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AUTO TRADER GROUP PLC

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 27 SEPTEMBER 2015

Auto Trader Group plc ('Auto Trader', 'the Group'), the UK's largest digital automotive marketplace, announces half year results for the six months ended 27 September 2015.

Financial highlights

- Revenue up 8% to £138.2 million (H1 2015[1]: £127.5 million)
- Underlying operating profit[2] up 17% to £83.0 million (H1 2015: £70.8 million)
- Reported operating profit up 23% to £82.9 million (H1 2015: £67.5 million)
- Basic EPS from continuing operations of 5.98p per share (H1 2015: 0.95p)
- Operating cash flow of £86.0 million (H1 2015: £58.8 million), representing cash conversion[3] of 97% (H1 2015: 76%) of Adjusted underlying EBITDA[4]
- Net external debt[5] down £70.5 million to £457.4 million (March 2015: £527.9 million), representing a reduction in leverage[6] to 2.7x (March 2015: 3.4x)
- Maiden interim dividend of 0.5 pence per share to be paid in January 2016

Operational highlights

- Consumer audience now five times larger than that of the nearest competitor, as measured by cross platform visits[7]
- Advert Views[8] per month increased by 9% to 240 million (H1 2015: 220 million)
- Number of retailer forecourts advertising on Auto Trader marketplace stable at 13,503 (H1 2015: 13,456)
- Average Revenue Per Retailer Forecourt (ARPR) per month up 9% when compared with the same period last year to £1,347 (H1 2015: £1,237)

(1) The comparative 'H1 2015' references the period ended 28 September 2014 unless otherwise stated.
(2) Operating profit before share-based payments, management incentive plans and exceptional items.
(3) Operating cash conversion is expressed as operating cash flow from continuing operations as a percentage of Adjusted underlying EBITDA.
(4) Adjusted underlying EBITDA is earnings before interest, taxation, depreciation and amortisation, share-based payments, management incentive plans, exceptional items and impairments, less capitalised development spend (excluding expenditure incurred on building the SingleView order-to-cash billing system).
(5) Net external debt is gross external indebtedness, less cash.
(6) Leverage is net external debt as a multiple of Adjusted underlying EBITDA.
(7) Audience measured by cross platform visits to the marketplace by Comscore.
(8) Company measure of the number of inspections of individual vehicle advertisements on the UK marketplace.

Trevor Mather, Chief Executive of Auto Trader Group plc, said:

"Auto Trader has delivered a strong first half performance, as retailers, consumers and manufacturers alike are increasingly recognising the value of our marketplace.

"We continue to grow our audience of car buyers and develop products to add value to our retailers, helping them remain competitive and make informed decisions based on real-time market data, allowing them to buy and sell the right stock at the right price.

"We believe there is substantial opportunity to grow the business based on the increasing importance of the internet for automotive advertising, and the growing use of data to improve the efficiency and effectiveness of the industry."

For media enquiries:

Please contact the team at Powerscourt on +44 (0)20 7250 1446 or email autotrader@powerscourt-group.com

About Auto Trader

Auto Trader Group plc is the UK and Ireland's largest digital automotive marketplace. Auto Trader sits at the heart of the UK's vehicle buying process and its primary activity is to help vehicle retailers compete effectively on the marketplace in order to sell more vehicles, faster. Auto Trader listed on the London Stock Exchange in March 2015 and is now a member of the FTSE 250 Index.

The marketplace brings together the largest and most engaged consumer audience. Auto Trader has over 90% prompted brand awareness, and attracts on average 43 million monthly cross platform visits (five times larger than our nearest competitor), with circa 70% of visits coming through mobile devices. Over 80% of all time spent on automotive classified sites is spent on Auto Trader.

The marketplace also has the largest pool of vehicle sellers (listing more than 420,000 cars each day). Over 80% of UK automotive retailers advertise on autotrader.co.uk and around 65% of UK used car transactions involve cars listed on the site.

Auto Trader's market-leading position enables it to generate and collect large amounts of data from the UK's largest marketplace and leverage it to create a suite of services, known as the four 'Pillars', that allow retailers to:

BUY the right vehicles, at the right price

MARKET brands and businesses effectively in the digital world

SELL more vehicles through advertising on the UK's largest digital automotive marketplace

MANAGE stock turn and vehicle margin

For more information please visit http://about-us.autotrader.co.uk/

Half Year Statement

Summary

The Group has delivered a strong set of first half results in our first year as a listed entity. Revenue has grown by 8% to £138.2 million (H1 2015: £127.5 million), which, with a further reduction in the cost base, has resulted in Underlying operating profit growing by 17% to £83.0 million (H1 2015: £70.8 million), with strong operational leverage increasing the Underlying operating profit margin by 4% points to 60%. Low levels of capital expenditure and favourable working capital movements led to high conversion of profit into cash flow, and a £70.5 million reduction in net external debt during the period, with leverage falling to 2.7 times Adjusted underlying EBITDA (March 2015: 3.4 times). Continued organic revenue growth, strong profit growth and lower interest costs following the capital restructure at IPO led to improvement in basic earnings per share from continuing operations to 5.98 pence (H1 2015: 0.95 pence). A maiden dividend of 0.5 pence will be paid in January 2016.

UK automotive marketplace

The buoyancy of the wider economy has benefited both the new and used car markets, which has in turn aided the growth of the Group's marketplace. After 43 consecutive months of growth, new car registrations in the UK reached their highest-ever September total at over 462 thousand units, as buyers took advantage of a range of competitive deals on the latest 65-plate. The most recent figures released by the Society of Motor Manufacturers and Traders (SMMT) showed a stabilisation in October 2015 with year on year decline in new car registrations of just 1%. Used car transactions have stayed strong at approximately 3.7 million cars in the year to June 2015, which is an increase of 6% year-on-year, and have benefited from the sustained growth of the new car market.

Performance against our strategy

The core of our strategy is to be the UK's leading digital automotive marketplace and to continually improve the value we provide to both consumers and retailers. Our marketplace currently lists the largest number of cars for sale, with an average of 427,000 cars on site in the six months to September 2015 (H1 2015: 409,000) together with the most comprehensive range of makes and models. It also attracts the largest and most engaged audience: average monthly cross platform visits increased to 43 million in the six months to September 2015 (H1 2015: 41.6 million), which is in excess of five times more than our nearest competitor. Advert views (the consumer activity measure most correlated to vehicle transactions between consumers and retailers) also increased by 9%, to the level whereby every second of every day through the period, an average of 90 vehicles were being inspected online at any one time. This in turn provides the most value to retailers, who therefore advertise more stock. Over 80% of automotive retailers advertise with Auto Trader[1], making the marketplace even more valuable to consumers.

Our strategy is underpinned by leveraging the power of our data to improve the process of buying and selling vehicles through the application of digital technologies, ensuring the consumer experience is as smooth as possible and that retailers gain better value from the marketplace. Our customers operate 13,500 retailer forecourts, 1,600 of which currently use products in our Managing Pillar: i-Control and Retail Check. These are data driven products designed to help retailers buy the right vehicle at the right price, in order to optimise stock turn. This data is also a key driver of our consumer valuations tool on site. Over 1.1 million consumer valuations and 2.4 million trade valuations were conducted on the marketplace in September 2015 as consumers look to find out what their car is worth in a part exchange or private sale, as well as what price is required to secure their new car of choice, from either a trade or private seller.

