



31 August 2011

Company Announcements Office  
ASX Limited

**Results for Announcement to the Market**

**Half Year Report and Accounts**

- **Net Profit Before Tax of \$27.9 million up 22% on the 2010 result.**
- **Earnings per share increased by 17.9%.**
- **Interim Dividend of 28 cents per share, an increase of 22%.**

The following documents for our half year ended 30 June 2011 are **attached**:

1. Half Year Report – Appendix 4D and commentary
2. Directors' Report
3. Financial Report
4. Auditor's Report and Declaration of Independence

These documents are given to the ASX under listing rule 4.2A and are to be read in conjunction with our most recent annual financial report.

Yours faithfully  
**A.P. Eagers Limited**

*Denis Stark*

**Denis Stark**  
**Company Secretary**

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**A. P. EAGERS LIMITED**

ABN 87 009 680 013

Registered Office  
80 McLachlan Street Fortitude Valley Q 4006  
P.O. Box 199 Fortitude Valley Q 4006  
Telephone (07) 3248 9455 Fax (07) 3248 9459  
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## Appendix 4D Half Year Report and Commentary

Half year ended 30 June 2011  
(ASX listing rule 4.3A)

### Results for Announcement to the Market

- **Net Profit Before Tax of \$27.9 million up 22% on the 2010 result.**
- **Earnings per share increased by 17.9%.**
- **Interim Dividend of 28 cents per share, an increase of 22%.**

The Directors of A.P. Eagers Limited (ASX: APE) are pleased to report a half year 2011 Net Profit Before Tax of \$27.9 million. This compares to a half year Net Profit Before Tax of \$22.8 million in 2010. Net Profit After Tax for the 2011 half year was \$19.8 million as compared to \$15.9 million for the previous corresponding period (pcp).

Earnings per share (basic) increased by 17.9% to 62.7 cents per share, demonstrating the success of the Company's 2010 acquisition activity.

### Financial Highlights

- Revenue from operations increased by 36.4% from the pcp to \$1,156 million.
- EBITDA increased by 23.8% to \$ 44.2 million and EBIT increased by 25.3% to \$40.8 million.
- Margins declined as compared to the first half of 2010, reflecting the addition in 2011 of the currently lower margin Adtrans Trucks business and the positive effect in 2010 of the investment allowance on vehicle deliveries in early 2010.

	Half Year to June 2011	Half Year to June 2010	% Change
EBITDA/Sales	3.8%	4.2%	(9.5)%
PBT/Sales	2.4%	2.7%	(11.1)%

- Borrowing costs increased by 32.2% from the pcp primarily due to the debt funding of the acquisition of the Adtrans Group in October 2010.
- In accordance with the Company's portfolio management approach, a profit of \$1.8 million was realised on the sale of business and property assets in the half year.
- The financial impact of natural disasters in Queensland (floods and cyclone Yasi) was mitigated by insurance claim settlements.

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### A. P. EAGERS LIMITED

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- The half year review of asset fair values did not result in any adjustments to asset values as at 30 June 2011.
- Corporate debt net of cash on hand was \$166.2 million as at 30 June 2011 compared to \$168.2 million as at 31 December 2010. Total debt including vehicle bailment net of cash on hand was \$429.6 million as at 30 June 2011 as compared to \$408.6 million as at 31 December 2010, with the increase due to the normal mid-year increase in new vehicle inventory.
- EBITDA Interest Cover decreased slightly to 3.4 times as at 30 June 2011, compared to 3.5 times at 31 December 2010.
- Cash flow from operations was \$24.7 million in the 2011 half year (pcp: \$14.9 million) with higher interest costs being offset by greater operational contributions.
- Earnings per share (basic) increased to 62.7 cents per share in the 2011 half year, compared to 53.2 cents per share in the pcp. Net tangible assets were \$7.93 per share as at 30 June 2011 compared to \$7.76 per share as at 31 December 2010.
- A fully franked interim dividend of 28 cents per share (2010: 23 cents) will be paid on 7 October 2011 to shareholders registered on 22 September 2011.
- The Company's dividend reinvestment plan (DRP) will not apply to the interim dividend.

