton and hence the results of Stratton have been presented as discontinued operations since June 2019. The sale process will be finalised by June 2020.

(b) Segment analysis

Half-year ended 31 December 2019	Online Advertising Services $'000	Data, Research and Services $'000	Latin America $'000	Asia $'000	Total $'000
Segment revenue					
Segment revenue (Note 2(c)(i))	152,568	21,814	4,380	35,321	214,083
Total segment revenue	152,568	21,814	4,380	35,321	214,083
Gross profit (Note 2(c)(i))	132,564	21,341	4,237	35,321	193,463
EBITDA (Note 2(c)(ii))	76,574	13,110	(2,731)	17,499	104,452
Depreciation and amortisation					(17,598)
Net finance costs					(7,279)
Changes in fair value of put options					5,228
Share of profit from associates					2,420
Fair value gain arising from discontinuing the equity method					9,753
Profit on disposal of subsidiary					1,069
Income tax expense					(24,838)
Loss from discontinued operations					(4,476)
Non-controlling interests					(2,099)
Profit for the half-year					66,632
Segment assets (Note 2(c)(iii))					
Segment assets	173,851	17,137	95,054	488,276	774,318
Assets classified as held for sale					35,132
Deferred tax assets					17,806
Unallocated assets					169,953
Total assets					997,209

*Restated half-year ended 31 December 2018	Online Advertising Services $'000	Data, Research and Services $'000	Latin America $'000	Asia $'000	Total $'000
Segment revenue					
Segment revenue (Note 2(c)(i))	146,983	21,924	4,625	31,336	204,868
Total segment revenue	146,983	21,924	4,625	31,336	204,868
Gross profit (Note 2(c)(i))	130,138	21,462	4,625	31,336	187,561
EBITDA (Note 2(c)(ii))	75,495	13,093	(2,790)	15,127	100,925
Depreciation and amortisation					(15,113)
Net finance costs					(8,157)
Changes in fair value of put options					1,200
Share of profit from associates					1,486
Gain on associates investment dilution					2,069
Income tax expense					(23,537)
Loss from discontinued operations					(48,151)
Non-controlling interests					(368)
Profit for the half-year					10,354
Segment assets (Note 2(c)(iii))					
Segment assets	176,301	17,330	96,826	499,108	789,565
Assets previously presented in Finance and Related Services					32,076
Deferred tax assets					12,192
Unallocated assets					163,127
Total assets					996,960

* See Note 1(b) for details about restatement for changes in accounting policies.

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

(i) Segment revenue and gross profit

Segment revenue is derived from sales to external customers as set out in the table above. The nature of the segment revenue is as described in Note 2(a) above. Gross profit is revenue less costs of sale.

(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, trade receivables, property, plant and equipment, right-of-use assets, brands, customer relationships, financial assets at fair value through other comprehensive income and investments accounted for using equity method. Unallocated assets include 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. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in the following major segments:

Half-year ended 31 December 2019	Online Advertising Services $'000	Data, Research and Services $'000	Latin America $'000	Asia $'000	Total $'000
Dealer	79,394				
Private	44,339				
Display	28,835				
Total revenue from external customers	**152,568**	**21,814**	**4,380**	**35,321**	**214,083**
Timing of revenue recognition					
At a point of time	73,724	4,689	167	11,933	**90,513**
Over time	78,844	17,125	4,213	23,388	**123,570**

*Restated half-year ended 31 December 2018	Online Advertising Services $'000	Data, Research and Services $'000	Latin America $'000	Asia $'000	Total $'000
Dealer	75,128				
Private	41,530				
Display	30,325				
Total revenue from external customers	**146,983**	**21,924**	**4,625**	**31,336**	**204,868**
Timing of revenue recognition					
At a point of time	66,063	5,991	328	7,898	**80,280**
Over time	80,920	15,933	4,297	23,438	**124,588**

* See Note 1(b) for details about restatement for changes in accounting policies.

4. Borrowings

The Group's principal funding is from syndicated revolving loan facilities totalling $545.0 million under a Common Terms Deed (CTD) documentation structure. This debt facility consists of two commitments of $335.0 million (Tranche A) and $210.0 million (Tranche B) which become due on 5 July 2021 and 4 July 2023 respectively. The debt facility is provided by a syndicate comprising National Australia Bank Limited (NAB), Australia and New Zealand Banking Group Limited (ANZ), Hongkong and Shanghai Banking Corporation (HSBC), Westpac Banking Corporation (WBC), MUFG Bank Ltd and Bank of China.