[1] Auto biz September 2015

Audience growth

Audience growth continues to be fuelled by the use of both smartphones and tablets, which now account for circa 70% (September 2015) of all visits to Auto Trader, up from 64% (September 2014), of which 23% access the site through our market leading apps. The remaining 30% of visits come via a desktop where dwell time per session is higher. The use of multiple devices is becoming increasingly important as people look to research whatever, whenever and wherever they want. Over 50% of consumers[2] visit only one forecourt before buying their next vehicle, as the majority of their research is now being conducted online. This increases the need for retailers to advertise all their stock online as consumers have already narrowed their search by the time they choose to visit a forecourt.

Trusted retail partner

Being a trusted business partner to retailers is another central part of our strategy, which is why we set up our Retailer Education and Insight programme. The programme is designed to help retailers navigate the changing digital automotive landscape. In H1 2016 the team reached over 4,500 retailers via videos, webinars and regional masterclasses, as well as presenting at five industry-wide conferences and at 41 bespoke conferences for retailers within the AM100[3].

Marketing

Our prompted consumer brand awareness remains over 90%[4] aided by a recent national TV campaign that was created to appeal to those who want to sell their car privately before buying a replacement from a retailer. The campaign was expanded through a consumer PR story that focused on the impact children have on the car buying process, which resulted in national print, online and broadcast coverage.

Display

Our focus on building relationships with manufacturers and media agencies remains a core part of our strategy and we continue to demonstrate the relevance of our marketplace for new car buyers. Independent research from Kantar Media concluded that 64% of new car shoppers visit Auto Trader while purchasing a car, which is around three times more than the next most visited automotive website. We are working with the manufacturers to devise bespoke creative solutions using our consumer segmentation and marketplace data to help achieve their objectives. We have launched new advertising formats and improved our audience targeting capability, which has encouraged manufacturers to increase their marketing spend with us. We are seeing significant growth in high end brand advertising as well as performance-driven direct response campaigns, as car manufacturers seek to connect with our highly engaged audience of new car buyers.

[2] Survey by leading market research agency GFK in January 2015
[3] The AM100 is the largest 100 UK automotive retail groups by turnover
[4] HPI brand tracker September 2015

Fast, digital culture

To help us achieve our mission of leading the future of the digital automotive marketplace, we have built a fast paced culture that has innovation at its heart and is based around a strong set of core values. Our teams are focused on continually developing our site to ensure consumers get a great user experience as well as developing innovative products to help retailers win in the changing digital marketplace. Following Auto Trader's listing on the London Stock Exchange, an all-employee share incentive plan (SIP) was launched and, in September, a share save scheme (SAYE) for the benefit of Group employees was implemented. In recognition of our commitment to our employees, Auto Trader was voted number 13 in the UK for pay and benefits by Glassdoor, the UK's fastest growing jobs and recruitment platform. The Group continues to focus on its highly-engaged workforce, and on attracting and retaining the most talented individuals in the market. As part of the Group's shift to a digital culture, the Group has not only been able to reduce its headcount but also retain a more technology and ideas-focused team.

Current trading and outlook

The Group has had a good first six months, underpinning the Board's confidence of delivering its expectations for the full year.

Full year results

Our full year results for the year ending 27 March 2016 will be announced on 9 June 2016.

Financial performance

Revenue

Revenue grew to £138.2 million (H1 2015: £127.5 million), up 8% on the previous year, driven by a good performance in retailer revenue and complemented by excellent growth in display advertising revenue.

	H1 2016 £m	H1 2015 £m	Change
Retailer	109.1	99.9	9%
Home Trader	5.7	5.1	12%
Other	0.4	1.1	(64%)
Trade	115.2	106.1	9%
Consumer services	16.1	15.8	2%
Display advertising	6.9	5.6	23%
Total	**138.2**	**127.5**	**8%**

Trade revenue increased by 9% to £115.2 million (H1 2015: £106.1 million) with a £9.2 million increase in retailer revenue, the majority of which was achieved through improvements in ARPR which rose 9% to £1,347 (H1 2015: £1,237). Average retailer forecourt numbers at 13,503 (H1 2015: 13,456) were similar to the prior year, consolidating strong gains made previously through greater penetration of franchise groups.

The £110 increase in ARPR was achieved from all four of Auto Trader's growth drivers: stock, price, cross-sell and upsell. Improved levels of stock accounted for 39% of the rise as average vehicle stock listings increased by 26,000 to 508,000 (H1 2015: 482,000), reflecting both buoyancy in the market and retailers acknowledging the need to advertise more of their individual stock items online. Price increases at varying levels across all segments, including rate card harmonisation, added 27%, with growth of 20% achieved from the continued upsell of Selling Pillar packages offering greater prominence and conversion to retailers, as well as the cross-sell of retailing solution packages which accounted for 14% of ARPR growth.

Revenue from the Group's Selling Pillar increased 9% to £97.3 million (H1 2015: £89.3 million) and accounted for 89% (H1 2015: 89%) of total retailer revenue. This was complemented by a 12% growth in retailing solutions revenue (encompassing the Buying, Marketing and Managing Pillars) to £11.8 million (H1 2015: £10.6 million), albeit the rate of growth has slowed in comparison to the prior year, mainly due to a decision to cease a number of low margin marketing products. The number of retailer forecourts using products within the Managing Pillar increased to 1,600 and is another indication that retailers see the benefit of using our data to buy right, price effectively and maximise stock turn.

Home Trader continues to perform well following the launch of new, higher yielding packages and offerings, with revenue increasing by 12% to £5.7 million (H1 2015: £5.1 million). Other revenue fell £0.7 million following the closure in June 2015 of the 2nd Byte business line.

Consumer services revenue held firm at £16.1 million (H1 2015: £15.8 million), with motoring services revenue increasing by 6% to £3.6 million (H1 2015: £3.4 million) and private revenues showing marginal growth at £12.5 million (H1 2015: £12.4 million). Whilst retailer demand for part exchanges has resulted in a slight decrease in volumes, private advert yields have continued to strengthen as a greater proportion of our customers are now selecting premium packages.

Display revenue increased by 23% to £6.9 million (H1 2015: £5.6 million) as manufacturers and agencies increasingly see the relevance of our offering to in-market new car buyers. Average yield increased as customers shift to premium products, including home page takeovers of the site which rose in volume by 43% over the previous period.

Underlying operating profit

The Group reports non-underlying items in the Income Statement to highlight the impact of one-off items and to allow better interpretation of the underlying performance of the business. These include exceptional items and IFRS 2 charges in respect of share-based payments and costs related to management incentive schemes linked to the change of ownership of the Group.

Adjusted underlying EBITDA was previously used to reflect the underlying performance of the business as it reflected both the impact of non-underlying items and the change in approach to technology development that was implemented in September 2013. This resulted in less of the Group's expenditure on internal development salaries meeting the requirements for capitalisation. As this approach to technology development has been consistent in both the current and prior periods, there is no need to make such an adjustment.

In addition, in order to provide comparability of results from period to period, and with listed peer companies, the directors now consider Underlying operating profit to be a more appropriate indicator of the underlying performance of the business.

In this first period as a listed company, the Board has implemented its first Sharesave (SAYE) and performance based share schemes. As the directors intend to implement additional schemes in the future, the share-based payment charge is likely to increase year on year until a steady state is reached. Therefore, the directors consider it appropriate to make an adjustment for IFRS 2 charges and the associated National Insurance costs until such time, most likely in 2018.

Management incentive plans and share-based payment schemes implemented under the previous private ownership have been disclosed as non-underlying in the prior period.

The table below provides a reconciliation from Operating profit to Underlying operating profit and to Adjusted underlying EBITDA.