#### Operational Highlights

- Dealerships at Newstead, Queensland, were directly affected by the Brisbane flood event with water ingress into service workshop, a parts warehouse and basement areas in a number of dealerships. The efforts of staff prevented loss of vehicle inventory and with the exception of a small service workshop in western Brisbane business returned to normal trading within a week of the event. Disruption to parts supply affected a broader range of dealerships and many trade customers during and immediately after the event.
- The Japanese earthquake and tsunami reduced supply of certain makes and models through the April to June period. Toyota dealerships were substantially impacted by a shortage of key models during the traditionally strong June tax year end period, as were Subaru dealers. Manufacturer advertising spend was curtailed during this period and as supply recovers a significant market volume increase for affected brands is expected.
- Business optimisation initiatives focussed on finance and insurance sales, used car inventory management and service sales. These initiatives contributed to a strong Queensland and Northern Territory division result and offset higher insurance costs and loss of insurance commission income as a result of Queensland government regulatory changes and higher government charges on property ownership.
- The South Australian cars business division produced a robust result despite weaker than national average new car volumes and a less buoyant used car market. The Eblen Subaru, Suzuki, and Isuzu Ute business located at Glenelg and Angaston, South Australia, was acquired in March 2011 and integrated into the South Australian cars business.
- In New South Wales, the Klosters operation in the Hunter Valley region performed strongly, with gains in finance and insurance sales, and used car trading. However the profitability of the Bill Buckle group in Northern Sydney is not meeting expectations.
- The Adtrans National Truck business performed poorly during the half year, reflecting a subdued heavy commercial vehicle market and an unfavourable point in the model cycle for a number of brands.

## Results Summary

Consolidated results

<b>Half Year Ended 30 June 2011.</b>	<b>2011</b>	<b>2010</b>	<b>Increase/(Decrease)</b>
	<b>\$'000</b>	<b>\$'000</b>	
Revenue from operations	1,156,363	847,661	36.4%
Other revenue	8,464	3,796	123.0%
Total revenue	<u>1,164,827</u>	<u>851,457</u>	36.8%
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>44,177</b>	<b>35,690</b>	<b>23.8%</b>
Share of associates profits (losses)	400	1,270	(68.5%)
Profit on sale of assets	1,761	-	
EBITDA after profit on sale of assets and equity accounting.	46,338	36,960	25.4%
Depreciation and Amortisation	(5,564)	(4,415)	26.0%
<b>Earnings before interest and tax (EBIT)</b>	<b>40,774</b>	<b>32,545</b>	<b>25.3%</b>
Borrowing costs	(12,867)	(9,736)	32.2%
<b>Profit before tax</b>	<b>27,907</b>	<b>22,809</b>	<b>22.4%</b>
Income tax expense	(8,152)	(6,953)	17.2%
<b>Profit after tax</b>	<b>19,755</b>	<b>15,856</b>	<b>24.6%</b>
Non controlling interest in subsidiaries	(26)	(41)	(36.6%)
<b>Attributable profit after tax</b>	<b>19,729</b>	<b>15,815</b>	<b>24.7%</b>
Earnings per share - basic	62.7 Cents	53.2 Cents	17.9%

### Additional Results Commentary

According to Federal Chamber of Automotive Industry statistics, Australia's new motor vehicle sales decreased by 6.6% for the first six months of 2011 as compared to same period of 2010, for total sales of 496,236 units. Supply shortages as a result of the Japanese earthquake and tsunami constrained the market below natural demand levels over the April to June period. Vehicle supply is expected to recover from September and market volumes are expected to be strong in the last quarter of the calendar year.

The Queensland market recorded a lower than average 4.7% decline during the 2011 half year, and was stronger than the national market in May/June indicating some replacement of flood affected vehicles. The New South Wales market was the strongest, recording a 3.7% decline, and the South Australian market was below the national average, recording a 10.6% decline.