Borrowings under the debt facilities bear interest at a floating rate of BBSY Bid plus a margin, with the margin based on a net leverage ratio of the Group.

	31 December 2019 $'000	30 June 2019 $'000
Current borrowings	**225**	248
Non-current borrowings	**482,412**	474,314
	482,637	474,562

The Group has a number of AUD:KRW Non-Deliverable Cross Currency Interest Swaps (Swaps) with some members of the syndicate banking group with a total notional value of A$335.0 million (with A$125.0 million having a maturity of 3 years and A$210.0 million a maturity of 5 years). These derivative instruments swap AUD floating rates with South Korean Won fixed rates, thus synthetically creating A$335.0 million of fixed rate debt. These swaps act as a hedge of interest rates and carsales net investment in SK ENCARSALES.COM Ltd from inception. The fair value of A$15.2 million (30 June 2019: A$17.4 million) in relation to these swaps has been recorded as a non-current liability in the balance sheet.

The Cross Currency Interest Swaps are classified as a Level 2 financial liability and measured at fair value through other comprehensive income.

5. Other financial liabilities

	31 December 2019 $'000	30 June 2019 $'000
Put options – non-current	**2,000**	9,538

The Group has a number of put option contracts in relation to the remaining shares held by non-controlling interests in subsidiaries acquired.

Where risks and rewards of ownership of the non-controlling interests under these put option contracts do not transfer to the Group, the estimated future liability for each put option contract is recognised in the balance sheet, with the initial recognition being through the transactions with non-controlling interests reserve and subsequent changes to fair value recognised as income/expense. The put options valuations are based on contractual multiples of future earnings of the acquired subsidiaries for a defined period and are calculated using forecasts of earnings for each acquired subsidiary. These liabilities are discounted to present value using a discount rate, with the unwinding of the discount being recognised as a finance expense.

For the put option relating to Appraisal Solutions Pty Ltd, the put option has been revalued down to $2.0 million, resulting in a $5.2 million gain to the profit or loss. The reduction in the liability reflects lower current estimates of the future put option payment.

The change in value of a second put option formed part of the net profit of $1.1 million on disposal of another subsidiary.

6. Contributed equity and reserves

Movement in ordinary shares during the period	Number of shares	$'000
Balance at 1 July 2018	242,982,207	119,541
Exercise of options and performance rights under the carsales.com Ltd Option Plan	363,444	2,412
Dividend Reinvestment Plan	1,001,545	13,419
Balance at 30 June 2019	**244,347,196**	**135,372**
Balance at 1 July 2019	244,347,196	135,372
Exercise of options and performance rights under the carsales.com Ltd Option Plan	499,705	4,068
Dividend Reinvestment Plan	407,050	6,303
Balance at 31 December 2019	**245,253,951**	**145,743**

7. Financial assets

Financial assets at fair value through other comprehensive income

	Ownership interest		Carrying amount	
Name of entity	31 December 2019 %	30 June 2019 %	31 December 2019 $'000	30 June 2019 $'000
iCar Asia Limited	**11.8**	11.8	**15,025**	9,766
PromisePay Pte Ltd	**7.3**	7.3	**7,253**	7,253
RateSetter Australia Pty Ltd[(i)]	**12.5**	-	**14,410**	-
Other equity investments	**N/A**	N/A	**3,986**	2,886
Total financial assets at fair value through other comprehensive income			**40,674**	19,905

Recognition and measurement

Investments are designated as financial assets at fair value through other comprehensive income if they do not have fixed maturities with fixed or determinable payments, and management intends to hold them for the medium to long-term. The Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

(i) RateSetter

The Group previously accounted for its investment in RateSetter (both carsales and Stratton had an 8.3% interest in RateSetter) using the equity method. The Group made a strategic decision in December 2019 to relinquish control over the right to a RateSetter Board seat, thereby losing the right to exert significant influence over the business.

Stratton's 8.3% interest in RateSetter was distributed to its shareholders by way of a dividend during the period.

Pursuant to this change, the Group ceased equity accounting for RateSetter and in accordance with accounting standards the Group was required to fair value the investment, resulting in the recognition of a $9.8 million gain in profit or loss.

From that point onwards, the Group made an irrevocable election to recognise the investment as a financial asset at fair value through other comprehensive income.