	H1 2016 £m	H1 2015 £m	Change
Operating profit	82.9	67.5	23%
Share-based payments	1.0	0.6	67%
Management incentive plans	-	0.1	(100%)
Exceptional items	(0.9)	2.6	(135%)
Underlying operating profit	**83.0**	**70.8**	**17%**
Depreciation	1.4	1.3	8%
Amortisation	4.2	5.1	(18%)
Capitalised development spend	-	-	-
Adjusted underlying EBITDA	88.6	77.2	15%

Underlying operating profit in the first half increased by 17% to £83.0 million (H1 2015: £70.8 million).

Underlying administrative expenses[5] decreased by £1.5 million to £55.2 million (H1 2015: £56.7 million) as costs continue to be well controlled. The cessation of the 2nd Byte business line resulted in a £0.2 million reduction year on year. People costs were broadly flat at £25.6 million (H1 2015: £25.7 million). The 6% reduction in the average number of full-time equivalent employees ('FTEs') and contractors in the period to 863 followed last year's centralisation into two main office locations in Manchester and London. This was offset by an increase in the average cost per FTE as the Group continues to focus on attracting high calibre employees with a digital skill set.

Marketing costs as a percentage of revenue reduced by 1.1% point to 5.5% (H1 2015: 6.6%) due to a change in emphasis and timing of spend. This timing difference is expected to unwind in the second half of the financial year as a number of larger advertising campaigns are anticipated in the final quarter.

Share-based payments

The Group has implemented a number of share schemes during the period to September 2015 and, in accordance with IFRS 2, has recognised a non-cash charge of £1.0 million. National Insurance costs are being accrued, where applicable, on the potential employee gains on share-based incentives granted.

In April 2015, all eligible employees, other than those under notice, were offered free shares under a Share Incentive Plan ('SIP') valued at £3,600 at the time of the award. In June 2015, the Executive Directors and a number of senior management were granted nil cost options under a Performance Share Plan ('PSP').

In addition, the Company has also implemented a Sharesave ('SAYE') scheme for the benefit of Group employees with the grant made on 23 September 2015.

Exceptional items

As a result of the office centralisation which was completed in the previous year, the Group vacated a number of properties and made provisions for future lease and dilapidation costs. As a result of an initiative to exit these properties early, and where possible to secure cash discounts, the Group has successfully ended its commitment on five properties in the period at a cost below that originally anticipated. As a result, an exceptional credit of £0.9 million has been recognised in the Income Statement following the release of provisions that are no longer required.

[5] Administrative expenses before share-based payments, management incentive plans and exceptional items

Profit before tax

Profit before tax increased to £74.7 million (H1 2015: £13.1 million) due to both a strong performance in reported Operating profit and a £46.2 million reduction in net finance costs to £8.2 million (H1 2015: £54.4 million), as the Group benefited from a lower level of less expensive debt than under the previous private ownership.

Earnings per share

Basic earnings per share from continuing operations was 5.98 pence (H1 2015: 0.95 pence).

The Adjusted basic earnings per share from continuing operations increased to 6.01 pence (H1 2015: 1.96 pence). The table below shows the effect on the Group's basic earnings per share from continuing operations of the share-based payments, management incentive plans and exceptional items.

	H1 2016 £m	H1 2015 £m
Profit from continuing operations	59.8	9.5
Share-based payments	1.0	0.6
Management incentive plans	-	0.1
Exceptional items	(0.9)	2.6
Exceptional finance cost	-	9.3
Tax effect	0.2	(2.5)
Total adjusted profit from continuing operations	**60.1**	**19.6**
Weighted average number of ordinary shares in issue (assumed to be shares in issue at 29 March 2015 year end for the comparative period) (millions)	1,000	1,000
Adjusted earnings per share from continuing operations	**6.01**	**1.96**

Cash flow and net external debt

The Group continues to see strong cash generation with operating cash flow increasing by 46% to £86.0 million in the period (H1 2015: £58.8 million), resulting in cash conversion of 97% (H1 2015: 76%).

	H1 2016 £m	H1 2015 £m	Change
Underlying operating profit	**83.0**	**70.8**	**17%**
Depreciation and amortisation	5.6	6.4	(13%)
Adjusted underlying EBITDA	**88.6**	**77.2**	**15%**
Movement in working capital	2.7	(6.2)	144%
Exceptional items	(3.8)	(6.0)	(37%)
Continuing capital expenditure	(1.5)	(6.2)	(76%)
Operating cash flow from continuing operations	**86.0**	**58.8**	**46%**
Operating cash conversion	97%	76%	21% pts

Exceptional cash outflows decreased to £3.8 million (H1 2015: £6.0 million) as the Group concluded the restructuring projects started in prior years. Working capital was £2.7 million favourable (H1 2015: £6.2 million adverse) due to the timing of the half year close whilst capital expenditure decreased to £1.5 million (H1 2015: £6.2 million) as the prior year included £4.0 million of costs relating to the fit out of the Manchester and London offices.

As a result of the Board's strategy to initially reduce net debt to two times leverage, and the Group's strong cash generation, gross debt has reduced to £469.5 million from the £550.0 million as at the time of the IPO (H1 2015: £1,122.6 million) as £80.5 million of the term loan was repaid. Leverage as at September 2015 has decreased to 2.7x from an initial level of 3.4x as at the time of the IPO in March

(H1 2015: 6.7x). This significant reduction in leverage will result in lower interest costs in the second half of the financial year as the Group benefits from a margin step down of 50 bps.

Total finance costs for the period were £8.2 million (H1 2015: £54.4 million) and included £0.9 million of amortised debt costs (H1 2015: £4.3 million).

Capital structure and dividends

On 29 July 2015, the Company completed a reduction of capital, whereby the entire amount outstanding on the Company's share premium account was cancelled and the nominal value of each issued ordinary share in the capital of the Company was reduced from £1.50 to £0.01 each. The capital reduction has created a significant amount of distributable reserves that are available for future dividends and returns to shareholders.

The Board intends to pay an interim dividend of 0.5 pence per share in line with the Group's dividend policy. The interim dividend will be paid on 29 January 2016 to members on the register on 8 January 2016.

The Group's strategy remains that of repaying the term loan until a net external debt leverage of circa 2.0x is achieved, at which point the total annual dividend will be increased to circa 1/3 of net income. Given the Group's focus on the UK and Ireland and ability to grow organically, the Board expects to use surplus cash over and above that committed to dividends to further repay debt or fund share buy-backs. The expectation is that gross debt levels will not be increased during the term of the existing facility.

Board composition

The Board is committed to full compliance with the Corporate Governance Code and we strengthened our Board in July when Jill Easterbrook was appointed as an Independent Non-Executive Director. This new appointment brings all the Board's committees into line with the Corporate Governance Code and improves the Board's balance between Independent and Non-Independent Directors.

Audit Tender Process

As stated in the Annual Report for March 2015, there will be a formal tender process in respect of the external audit arrangements for the year to March 2017. The tender process has commenced and is expected to conclude in early 2016, with a resolution proposing the appointment of the successful firm being put to shareholders at the 2016 Annual General Meeting

Going concern

On the basis of the current financial projections and facilities available, the Directors have concluded that it is appropriate to prepare the condensed interim financial statements on a going concern basis.

Uncertainties, risks and threats

The Group has identified certain principal risks and uncertainties which could impact on our future development, performance or position, and which could, in turn have an impact on our business model, and strategy. The risk factors described below are not an exhaustive list or an explanation of all risks. Additional risks and uncertainties relating to the Group, including those that are not currently known to the Group or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, results of operations and/or financial condition.