The compact and luxury SUV and 4WD Pickup/Commercial segments were the only segments to record significant growth and the light/small car segments recorded only limited declines. The heavy commercial sector remains difficult reflecting weakness in the retail, transport and construction related markets with volumes reduced by 10.3% on already low 2010 levels.

The Franchised Automotive Retail operating segment contributed a profit before tax for the 2011 half year of \$23.1 million, compared to \$19.4 million for the pcp. The 2011 half year result represented a 20.9% annualised after tax return on segment net assets, compared to 16.5% for the pcp.

Following the acquisition of the Adtrans Group, a Truck Franchise Retailing operating segment has been established and generated a profit before tax of \$1.3 million in the 2011 half year.

Profit before tax from the Property operating segment was \$6.1 million (as compared to \$5.3 million in the pcp), representing an annualised after tax return on net assets of 4.5% in 2011 (as compared to 4.4% in 2010).

Total gearing (Debt /Debt + Equity), including bailment inventory financing, increased slightly to 54.7% as at 30 June 2011, as compared to 53.2% as at 31 December 2010. Bailment finance is cost effective short term finance secured against vehicle inventory on a vehicle by vehicle basis. Gearing excluding bailment was 33.0% as at 30 June 2011, compared to 32.0% as at 31 December 2010.

The Company's on-market share buy-back ceased in April 2011, with 17,209 shares having been acquired in 2011 (all in the first week of January) at an average cost of \$12.64 per share.

### **Outlook**

Despite the current supply shortages, the new car market in 2011 is expected to again exceed the 1.0 million unit national sales level and is likely to be stimulated in the last quarter of the calendar year in response to a return to normal vehicle supply and the application of deferred marketing spend by manufacturers.

Demand for heavy commercial vehicles remains well below long term trends and at some point we expect there to be a realisation of the pent up demand in this sector. Given the current economic weakness in the retail, transport and construction sectors this recovery is unlikely to become apparent until 2012 at the earliest.

Agreement has been reached to acquire the Daimler Trucks business in South Australia, with settlement to occur on 1 September 2011. This will see us represent Mercedes Benz, Freightliner, and Fuso product, including trucks, buses and vans, at our existing Regency Park, Adelaide, site. The acquisition cost is \$2.4 million representing net assets and goodwill.

The Carsguide joint venture between News Limited and a consortium of leading Australian motor dealers, representing greater than 25% of the industry will launch its new carsguide.com.au website encompassing a new consumer experience and superior business model for trade customers in late 2011. The financial and commercial benefits of the Company's investment in the joint venture are not expected until calendar year 2013.

As widely reported in the media, the current Australian economic and political environment has its difficulties, however our experience is that an unrelenting focus on business fundamentals has generated a positive outcome in the first half and we have confidence of continuing to generate a strong result.



**Martin Ward**  
**Managing Director**

31 August 2011

For more information, contact: Martin Ward  
Managing Director  
(07) 3248 9455

or visit: [www.apeagers.com.au](http://www.apeagers.com.au)

# Appendix 4D

## Half year report

### 1. Company details

Name of entity

A.P.Eagers Limited
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ABN or equivalent company reference

87 009 680 013
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Half year ended ('current period')

30 June 2011
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Half year ended ('previous period')

30 June 2010
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### 2. Results for announcement to the market

\$A'000's

2.1	Revenues from ordinary activities	Up	36.8%	to	1,164,827
2.2	Net profit (loss) for the period	Up	24.6%	to	19,755
2.3	Net profit (loss) for the period attributable to members	Up	24.7%	to	19,729
2.4	<b>Dividends</b>		Amount per security		Franked amount per security
	Interim dividend declared		28 cents		28 cents
2.5	+Record date for determining entitlements to the dividend.		22 September 2011		
2.6	Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable the figures to be understood.				
	<b>Refer attached commentary.</b>				

### 3. NTA backing

	Current period	Previous corresponding Period
Net tangible asset backing per <sup>+</sup> ordinary security	\$7.93	\$8.60

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**4.1 Control gained over entities**

N/A

Name of entity (or group of entities)

--

Date control gained

--

Contribution of such entities to the reporting entity's profit/ (loss) before tax, and internal rent from ordinary activities during the period (where material).