8. Financial risk management

Fair value estimation

Financial assets and liabilities that are carried at fair value are measured by the following fair value measurement hierarchy:

i. **Level 1:** the fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period;

ii. **Level 2:** the fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2; and

iii. **Level 3:** if one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Financial asset / liability	Fair value approach	Level	31 December 2019 $'000	30 June 2019 $'000
Quoted equity instrument	Measured at fair value through OCI	1	**15,025**	9,766
Derivative financial liabilities – cross currency swaps	Measured at fair value through OCI	2	**15,236**	17,445
Unquoted equity instrument*	Measured at fair value through OCI	3	**25,649**	10,139
Other financial liabilities	Measured at fair value through profit or loss	3	**2,000**	9,538

* Carrying value approximates fair value.

Valuation techniques used to determine fair values

Level 1

- This balance represents the investment in iCar Asia Limited which is listed on the ASX and therefore has a readily determinable market value.

Level 2

- This balance represents the AUD:KRW Non-Deliverable Cross Currency Interest Swaps (Swaps) entered on 4 July 2018. These swaps protect the Group against defined foreign currency and interest rate exposures. The hedge against foreign exchange risk is treated as a hedge against the net investment in SK ENCARSALES.COM Ltd. The protection against the variability of cash flows derived from carsales.com Ltd's AUD floating rate debt issuance is treated as a cash flow hedge. Management assessed the hedge as effective and therefore the fair value movement has been recorded through the net investment and cash flow hedge reserves. The fair value of $15.2 million in relation to these swaps has been recorded as a non-current liability in the balance sheet.

Level 3

- This balance represents the following:
  - the value of carsales' non-listed equity investments ($25.6 million), primarily comprises the investment in PromisePay Pte Ltd ($7.3 million), the investment in RateSetter Australia Pty Ltd ($14.4 million) and other equity investments ($4.0 million). The carrying value of PromisePay Pte Ltd and the other equity investments reflects the valuation derived from the latest capital raising. RateSetter's valuation was derived from management's internal calculation based on revenue multiples of comparable companies.
  - the value of put options (other financial liabilities) recognised at fair value ($2.0 million). Refer Note 5 for further information.

There were no transfers between levels during the year.

8. Financial risk management continued

Valuation processes

The finance department of the Group performs the valuations required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO) and the Audit Committee (AC). Discussions of valuation processes and results are held between the CFO, AC and the valuation team at least once every six months, in line with the Group's half-yearly reporting periods.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Discount rates for other financial liabilities are based on corporate bonds.
- Estimated growth rates are used in ascertaining future earnings for put options.

Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the half-yearly valuation discussion between the CFO, AC and the valuation team. As part of this discussion the team presents a report that explains the reason for the fair value movements.

9. Dividends

(a) Ordinary shares

	31 December 2019 $'000	31 December 2018 $'000
Final dividend		
Final fully franked cash dividend for the year ended 30 June 2019 of 25.0 cents (2018 – 23.7 cents) per fully paid ordinary share paid on 9 October 2019.	**54,881**	50,262
Final fully franked dividend for the year ended 30 June 2019 of 25.0 cents (2018 – 23.7 cents) – satisfied through the issuance of shares under the Dividend Reinvestment Plan.	**6,303**	7,378
	61,184	57,640

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

	31 December 2019 $'000	31 December 2018 $'000
In addition to the above dividends, since half-year end the Directors have recommended the payment of 22.0 cents per fully paid ordinary share (2018 – 20.5 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 15 April 2020 out of retained earnings at 31 December 2019, but not recognised as a liability at the end of the reporting period, is	**53,956**	49,972

(c) Dividend Reinvestment Plan (DRP)

The carsales.com Ltd DRP will be maintained for the 2020 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 (19 March 2020). The last date for shareholders to nominate their participation in the DRP is 5:00pm (AEST) on 20 March 2020. 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 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.

10. Discontinued operations

(a) Stratton Finance Group

As at 31 December 2018, the Group recognised a non-cash impairment charge against the carrying value of its 50.1% investment in Stratton Finance Pty Ltd when compared to the value-in-use discounted cash flow model. As the carrying value of Stratton exceeded its value-in-use, an impairment charge of $47.8 million was recognised in the income statement. The carrying value of the remaining goodwill balance in the Stratton CGU post impairment was $10.9 million.

On 13 June 2019, the Group announced its strategic review and intention to sell its 50.1% interest in Stratton Finance Pty Ltd ('Stratton'), the vehicle finance broking business. As a result of this process, Stratton Finance Group is classified as discontinued operations and presented as a current asset held for sale.

(b) Financial performance and cash flow information

The financial performance and cash flow information are for the half-year ended 31 December 2019 and 31 December 2018.