A summary of the nature of the risks currently faced by the Group is as follows:

- Macroeconomic conditions; The Group derives the majority of its revenues from the UK automotive market and is thus dependent on the market and macroeconomic conditions in the UK.

- Competition; The Group's share of total advertising spend in the UK digital automotive market is under constant threat from new and incumbent competitors as barriers to entry are low. Increased competition could impact the Group's ability to grow revenue due to the potential loss of audience, trade and consumer advertisers, or demand for additional services.

- Brand; The protection and enhancement of the Auto Trader brand is critical to the Group's future success. Expanding the Group's business will depend largely on the ability to maintain the trust that retailers, consumers, and display advertisers place in its services and the quality and integrity of the vehicle advertisements and other content found on the marketplace. Failure to maintain and protect the brand, or negative publicity surrounding the Group's ability to retain or expand its base of retailers, consumers and advertisers, or could diminish confidence in and the use of the Group's services. The Group seeks to maintain and enhance trust through proactively monitoring for, and removing, misleading or fraudulent adverts. Brand heritage and relevance is supported through investment in marketing spend and an open dialogue with all consumer segments is maintained regarding the quality of service provided.

- New or disruptive technologies and changing consumer behaviours; The Group is exposed to the rapid pace of change in the online market, and to major changes in the way vehicles are bought and sold or owned. Failure to innovate or adopt new technologies, or a failure to adapt to changing consumer behaviour towards car buying or ownership could lead to the Group's business being adversely impacted. To mitigate this, the Group has a policy of continuous improvement and development of online services and products and continues to monitor its own and competitor performance closely.

- IT Systems and Cyber-attack; The Group's IT systems are interdependent and a failure in one system may disrupt the availability and performance of its customer platforms, and the efficiency and functioning of the Group's operations. The Group is exposed to risks of Cyber-attack to its brand, websites and services. Failure in one system could disrupt others and could impact the availability or performance of Group platforms. Security breaches as a result of malicious cyber-attacks could lead to the unavailability of services, loss of data or confidential information. Through effective use of technology solutions and strict adherence to industry standards the Group deploys tools and processes that automatically intercept, identify and effectively mitigate the vast majority of the security threats. In addition, a team of security experts continually monitor developments outside the Group to help mitigate new known threats in anticipation of an attempt on the Group's infrastructure.

Trevor Mather
Chief Executive
13 November 2015

Sean Glithero
Finance Director
13 November 2015

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE HALF YEAR REPORT 2015

The Directors confirm that, to the best of their knowledge, these condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of the important events that have occurred during the first half year and their impact on the condensed consolidated interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- related-party transactions that have taken place in the first half of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any material changes in the related party transactions described in the last annual report that could do so.

The Directors of Auto Trader Group plc are as listed in the Group's Annual Report and Financial Statements for the year ended March 2015, except Jill Easterbrook who was appointed as an Independent Non-Executive Director on 1 July 2015. A list of current Directors of Auto Trader Group plc is maintained on the Group website: www.about-us.autotrader.co.uk.

By order of the Board on 13 November 2015

Trevor Mather
Chief Executive

Sean Glithero
Finance Director

Condensed consolidated interim income statement

For the six months ended 27 September 2015

Continuing operations	Note	**6 months to September 2015 (unaudited) £m**	6 months to September 2014 (unaudited) £m	Year to March 2015 (audited) £m
Revenue	2	**138.2**	127.5	255.9
Administrative expenses		**(55.3)**	(60.0)	(122.8)
Operating profit before share-based payments, management incentive plans and exceptional items		**83.0**	70.8	144.1
Share-based payments		**(1.0)**	(0.6)	(3.7)
Management incentive plans		**–**	(0.1)	(1.9)
Exceptional items	3	**0.9**	(2.6)	(5.4)
Operating profit	2	**82.9**	67.5	133.1
Finance income	4	**–**	–	0.1
Finance costs	4	**(8.2)**	(54.4)	(122.3)
Finance costs – net		**(8.2)**	(54.4)	(122.2)
Profit before taxation		**74.7**	13.1	10.9
Taxation	5	**(14.9)**	(3.6)	(2.4)
Profit for the period from continuing operations attributable to equity holders of the parent		**59.8**	9.5	8.5
Discontinued operations:				
Profit for the period from discontinued operations attributable to equity holders of the parent		**–**	0.4	1.9
Profit for the period attributable to equity holders of the parent		**59.8**	9.9	10.4
Basic EPS	6			
From continuing operations (pence per share)		**5.98**	0.95	0.85
From discontinued operations (pence per share)		–	0.04	0.19
Basic EPS (pence per share)		**5.98**	0.99	1.04
Diluted EPS	6			
From continuing operations (pence per share)		**5.98**	0.95	0.85
From discontinued operations (pence per share)		–	0.04	0.19
Diluted EPS (pence per share)		**5.98**	0.99	1.04

Condensed consolidated interim statement of comprehensive income

For the six months ended 27 September 2015

	6 months to September 2015 (unaudited) £m	6 months to September 2014 (unaudited) £m	Year to March 2015 (audited) £m
Profit for the period	**59.8**	9.9	10.4
Other comprehensive income			
Items that will be reclassified to profit or loss:			
IFRS 2 – share-based payments credit	–	0.1	0.5
Total items that will be reclassified to profit or loss	–	0.1	0.5
Items that may be subsequently reclassified to profit or loss:			
Cash flow hedges, net of tax	–	(0.1)	0.5
Currency translation differences	–	(0.4)	(0.7)
Total items that may be subsequently reclassified to profit or loss	–	(0.5)	(0.2)
Other comprehensive income for the period, net of tax	–	(0.4)	0.3
Total comprehensive income for the period attributable to equity holders of the parent	**59.8**	9.5	10.7

Condensed consolidated interim balance sheet

As at 27 September 2015

	Notes	**September 2015 (unaudited) £m**	September 2014 (unaudited) £m	March 2015 (audited) £m
Assets				
Non-current assets				
Intangible assets	7	**326.2**	334.4	330.0
Property, plant and equipment		**7.7**	7.5	8.5
Deferred taxation assets		**4.8**	4.7	4.6
		338.7	346.6	343.1
Current assets				
Trade and other receivables	8	**51.4**	55.5	49.0
Cash and cash equivalents		**12.1**	20.7	22.1
		63.5	76.2	71.1
Assets classified as held for sale		**0.3**	2.5	0.3
		63.8	78.7	71.4
Total assets		**402.5**	425.3	414.5
Equity and liabilities				
Equity attributable to equity holders of the parent				
Ordinary shares	13	**10.0**	–	1,500.0
Preference shares		–	177.6	–
Share premium account	13	–	2.6	144.4
Retained earnings	13	**906.0**	(1,033.7)	(789.1)
Capital reorganisation reserve		**(1,060.8)**	–	(1,060.8)
Other reserves		**29.4**	95.7	29.4
Total equity		**(115.4)**	(757.8)	(176.1)
Liabilities				
Non-current liabilities				
Borrowings	11	**461.1**	1,114.9	540.7
Deferred taxation liabilities		**0.5**	0.7	0.6
Derivative financial instruments		–	0.3	–
Retirement benefit obligations		–	–	–
Provisions for other liabilities and charges		**0.4**	3.4	2.3
		462.0	1,119.3	543.6
Current liabilities				
Trade and other payables	9	**37.2**	49.7	40.4
Current income tax liabilities		**17.8**	8.3	2.7
Derivative financial instruments		–	0.3	–
Provisions for other liabilities and charges		**0.9**	5.5	3.9
		55.9	63.8	47.0
Total liabilities		**517.9**	1,183.1	590.6
Total equity and liabilities		**402.5**	425.3	414.5