\$'000

--

Profit(loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period.

\$'000

**4.2 Loss of control over entities**

N/A

Name of entity (or group of entities)

--

Date control lost

--

Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities during the period (where material).

\$

--

Consolidated profit/(loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material).

\$

**5 Dividends**

**Individual dividends per security**

		Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
	<b>Interim dividend:</b> Current year	07/10/2011	28.0¢	28.0¢	Nil¢
	Previous year	30/09/2010	23.0¢	23.0¢	Nil¢

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## 6 Dividend Reinvestment Plans

The <sup>+</sup>dividend or distribution plans shown below are in operation.

The A.P.Eagers Limited Dividend Reinvestment Plan will NOT apply to the interim dividend.

The last date(s) for receipt of election notices for the <sup>+</sup>dividend or distribution plans

## 7 Details of associates and joint venture entities

Name of associate/joint venture	Reporting entity's percentage holding		Contribution to Net profit/(loss) (where material)	
	Current Period	Previous corresponding period	Current Period \$'000	Previous corresponding period \$'000
MTA Insurance Limited	20.84%	21.01%	400	79
Adtrans Group Limited	-	27.91%	-	1,191

**Group's aggregate share of associates' and joint venture entities' profits/(losses) (where material):**

	Current period \$A'000	Previous corresponding period - \$A'000
Profit/(loss) from ordinary activities before tax	571	1,814
Income tax on ordinary activities	(171)	(544)
<b>Profit/(loss) from ordinary activities after tax</b>	400	1,270
Extraordinary items net of tax	-	-
<b>Net profit/(loss)</b>	400	1,270
Adjustments	-	-
<b>Share of net profit/(loss) of associates and joint venture entities</b>	400	1,270

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Sign here: *Denis Stark* Date: 31 August 2011  
(Company Secretary)

Print name: D.G. Stark

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**A.P. EAGERS LIMITED** ACN 009 680 013  
**DIRECTORS' REPORT**

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The Directors present their report on the consolidated entity consisting of A.P. Eagers Limited and the entities it controlled at the end of, or during, the half year ended 30 June 2011.

**Directors**

B W Macdonald, N G Politis, M A Ward, P W Henley and D T Ryan were Directors of A.P. Eagers Limited during the whole of the half year and up to the date of this report.

G D Bignell and T B Crommelin were appointed as Directors on 23 February 2011 and continue in office at the date of this report.

A J Love was a Director from the beginning of the half year until his retirement on 18 May 2011.

**Review of Operations and Results**

The consolidated entity achieved a net profit after tax of \$19.8 million for the half year ended 30 June 2011 (2010: \$15.9 million). Further review of the consolidated entity's operations during the half year and the results of those operations are included in pages 1 to 4 of the commentary at the front of this report.

**Dividend**

The Board has determined that a fully franked interim dividend of 28 cents per share (2010: 23 cents) will be payable on 7 October 2011 to shareholders registered on 22 September 2011. The company's dividend reinvestment plan (DRP) will not apply to the interim dividend.

**Auditor's Independence Declaration**

A copy of the Auditor's independence declaration under section 307C of the Corporations Act 2001 is attached.

**Rounding of Amounts to Nearest Thousand Dollars**

The company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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



**Martin A Ward**  
Director

Brisbane  
31 August 2011

The Board of Directors  
A P Eagers Limited  
80 McLachlan Street  
FORTITUDE VALLEY QLD 4006

31 August 2011

Dear Board Members

### **A P Eagers Limited**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of A P Eagers Limited.

As lead audit partner for the audit of the financial statements of A P Eagers Limited for the Half-year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely,



DELOITTE TOUCHE TOHMATSU



**Michael Kaplan**  
Partner  
Chartered Accountants

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**A.P. Eagers Limited**  
**ABN 87 009 680 013**

**Interim Financial Report**

**30 June 2011**

**A.P. EAGERS LIMITED**

**Directors' declaration**

The directors declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position as at 30 June 2011 and of the financial performance of the consolidated entity for the half-year ended on that date