	31 December 2019 $'000	*Restated 31 December 2018 $'000
Revenue from contracts with customers	**22,681**	30,917
Expenses		
Costs of sale	**(5,044)**	(9,870)
Other expenses	**(17,296)**	(21,507)
Impairment loss	**(4,450)**	(47,809)
Loss before income tax	**(4,109)**	(48,269)
Income tax (expense)/benefit	**(367)**	118
Loss for the half-year	**(4,476)**	(48,151)
Less: non-controlling interests	**(75)**	2
Loss for the half-year attributable to owners of carsales.com Ltd	**(4,551)**	(48,149)
Net cash outflow from operating activities	**(3,674)**	(2,780)
Net cash outflow from investing activities	**(45)**	(1,250)
Net cash (outflow)/inflow from financing activities	**(803)**	602
Net decrease in cash	**(4,522)**	(3,428)
Cash and cash equivalents at the beginning of the financial year	**9,021**	6,236
Cash and cash equivalents at the end of the half-year	**4,499**	2,808

* Balances at 31 December 2018 have been restated as a result of adoption of AASB 16 Lease policies using fully retrospective approach per Note 1(b).

The discontinued operations have been presented on a standalone basis including intercompany transactions with the continuing Group.

10. Discontinued operations continued

(c) Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operations as at 31 December 2019.

	31 December 2019 $'000	*Restated 30 June 2019 $'000
Assets classified as held for sale		
Cash and cash equivalents	**4,499**	9,021
Trade and other receivables	**3,153**	3,793
Inventories	**543**	641
Property, plant and equipment	**2,852**	2,978
Right-of-use assets	**8,771**	9,116
Computer software and other intangible assets	**3,768**	3,965
Deferred tax assets	**1,007**	1,165
Brands	**4,100**	4,100
Goodwill	**6,439**	10,888
Total assets of disposal group held for sale	**35,132**	45,667
Liabilities directly associated with assets classified as held for sale		
Trade and other payables	**9,919**	15,468
Borrowings	**4,305**	4,501
Lease liabilities	**10,544**	10,751
Current tax liabilities	**22**	13
Deferred revenue	**174**	295
Provisions	**1,461**	1,405
Deferred tax liabilities	**1,230**	1,230
Total liabilities of disposal group held for sale	**27,655**	33,663

* Balances at 30 June 2019 have been restated as a result of adoption of AASB 16 Lease policies using fully retrospective approach per Note 1(b).

Non-current assets (or disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Impairment assessment under AASB 5

As the sale process has not been finalised as at 31 December 2019, the carrying value of the Stratton disposal group has been determined using the lower of the existing carrying value and the fair value less costs to sell method pursuant to *AASB 5 Non-current Assets Held for Sale and Discontinued Operations*. As the carrying value exceeds the fair value of consideration expected to be received, the Group has recognised a non-cash impairment charge of $4.5 million in the profit or loss in the half-year ended 31 December 2019. The carrying value of the remaining goodwill balance in the Stratton CGU post impairment is $6.4 million.

11. Events occurring after the reporting period

Subsequent to 31 December 2019, the Group has agreed to sell its 50.1% stake in Stratton Finance Pty Ltd ("Stratton") to a third party. We anticipate the transaction will be completed by June 2020.

No other matters or circumstances have occurred subsequent to period end that have 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.

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on page 4 to 24 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 2019 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.

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

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

Cameron McIntyre
Managing Director and CEO

Melbourne
11 February 2020

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 (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2019, 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 other explanatory notes and the directors' declaration.

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 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 gives a true and fair view and 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 Group's financial position as at 31 December 2019 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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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:

1. giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Lisa Harker

Lisa Harker
Partner

Melbourne
11 February 2020

Corporate Directory

Directors

Pat O'Sullivan
(Non-Executive Chair)

Cameron McIntyre
(Managing Director and CEO)

Wal Pisciotta OAM
(Non-Executive Director)

Kim Anderson
(Non-Executive Director)

Edwina Gilbert
(Non-Executive Director)

Kee Wong
(Non-Executive Director)

David Wiadrowski
(Non-Executive Director)

Steve Kloss
(Alternate Non-Executive Director)

Company secretary

Nicole Birman

Registered office

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Share registry

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External auditor

PricewaterhouseCoopers
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Southbank VIC 3006

Stock Exchange

carsales.com Ltd is a public company listed with the Australian Securities Exchange Limited

ASX: CAR

carsales.com ltd