Condensed consolidated interim statement of changes in shareholders' equity

For the six months ended 27 September 2015

	Share capital £m	Share premium account £m	Retained earnings £m	Capital reorg reserve £m	Other reserves £m	Total equity £m
Balance at March 2014	**175.8**	**1.5**	**(1,023.2)**	**–**	**95.3**	**(750.6)**
Total comprehensive income/(loss) net of tax	–	–	9.9	–	(0.4)	9.5
Transactions with owners:						
Share-based payments	–	–	0.6	–	–	0.6
Roll up of preference share dividend	0.1	–	(0.1)	–	–	–
Repurchase and cancellation of ordinary share capital	(0.1)	–	(20.9)	–	0.1	(20.9)
Premium on ordinary share capital issued	–	1.1	–	–	–	1.1
Preference share capital issued	1.8	–	–	–	0.7	2.5
Balance at September 2014	**177.6**	**2.6**	**(1,033.7)**	**–**	**95.7**	**(757.8)**
Total comprehensive income/(loss), net of tax	–	–	1.5	–	(0.3)	1.2
Transactions with owners:						
Share-based payments	–	–	3.1	–	–	3.1
Roll up of preference share dividend	0.1	–	(0.1)	–	–	–
Dividends paid prior to Group restructure	–	–	(3.6)	–	–	(3.6)
Capital transaction - Group restructure, share for share exchange and issue of Auto Trader Group plc shares	1,322.3	141.8	243.7	(1,060.8)	(66.0)	581.0
Balance at March 2015	**1,500.0**	**144.4**	**(789.1)**	**(1,060.8)**	**29.4**	**(176.1)**
Total comprehensive income, net of tax	–	–	59.8	–	–	59.8
Transactions with owners:						
Share-based payments (note 14)	–	–	0.9	–	–	0.9
Ordinary share capital issued	1.6	–	–	–	–	1.6
Purchase of shares by ESOT	–	–	(1.6)	–	–	(1.6)
Capital reduction (note 13)	(1,491.6)	(144.4)	1,636.0	–	–	–
Balance at September 2015	**10.0**	**–**	**906.0**	**(1,060.8)**	**29.4**	**(115.4)**

Condensed consolidated interim statement of cash flows

For the six months ended 27 September 2015

	Note	**September 2015 (unaudited) £m**	September 2014 (unaudited) £m	March 2015 (audited) £m
Cash flows from operating activities				
Cash generated from operations before exceptional operating items		**91.3**	71.0	154.8
Cash flows from exceptional operating items (excluding IPO fees) – continuing		**(3.8)**	(6.0)	(9.8)
Cash flows from exceptional operating items – discontinued		**–**	(0.1)	(0.2)
Cash generated from operations	12	**87.5**	**64.9**	**144.8**
Income tax paid		**–**	(0.4)	(4.7)
Net cash generated from operating activities		**87.5**	**64.5**	**140.1**
Cash flows from investing activities				
Purchases of intangible assets – financial systems		**(0.3)**	(1.2)	(1.9)
Purchases of intangible assets – other		**(0.2)**	(0.3)	(0.4)
Purchases of property, plant and equipment		**(1.0)**	(4.7)	(6.8)
Proceeds from the sale of assets – discontinued		**0.1**	–	3.5
Interest received		**–**	–	0.1
Net cash used in investing activities		**(1.4)**	**(6.2)**	**(5.5)**
Cash flows from financing activities				
Payment of interest on borrowings and hedging instruments		**(7.3)**	(32.4)	(73.2)
Payment of IPO costs		**(8.3)**	–	(15.3)
Repayment of Syndicated Term Loan		**(80.5)**	–	–
Proceeds from issue of ordinary shares following the Group restructure		**–**	–	460.3
Proceeds from issue of ordinary shares prior to the Group restructure		**–**	3.6	3.7
Loan issued to Company's shareholder prior to the Group restructure		**–**	(19.3)	(19.3)
Repayment of former Senior and Junior Debt		**–**	–	(990.4)
Drawdown of Syndicated Term Loan		**–**	–	550.0
Payment of Syndicated Term Loan arrangement fees		**–**	–	(9.4)
Early repayment fees of former Junior Debt		**–**	–	(29.4)
Payment of former Senior and Junior Debt refinancing fees		**–**	(2.1)	(2.1)
Net cash used in financing activities		**(96.1)**	**(50.2)**	**(125.1)**
Net (decrease)/ increase in cash and cash equivalents		**(10.0)**	**8.1**	**9.5**
Cash and cash equivalents at beginning of year		**22.1**	12.6	12.6
Cash and cash equivalents at end of period		**12.1**	**20.7**	**22.1**

Notes to the condensed interim financial statements

1 General information

Auto Trader Group plc (the Company) is a company incorporated in the United Kingdom and its registered office is 4th floor, 1 Tony Wilson Place, Manchester, M15 4FN.

On 24 March 2015, the Company obtained control of the entire share capital of Auto Trader Holding Limited via a share for share exchange. There were no changes in rights or proportion of control exercised as a result of this transaction. Although the share for share exchange resulted in a change of legal ownership this was a common control transaction and therefore outside the scope of IFRS 3. The comparative and prior year disclosed in these condensed consolidated financial statements reflect the continuation of the pre-existing Group, headed by Auto Trader Holding Limited and have been prepared applying the principles of predecessor accounting ownership.

These condensed consolidated financial statements have been prepared as at, and for the 26 week financial period ('six months') ended, 27 September 2015. The comparative financial information presented has been prepared as at, and for the six months ended, 28 September 2014 and is the consolidated result of Auto Trader Holding Limited. The balance sheet as at 29 September 2014 reflects the share capital structure of Auto Trader Holding Limited. The balance sheets as at 27 September 2015 and 29 March 2015 presents the legal change in ownership of the Group, including the share capital of Auto Trader Group plc and the capital reorganisation reserve arising as a result of the share for share exchange transaction.

The condensed consolidated interim financial information presented as at, and for the six months ended, 28 September 2014 comprise the Company and its subsidiaries (together referred to as the Group). The consolidated financial statements of the Group as at, and for the 52 week year ended, 29 March 2015 are available on request from the Company's registered office and via the Company's website.

These condensed consolidated interim financial statements, which have been reviewed and not audited, have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, "Interim Financial Reporting" as adopted by the EU. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the 52 week year ended 29 March 2015 which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the EU, including International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Standard Interpretations Committee (IFRS - IC).

The financial information included in this interim statement of results does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 (the 'Act'). The statutory accounts for the 52 week year ended 29 March 2015 have been reported on by the Company's auditors and were delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditor's report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 of the Act.

Going concern

The Directors, after making enquiries and on the basis of current financial projections and facilities available, have concluded that it is appropriate to prepare the condensed interim financial statements on a going concern basis.

Significant accounting policies

The accounting policies adopted in preparation of the condensed consolidated interim financial statements as at, and for the six months to, September 2015 are consistent with the policies applied by the Group in its consolidated financial statements as at, and for the year to, March 2015, except as described below:

- Taxes on income in the interim periods are accrued using the effective tax rate that would be applicable to expected total annual profit or loss.

There are no new standards or amendments to standards that are mandatory for the first time in the financial year beginning 30 March 2015 that have an impact on the Group financial statements.

Critical accounting estimates and judgments

The preparation of the condensed consolidated interim financial statements in conformity with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, "Interim Financial Reporting", as adopted by the EU requires management to make judgments, estimates and assumptions concerning the future that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These judgements are based on historical experience and management's best knowledge at the time and the actual results may ultimately differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have most risk of causing a material adjustment to the carrying value of assets and liabilities or impact on income and expense are discussed below.