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

  
**Martin A Ward**  
Director

Brisbane - 31 August 2011

**A.P. EAGERS LIMITED****Condensed Consolidated Income Statement  
For the half-year ended 30 June 2011**

	Half-year ended 30-Jun-11	Half-year ended 30-Jun-10
	\$'000	\$'000
Revenue	1,156,363	847,661
Other income	8,464	3,796
Changes in inventories of finished goods and services	8,198	42,156
Raw materials and consumables used	(969,428)	(756,453)
Employee benefits expense	(96,059)	(61,682)
Finance costs	(12,867)	(9,736)
Depreciation and amortisation expenses	(5,564)	(4,415)
Business acquisition costs expensed	(20)	(668)
Other expenses	(61,580)	(39,120)
Share of net profits of associate accounted for using the equity method	400	1,270
<b>Profit before income tax</b>	<b>27,907</b>	<b>22,809</b>
Income tax expense	(8,152)	(6,953)
<b>Profit for the period</b>	<b>19,755</b>	<b>15,856</b>
<b>Attributable to:</b>		
Owners of the parent	19,729	15,815
Non-controlling interest	26	41
	<b>19,755</b>	<b>15,856</b>

**Earnings per share for profit attributable to the ordinary  
equity holders of the company**

Basic earnings per share (cents per share)	62.7	53.2
Diluted earnings per share (cents per share)	62.1	52.3

*The above condensed consolidated income statement should be read in conjunction with the accompanying notes.*

**A.P. EAGERS LIMITED****Condensed Consolidated Statement of Comprehensive Income  
For the half-year ended 30 June 2011**

	Half-year ended 30-Jun-11	Half-year ended 30-Jun-10
	\$'000	\$'000
Profit for the period	19,755	15,856
<b>Other comprehensive income</b>		
Gain(loss)on cash flow hedge taken to equity	(73)	(203)
Income tax relating to components of other comprehensive income	21	61
Other comprehensive income for the period (net of tax)	<u>(52)</u>	<u>(142)</u>
<b>Total comprehensive income for the period</b>	<u>19,703</u>	<u>15,714</u>
<b>Total comprehensive income attributable to:</b>		
Owners of the parent	19,677	15,673
Non-controlling interests	<u>26</u>	<u>41</u>
	<u>19,703</u>	<u>15,714</u>

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

**A.P. EAGERS LIMITED**

**Condensed Consolidated Statement of Financial Position  
As at 30 June 2011**

	30-Jun-11	31-Dec-10
	\$'000	\$'000
<b>Current Assets</b>		
Cash and cash equivalents	14,010	154
Trade and other receivables	96,330	88,627
Leasebook receivables	3,255	4,352
Inventories	332,130	323,932
Other	4,098	2,841
	<u>449,823</u>	<u>419,906</u>
Non-current property assets held for resale	20,925	20,250
<b>Total Current Assets</b>	<u>470,748</u>	<u>440,156</u>
<b>Non-Current Assets</b>		
Leasebook receivables	3,000	4,868
Other loan receivable	225	232
Investments accounted for using the equity method	2,775	2,703
Derivative financial instruments	185	258
Property, plant and equipment	336,742	335,611
Intangible assets	118,513	116,195
	<u>461,440</u>	<u>459,867</u>
<b>Total Assets</b>	<u>932,188</u>	<u>900,023</u>
<b>Current Liabilities</b>		
Trade and other payables	74,258	78,068
Borrowings - Bailment and other short term loan	270,530	243,645
Borrowings - Leasebook liabilities	3,510	4,286
Current tax liabilities	3,458	8,138
Provisions	14,047	13,834
	<u>365,803</u>	<u>347,971</u>
<b>Non-Current Liabilities</b>		
Borrowings - Leasebook liabilities	2,521	4,289
Borrowings - Other	174,042	166,275
Deferred tax liabilities	16,017	15,990
Provisions	5,480	5,281
	<u>198,060</u>	<u>191,835</u>
<b>Total Liabilities</b>	<u>563,863</u>	<u>539,806</u>
<b>Net Assets</b>	<u>368,325</u>	<u>360,217</u>
<b>Equity</b>		
Contributed equity	163,693	163,340
Reserves	72,071	71,142
Retained profits	132,149	125,334
Equity attributable to equity holders of the parent	<u>367,913</u>	<u>359,816</u>
Non-controlling interests	412	401
<b>Total Equity</b>	<u>368,325</u>	<u>360,217</u>