Carrying value of assets relating to goodwill

Determining whether goodwill and other intangibles are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and other intangible assets have been allocated. The value in use calculation requires estimation of future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Share-based payments

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions. The fair value of services received in return for share options is calculated with reference to the fair value of the award on the date of grant. Black Scholes and Monte Carlo models have been used to calculate the fair value and the Directors have therefore made estimates with regards to the inputs to that model, the period over which the share award is expected to vest and assumptions over the number of options expected to meet the performance criteria.

Capitalisation of software and website development costs

Costs incurred in developing new products are capitalised in accordance with the Group's accounting policy for software and website development costs. Determining the amounts to be capitalised requires management to make assumptions and estimates regarding the expected future cash generation of the software products or websites and the expected period of benefits.

2 Segmental information

The Directors have determined that there is one operating and reporting segment, being the Group, based on reports reviewed by the Operational Leadership Team ('OLT') who is the Chief Operating Decision Maker. The OLT is made up of a number of Directors and key management and is responsible for the strategic decision making of the Group.

Revenue

To assist in the analysis of the Group's revenue generating trends, the OLT reviews revenue from three customer types as detailed below:

- Trade - revenue from retailer customers and revenue from other products and services provided to retailers and home traders to support their online activities;

- Consumer services – revenue from individuals for vehicle advertisements on the Group's websites. This category also includes revenue derived from third-party services directed at consumers relating to their motoring needs, such as insurance and loan finance; and

- Display advertising - revenue from customers and advertising agencies for placing display advertising on the Group's websites.

The information reported, which presents revenue by customer type, has been voluntarily disclosed.

	September 2015 £m	September 2014 £m	March 2015 £m
Trade	**115.2**	106.1	214.8
Consumer services	**16.1**	15.8	29.0
Display advertising	**6.9**	5.6	12.1
Total revenue from continuing operations	**138.2**	127.5	255.9

Underlying operating profit

Operating costs, comprising administrative expenses, are managed on a group basis. Management measures the overall performance of the Group by reference to the following non-GAAP measure:

- Underlying operating profit which is operating profit before impairment, exceptional items and non-trading items such as IFRS 2 charges in respect of share-based payments and the costs of management incentive plans.

Adjusted underlying EBITDA was previously used to reflect the underlying performance of the business as it reflected both the impact of non-underlying items and the change in approach to technology development that was implemented in September 2013 and which resulted in less of the Group's expenditure on internal development salaries meeting the requirements for capitalisation. As this approach to technology development has been consistent in both the current and prior periods, there is no requirement to make such an adjustment.

In addition, in order to provide comparability of results from period to period and with listed peer companies the Directors now consider underlying operating profit to be a more appropriate indicator of the underlying performance of the business during the period.

	Note	**September 2015 £m**	September 2014 £m	March 2015 £m
Operating profit		**82.9**	67.5	133.1
Share-based payments		**1.0**	0.6	3.7
Management incentive plans		**–**	0.1	1.9
Exceptional items	3	**(0.9)**	2.6	5.4
Underlying operating profit		**83.0**	70.8	144.1
Depreciation		**1.4**	1.3	2.5
Amortisation	7	**4.2**	5.1	10.0
Adjusted underlying EBITDA		**88.6**	77.2	156.6

A reconciliation of the total segment operating profit to the profit before tax and discontinued operations is provided as follows:

	Note	**September 2015 £m**	September 2014 £m	March 2015 £m
Total segmental operating profit		**82.9**	67.5	133.1
Finance costs – net	4	**(8.2)**	(54.4)	(122.2)
Profit before tax and discontinued operations		**74.7**	13.1	10.9

Management reviews the balance sheet information for the one operating segment. The segment's assets and liabilities are presented in a manner consistent with that of the financial information.

3 Exceptional items

	September 2015 £m	September 2014 £m	March 2015 £m
Restructuring of Group operations	**(0.9)**	2.6	3.9
IPO costs	–	–	1.5
Total exceptional (credit)/ costs	**(0.9)**	2.6	5.4

Restructuring of Group operations relates to redundancy, property and other costs associated with the relocation of offices in the UK and other reorganisation costs.

Exceptional IPO costs relate to costs associated with the Initial Public Offering (IPO) of Auto Trader Group plc shares on the London Stock Exchange on 24 March 2015.

Exceptional finance costs of £nil (September 2014: £9.3 million; March 2015: £29.4 million) have been included separately within finance costs (note 4).

4 Finance income and finance costs

	September 2015 £m	September 2014 £m	March 2015 £m
Finance income			
On bank balances	–	–	0.1
Total finance income	–	–	0.1
Finance costs			
On bank loans and overdrafts	**7.3**	32.9	65.3
On shareholders' loans	–	6.5	12.9
Net losses on derivative financial instruments	–	1.4	2.7
Amortised debt issue costs	**0.9**	4.3	12.0
Exceptional: early repayment premium	–	9.3	26.2
Exceptional: settlement of derivatives	–	–	3.2
Total finance costs	**8.2**	54.4	122.3

The exceptional early repayment premium was incurred in relation to the settlement of the former Junior Debt which was settled in full as part of the Group restructure in March 2015.

The Group opted to settle its interest rate swap agreements as part of the Group restructure and as a result incurred an early settlement charge which was expensed in full in the year ended March 2015 and classified as an exceptional cost.

5 Taxation

	September 2015 £m	September 2014 £m	March 2015 £m
Total taxation charge	**14.9**	3.6	2.4

Income tax expense is recognised based on management's best estimate of the weighted average annual tax rate expected for the full financial year. The estimated average annual tax rate used for the six months to September 2015 was 20.0% (September 2014: 27.4%, March 2015: 22.0%).

6 Earnings per share

Continuing operations	Weighted average number of ordinary shares	Total Earnings £m	Pence per share
Six months ended September 2015			
Basic EPS	**1,000,000,000**	**59.8**	**5.98**
Diluted EPS	**1,000,597,768**	**59.8**	**5.98**
Adjusted basic EPS	**1,000,000,000**	**60.1**	**6.01**
Adjusted diluted EPS	**1,000,597,768**	**60.1**	**6.01**
Six months ended September 2014			
Basic EPS	1,000,000,000	9.5	0.95
Adjusted basic EPS	1,000,000,000	19.6	1.96
Year ended March 2015			
Basic EPS	1,000,000,000	8.5	0.85
Adjusted basic EPS	1,000,000,000	41.2	4.12

Basic and diluted earnings per share for the six months ended September 2014 and the year ended March 2015 are the same as there is no difference between the basic and the diluted number of shares. The weighted average number of shares for both the six months to September 2014 and the year to March 2015 have been stated as if the Group reorganisation completed on 24 March 2015 had occurred at the beginning of the 2015 financial year. The weighted average number of shares in issue in the period from 24 March 2015 to the year end was 1,000 million.

The difference between the basic and diluted weighted average number of shares represents the dilutive effect of the Share Incentive Plan, Performance Share Plan and the Sharesave scheme. Shares issued to satisfy the Share Incentive Plan were subsequently purchased by the Employee Share Option Trust ('ESOT') and are entitled to dividends under the scheme rules. The number of shares in issue at the start of the year is reconciled to the basic and diluted weighted average number of shares below:

	6 months ended September 2015 Number of shares
Issued ordinary shares at 30 March 2015	**1,000,000,000**
Weighted effect of issued ordinary shares	**930,349**
Less weighted effect of shares held by the ESOT	**(930,349)**
Weighted average number of shares for basic EPS	**1,000,000,000**
Dilutive impact of share options outstanding	**597,768**
Weighted average number of shares for fully diluted EPS	**1,000,597,768**

Adjusted EPS is calculated before the charge for share-based payments and national insurance on share-based incentive schemes, management incentive plans and exceptional items and net of the tax effect in respect of these items. A reconciliation of the basic earnings for the period to the underlying earnings is presented below:

	6 months to September 2015 £m	6 months to September 2014 £m	Year to March 2015 £m
Basic earnings for the period	**59.8**	9.5	8.5
Share-based payments	**1.0**	0.6	3.7
Management incentive plans	–	0.1	1.9
Exceptional items	**(0.9)**	2.6	5.4
Exceptional finance cost	–	9.3	29.4
Tax effect	**0.2**	(2.5)	(7.7)
Adjusted profit after taxation	**60.1**	19.6	41.2

7 Intangible assets

	Goodwill £m	Software & website development costs £m	Financial systems £m	Other intangible assets £m	Total £m
Opening net book value at March 2014	313.0	12.0	9.2	4.2	338.4
Additions	–	0.3	1.2	–	1.5
Amortisation	–	(3.5)	(1.0)	(0.6)	(5.1)
Exchange differences	(0.3)	–	–	(0.1)	(0.4)
Closing net book value at September 2014	312.7	8.8	9.4	3.5	334.4
Opening net book value at March 2015	**312.4**	**5.4**	**9.4**	**2.8**	**330.0**
Additions	**–**	**0.2**	**0.3**	**–**	**0.5**
Amortisation	**–**	**(2.2)**	**(1.3)**	**(0.7)**	**(4.2)**
Exchange differences	**(0.1)**	**–**	**–**	**–**	**(0.1)**
Closing net book value at September 2015	**312.3**	**3.4**	**8.4**	**2.1**	**326.2**

8 Trade and other receivables

	September 2015 £m	September 2014 £m	March 2015 £m
Trade receivables (net of provision)	**33.8**	43.2	32.8
Amounts owed by related parties (note 15)	**–**	3.6	–
Other receivables	**0.1**	0.2	0.1
Prepayments and accrued income	**17.5**	8.5	16.1
Total trade and other receivables	**51.4**	**55.5**	**49.0**

9 Trade and other payables

	September 2015 £m	September 2014 £m	March 2015 £m
Trade payables	**6.3**	5.5	5.3
Other taxes and social security	**14.4**	9.9	10.1
Other payables	**0.6**	1.0	0.6
Accruals and deferred income	**15.9**	33.3	24.4
Total trade and other payables	**37.2**	**49.7**	**40.4**

10 Dividends

An interim dividend of 0.5p per share for the six months to September 2015 (September 2014: nil) has been declared totalling £5.0 million (September 2014: £nil) and is payable on 29 January 2016 to shareholders on the register at the close of business on 8 January 2016. This interim dividend has not been recognised in this half yearly report as it was declared after the end of the reporting period.

Prior to the Group restructure on 24 March 2015, ordinary dividends of £3.6 million were paid in respect of the year ended March 2015 to the shareholders of Auto Trader Holding Limited. Dividends paid were declared on shares of the Group's previous parent, Auto Trader Holding Limited, and were settled via the waiver of amounts due from shareholders.

11 Borrowings

Non-current	**September 2015 £m**	September 2014 £m	March 2015 £m
Syndicated Term Loan gross of unamortised debt issue cost	**469.5**	–	550.0
Unamortised debt issue costs	**(8.4)**	–	(9.3)
Syndicated Term Loan net of unamortised debt issue costs	**461.1**	–	540.7
Former Junior Debt gross of unamortised debt issue cost	–	358.4	–
Unamortised debt issue costs	–	(7.7)	–
Former Junior Debt net of unamortised debt issue costs	–	350.7	–
Former Senior Debt	–	632.0	–
Series A, B and C Shareholder Loan Notes	–	132.2	–
Total borrowings	**461.1**	**1,114.9**	**540.7**

The Syndicated Term Loan, the Former Senior Debt, Former Junior Debt and Shareholder Loan Notes are repayable as follows:

	September 2015 £m	September 2014 £m	March 2015 £m
Within two to five years	**469.5**	764.2	550.0
Over five years	**–**	358.4	–
Total	**469.5**	**1,122.6**	**550.0**

Interest on the Syndicated Term Loan is charged at LIBOR plus a margin of between 1.5% and 3.25% depending on the consolidated leverage ratio of the Group. There is no requirement to settle all or part of the debt earlier than the termination date in March 2020.

12 Cash generated from operations

	6 months to September 2015 £m	**6 months to September 2014 £m**	**Year to March 2015 £m**
Profit before taxation including discontinued operations	**74.7**	13.5	12.8
Adjustments for:			
Depreciation	**1.4**	1.3	2.5
Amortisation	**4.2**	5.1	10.0
Profit on disposal of property, plant and equipment	–	–	(1.2)
Share-based payments charge	**1.0**	0.6	3.7
Finance costs	**8.2**	54.4	122.3
Finance income	–	–	(0.1)
IPO costs	–	–	1.5
Changes in working capital (excluding the effects of disposals and exchange differences on consolidation):			
Trade and other receivables	**(2.4)**	(4.1)	(1.5)
Trade and other payables	**5.0**	(1.0)	2.3
Provisions	**(4.6)**	(4.9)	(7.5)
Cash generated from operations	**87.5**	64.9	144.8

13 Reconciliation of movements in capital and reserves

Share capital

On 23 April 2015 the Company issued and allotted 1,051,699 shares of £1.50 each in connection with the Auto Trader Group plc Share Incentive Plan and these were admitted for trade on the London Stock Exchange on 24 April 2015. The shares rank pari passu with the existing ordinary shares of the Company. The total number of shares in issue at September 2015 was 1,001,051,699.

On 29 July 2015 the Company completed a reduction of share capital and share premium (the 'Capital Reduction', whereby the entire amount outstanding on the Company's share premium account was cancelled and the nominal value of each issued ordinary share in the capital of the Company was reduced from £1.50 to £0.01. The Capital Reduction has created a significant amount of distributable reserves for the Company.

Employee Share Option Trust ('ESOT')

During the period the ESOT purchased 1,051,699 shares to satisfy the maximum number of share awards that may vest under the Share Incentive Plan share scheme. No share-based incentives were exercised in the period which were satisfied by shares held in the ESOT. At September 2015 the ESOT held 1,051,699 (September 2014: nil, March 2015: nil) ordinary shares of £0.01 each in the Company representing 0.1% (September 2014: nil, March 2015: nil) of the shares in issue.

14 Share-based payments

Share options are granted to senior executives and other individuals throughout the organisation. The Group currently operates four share schemes and these are the Performance Share Plan; Deferred Annual Share Bonus Scheme; Share Incentive Plan and the Sharesave scheme. The total charge in the period relating to the four schemes was £1.0 million.

Performance Share Plan

The Group operates a Performance Share Plan (PSP) for main Board Executive Directors and certain key senior executives. The extent to which such awards vest will depend upon the Group's performance over the three year period following the award date. The Group's performance is measured by reference to the cumulative Underlying operating profit and growth in total shareholder return relative to the FTSE 250 share index. The fair value of the award is determined using Black-Scholes and Monte Carlo option pricing models. On 19 June 2015, the Group awarded 1,641,267 £nil cost options under the PSP scheme and all such awards are outstanding but not yet exercisable at 27 September 2015. The total charge in the period, included in operating profit, in relation to these awards was £0.5 million.