*The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.*



**A.P. EAGERS LIMITED**

**Condensed Consolidated Statement of Changes in Equity  
For the half-year ended 30 June 2011**

	<u>Issued capital</u>	<u>Asset revaluation reserve</u>	<u>Hedging reserve</u>	<u>Share-based payments reserve</u>	<u>Retained earnings</u>	<u>Attributable to equity holders of the parent</u>	<u>Non- controlling interest</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2010	145,502	74,459	112	637	109,884	330,594	45	330,639
Profit for the period	-	-	-	-	15,815	15,815	41	15,856
Loss on cash flow hedge	-	-	(203)	-	-	(203)	-	(203)
Related income tax effect	-	-	61	-	-	61	-	61
Total comprehensive income for the period	-	-	(142)	-	15,815	15,673	41	15,714
Share based payment expense	-	-	-	581	-	581	-	581
Share buy-back scheme	(2,272)	-	-	-	-	(2,272)	-	(2,272)
Payment of dividend	-	-	-	-	(11,934)	(11,934)	-	(11,934)
<b>Balance 30 June 2010</b>	<b>143,230</b>	<b>74,459</b>	<b>(30)</b>	<b>1,218</b>	<b>113,765</b>	<b>332,642</b>	<b>86</b>	<b>332,728</b>
Balance at 1 January 2011	163,340	68,340	181	2,621	125,334	359,816	401	360,217
Profit for the period	-	-	-	-	19,729	19,729	26	19,755
Loss on cash flow hedge	-	-	(73)	-	-	(73)	-	(73)
Related income tax effect	-	-	21	-	-	21	-	21
Total comprehensive income for the period	-	-	(52)	-	19,729	19,677	26	19,703
Share based payment expense	-	-	-	1,551	-	1,551	-	1,551
Shares issued pursuant to share plan	570	-	-	(570)	-	-	-	-
Share buy-back scheme	(217)	-	-	-	-	(217)	-	(217)
Payment of dividend	-	-	-	-	(12,914)	(12,914)	(15)	(12,929)
<b>Balance 30 June 2011</b>	<b>163,693</b>	<b>68,340</b>	<b>129</b>	<b>3,602</b>	<b>132,149</b>	<b>367,913</b>	<b>412</b>	<b>368,325</b>

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

**A.P. EAGERS LIMITED**

**Condensed Consolidated Statement of Cash Flows  
For the half-year ended 30 June 2011**

	<b>6 months ended 30-Jun-11</b>	<b>6 months ended 30-Jun-10</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	1,266,911	930,042
Payments to suppliers and employees	(1,217,493)	(894,163)
Dividends received	328	1,230
Interest received	257	388
Interest and other costs of finance paid	(12,502)	(8,786)
Income tax paid	(12,832)	(13,797)
<b>Net cash provided by operating activities</b>	<b>24,669</b>	<b>14,914</b>
<b>Cash flows from investing activities</b>		
Payment for shares in an associate	-	(2,515)
Payment for acquisition of business	(3,064)	(12,038)
Proceeds from sale of property and other business assets	4,468	5,500
Payments for property, plant and equipment	(5,366)	(5,129)
<b>Net cash used in investing activities</b>	<b>(3,962)</b>	<b>(14,182)</b>
<b>Cash flows from financing activities</b>		
Payment for share buy backs	(217)	(2,272)
Proceeds from borrowings	43,000	46,000
Repayment of borrowings	(33,761)	(44,540)
Dividends paid to minority shareholders of a subsidiary	(15)	-
Dividends paid to members of A.P. Eagers Limited	(12,914)	(11,934)
<b>Net cash used in financing activities</b>	<b>(3,907)</b>	<b>(12,746)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>16,800</b>	<b>(12,014)</b>
Cash and cash equivalents at the beginning of the period	(2,790)	18,898
<b>Cash and cash equivalents at the end of the period</b>	<b>14,010</b>	<b>6,884</b>

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

## A.P. EAGERS LIMITED

### Notes to the Condensed Consolidated Financial Statements 30 June 2011

#### 1. Significant accounting policies

##### Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and any public announcements made by A. P. Eagers Limited made during the interim reporting period in accordance with continuous disclosure requirements of the *Corporations Act 2001*.

##### Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise stated.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2010 annual financial report for the financial year ended 31 December 2010.

These accounting policies are consistent with the Australian Accounting Standards and with International Financial Reporting Standards. The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and effective for the current reporting period.

#### 2 Segment information

Segments are identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker, being the board of directors, in order to allocate resources to the segment and to assess its performance.

The consolidated entity operates in four operating and reporting segments being (i) automotive franchised retailing (ii) truck franchised retailing (iii) property and (iv) all other, these being identified on the basis of being the components of the consolidated entity that are regularly reviewed by the chief decision maker for the purpose of resource allocation and assessment of segment performance.

Information regarding the consolidated entity's reporting segments is presented below.

##### (i) Automotive Franchised Retailing

Within the Automotive Franchised Retail segment, the consolidated entity offers a diversified range of automotive products and services, including new vehicles, used vehicles, vehicle maintenance and repair services, vehicle parts, extended service contracts, vehicle protection products and other aftermarket products. They also arrange financing for vehicle purchases through third-party sources. New vehicles, vehicle parts, and maintenance services are predominantly supplied in accordance with franchise agreements with manufacturers.

##### (ii) Truck Franchised Retailing

With the acquisition of Adtrans Group Limited in October 2010, the group now operates a truck retailing segment which includes sales of new trucks, used trucks, truck maintenance and repair services, truck parts, other aftermarket products and financing of trucks through third-party sources. New trucks, truck parts and maintenance services are predominantly supplied in accordance with franchise agreements with manufacturers.

##### (iii) Property

Within the Property segment, the consolidated entity acquires commercial properties principally for use as facility premises for its motor dealership operations. The Property segment charges the Automotive and Truck Franchised Retailing segments commercial rentals for owned properties occupied by that segment. The Property segment reports property assets at fair value, based on annual assessments by the directors supported by periodic, but at least triennial valuations by external independent valuers. Revaluation increments arising from fair value adjustments are reported internally and assessed by the chief decision maker as profit adjustments in assessing the overall returns generated by this segment to the consolidated entity.

##### (iv) All Other

This segment includes dealerships within the non franchise market currently dealing in the used car market.