Share Incentive Plan

The Group operates a Share Incentive Plan (SIP) scheme that was made available to all eligible employees following admission to the London Stock Exchange in March 2015. On 20 April 2015 (the 'Award Date'), all eligible employees were awarded free shares valued at £3,600 based on the share price at the time of Admission. Shares are held in the ESOT for a period of three years from the Award Date (the 'Holding Period') and are subject to restrictions over their assignment, charge or disposal. Shares are forfeited if the employee leaves the Group for any reason outside of the scheme rules within the Holding Period. On 20 April 2015, the Group awarded 1,051,699 free shares under the SIP and all such awards are held in the ESOT and remain subject to restrictions over at 27 September 2015.The total charge in the period, included in operating profit, in relation to these awards was £0.3 million.

Sharesave scheme

The Group operates a Sharesave (SAYE) scheme for all employees. Options are granted and are linked to a savings contract with a term of three years. Options are forfeited if the employee leaves the Group for any reason outside of the scheme rules during the contract term. Equity settled share-based payments are measured at fair value at the date of grant. The fair value determined at the date of grant is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of a Black-Scholes model according to the relevant measures of performance. On 23 September 2015 the Group granted 1,096,112 options over ordinary shares in the company under the Sharesave scheme. The exercise price of the options of 263.76p was set at a 20% discount to the average quoted market price of the Company's shares on the dealing day before the invitation. Options will ordinarily vest on 1 December 2018 and will be exercisable for a period of 6 months from vesting date. All options granted are outstanding but not yet exercisable at 27 September 2015. The total charge included in operating profit in relation to these awards was £nil.

15 Related party transactions

Prior to the Group restructure on 24 March 2015, a subsidiary company Auto Trader Holding Limited was jointly controlled by Crystal A Holdco S.à r.l. and Crystal B Holdco S.à r.l. The shareholder companies had made loans to and held preference shares in Auto Trader Holding Limited. Ed Williams and Chip Perry, Directors of Auto Trader Holding Limited, had also issued Shareholder Loan Notes to and held preference shares in Auto Trader Holding Limited.

On 24 March 2015, as part of the overall restructuring of the Group, the shareholder loans and related accrued interest, preference shares, preference share premium and accrued dividends were converted into share capital of Auto Trader Holding Limited. On 24 March 2015 all shares in Auto Trader Holding Limited were exchanged for shares in Auto Trader Group plc via a share for share exchange.

The balances at the end of the period including accrued interest, dividends payable on these debt and equity instruments and the premium on the preference shares are disclosed below:

	Six months to September 2015 £m	Six months to September 2014 £m	Year to March 2015 £m
Shareholder loans and accrued interest			
Crystal A Holdco S.à r.l.	–	(51.6)	–
Crystal B Holdco S.à r.l.	–	(84.2)	–
Ed Williams	–	(0.4)	–
Chip Perry	–	(0.1)	–
Preference shares, premium and accrued dividends			
Crystal A Holdco S.à r.l.	–	(92.3)	–
Crystal B Holdco S.à r.l.	–	(150.6)	–
Ed Williams	–	(0.7)	–
Chip Perry	–	(0.1)	–
Interest charged to the Income Statement			
Crystal A Holdco S.à r.l.	–	(2.5)	(4.9)
Crystal B Holdco S.à r.l.	–	(4.0)	(8.0)
Ed Williams	–	–	–
Chip Perry	–	–	–

The annual interest accrued on the Shareholder Loan Notes was rolled into the principal each year since issue. Interest accrued on Shareholder Loan Notes was rolled up into the principal on 24 March 2015 prior to the Group restructure.

During the six months to September 2015 loans of £nil (September 2014: £15.7 million, March 2015: £15.7 million) were made to Crystal B Holdco S.à r.l. These loans are unsecured, non-interest bearing and repayable on demand. The total loan balance of £20.9 million was waived and released as payment for the repurchase of A ordinary shares during the six months to September 2014.

During the six months to September 2014 a subsidiary undertaking, Auto Trader Holding Limited, made loans of £1.4 million and £2.2 million to Crystal A Holdco S.à r.l. and Crystal B Holdco S.à r.l. respectively. These loans were unsecured, non-interest bearing and repayable on demand. On 6 March 2015 the loans were settled through the issue of a dividend in kind.

Apax Europe VIII GP Co. Limited, a fund advised by Apax Partners LLP, received £nil for the provision of Directors' services to the Group during the six months to September 2015 (September 2014: £0.1 million, March 2015: £0.1 million). The balance outstanding at September 2015 was £nil (September 2014: £nil, March 2015: £nil). During the period the Group paid £0.1 million to Apax Partners LLP in respect of fees incurred during the Group reorganisation on 24 March 2015 (September 2014: £nil, March 2015: £nil). The balance outstanding at September 2015 was £nil (September 2014: £nil, March 2015: £0.1 million).

Prior to 24 March 2015 funds advised by Apax Partners LLP held £15.0 million of the Former Junior Debt. The fund received interest and was subject to the same terms of the GSMP Junior Debt Agreement as all other syndicate members.

Transactions with Directors and key management

Loans made on an arm's length basis in a previous year to certain members of key management were fully repaid in the six months to September 2014. The balance outstanding at September 2015 was £nil (September 2014: £nil, March 2015: £nil).

On 4 July 2014 Auto Trader Holding Limited gifted 19,838 E Ordinary shares of £0.001 each to certain Directors and members of key management. The nominal value of these shares of £19.84 was fully paid up in cash by a third party individual.

On the same day the following shares were issued to certain Directors and members of key management for aggregate cash consideration of:

	Number of shares	Aggregate cash consideration (£)
E Ordinary shares of £0.001 each	11,073	465,665
A2 Ordinary shares of £0.001 each	191	8,032
A2 Preferred Ordinary shares of £0.001 each	15,891	668,282
F Ordinary shares of £700 each	5	3,500

On 25 February 2015 Auto Trader Holding Limited gifted 196 E Ordinary shares of £0.001 each to certain Directors and members of key management. The nominal value of these shares of £0.20 was fully paid up in cash.

On 25 February 2015 Auto Trader Holding Limited issued 398 E Ordinary shares of £0.001 each to certain Directors and members of key management for cash consideration of £16,738. The nominal value of these shares of £0.40 was fully paid up in cash.

On 24 March 2015 all Directors and key management exchanged their shareholding in Auto Trader Holding Limited for shares in Auto Trader Group plc.

Independent review report to Auto Trader Group plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed the condensed consolidated interim financial statements, defined below, in the half-yearly financial report of Auto Trader Group plc for the six months ended 27 September 2015. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The condensed consolidated interim financial statements, which are prepared by Auto Trader Group plc, comprise:

- the condensed consolidated interim balance sheet as at 27 September 2015;
- the condensed consolidated interim income statement and condensed consolidated interim statement of comprehensive income for the period then ended;
- the condensed consolidated interim statement of changes in shareholders' equity for the period then ended;
- the condensed consolidated interim statement of cash flows for the period then ended; and
- the explanatory notes to the condensed consolidated interim financial statements.

As disclosed in note 1, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed consolidated interim financial statements included in the half-yearly financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of condensed consolidated financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information 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 International Standards on Auditing (UK and Ireland) 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.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

Responsibilities for the condensed consolidated interim financial statements and the review

Our responsibilities and those of the directors

The half-yearly financial report, including the condensed consolidated interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the company a conclusion on the condensed consolidated interim financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
13 November 2015
Manchester