**A.P. EAGERS LIMITED**

**Notes to the Condensed Consolidated Financial Statements  
30 June 2011 (continued)**

	Automotive Franchised Retailing	Truck Franchised Retailing	Property	All Other	Eliminations	Consolidated
6 months ended 30 June 2011	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales to external customers	967,395	142,553	309	46,415	-	1,156,672
Inter-segment sales	-	-	13,990	-	(13,990)	-
Total sales revenue	967,395	142,553	14,299	46,415	(13,990)	1,156,672
Other Revenue	7,716	162	141	136	-	8,155
<b>TOTAL REVENUE</b>	<b>975,111</b>	<b>142,715</b>	<b>14,440</b>	<b>46,551</b>	<b>(13,990)</b>	<b>1,164,827</b>
<b>SEGMENT RESULT</b>						
Operating profit before interest	28,355	2,928	10,005	215	-	41,503
External interest expense allocation	(7,340)	(1,597)	(3,930)	-	-	(12,867)
<b>OPERATING CONTRIBUTION</b>	<b>21,015</b>	<b>1,331</b>	<b>6,075</b>	<b>215</b>	<b>-</b>	<b>28,636</b>
Share of net profit of equity accounted investments	400	-	-	-	-	400
Profit on sale of property/business	1,739	-	22	-	-	1,761
Business acquisition costs	(20)	-	-	-	-	(20)
<b>SEGMENT PROFIT</b>	<b>23,134</b>	<b>1,331</b>	<b>6,097</b>	<b>215</b>	<b>-</b>	<b>30,777</b>
Unallocated corporate expenses						(2,870)
						27,907
Income tax expense						(8,152)
<b>NET PROFIT</b>						<b>19,755</b>
<b>6 months ended 30 June 2010</b>						
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Sales to external customers	823,378	-	225	24,283	-	847,886
Inter-segment sales	-	-	14,096	-	(14,096)	-
Total sales revenue	823,378	-	14,321	24,283	(14,096)	847,886
Other Revenue	3,288	-	283	-	-	3,571
<b>TOTAL REVENUE</b>	<b>826,666</b>	<b>-</b>	<b>14,604</b>	<b>24,283</b>	<b>(14,096)</b>	<b>851,457</b>
<b>SEGMENT RESULT</b>						
Operating profit before interest	24,269	-	9,551	(681)	-	33,139
External interest expense allocation	(5,478)	-	(4,258)	-	-	(9,736)
<b>OPERATING CONTRIBUTION</b>	<b>18,791</b>	<b>-</b>	<b>5,293</b>	<b>(681)</b>	<b>-</b>	<b>23,403</b>
Share of net profit of equity accounted investments	1,270	-	-	-	-	1,270
Business acquisition costs	(668)	-	-	-	-	(668)
<b>SEGMENT PROFIT</b>	<b>19,393</b>	<b>-</b>	<b>5,293</b>	<b>(681)</b>	<b>-</b>	<b>24,005</b>
Unallocated corporate expenses						(1,196)
						22,809
Income tax expense						(6,953)
<b>NET PROFIT</b>						<b>15,856</b>

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**A.P. EAGERS LIMITED**

**Notes to the Condensed Consolidated Financial Statements  
30 June 2011 (continued)**

<b>3 Dividends</b>	<b>6 months ended 30-Jun-11</b>	<b>6 months ended 30-Jun-10</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Ordinary shares</b>		
Dividends paid during the half-year	12,914	11,934

**Dividends not recognised at the end of the half-year**

Since the end of the half-year the directors have determined the payment of an interim dividend of 28 cents (2010 - 23 cents) per fully paid ordinary share, fully franked based on tax paid at 30%. The aggregate amount of the interim dividend expected to be paid on 7 October 2011 out of retained profits at the end of the half-year, but not recognised as a liability, is

8,819	6,827
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**4 Equity securities movements**

	<b>6 months ended 30-Jun-11</b>	<b>6 months ended 30-Jun-10</b>	<b>6 months ended 30-Jun-11</b>	<b>6 months ended 30-Jun-10</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Movements in ordinary shares during the half-year</b>				
Staff share schemes	56,420	-	570	-
Share buy back scheme	(17,209)	(180,236)	(217)	(2,272)
	<u>39,211</u>	<u>(180,236)</u>	<u>353</u>	<u>(2,272)</u>

**5 Business combinations**

**6 months ended 30 June 2011**

On 1 March 2011, the Group acquired the business of Eblen Subaru. The acquired business contributed revenue of \$16 million and net profit before tax, corporate charges and internal interest of \$281 thousand for the period 1 March 2011 to 30 June 2011. If the acquisition had occurred on 1 January 2011, the consolidated entity's revenue and profit before tax for the half-year ended 30 June 2011 would have been \$1,180 million and \$28.3 million respectively.

Purchase consideration:		<b>\$'000</b>
Cash	3,064	
Vendor finance	<u>2,800</u>	5,864
Fair value of net identifiable assets acquired:		
Property, plant & equipment	3,478	
Provision for employee benefits	(531)	
Deferred tax assets	164	
Other net liabilities	<u>(229)</u>	2,882
Goodwill and franchise rights *		<u><u>2,982</u></u>

In accordance with Accounting Standard AASB 3 "Business Combinations", direct costs relating to acquisitions amounting to \$36 thousand were written off as an expense in the income statement.

\* The above acquisition and the acquisition of Adtrans Group in October 2010 continues to be provisionally accounted for at half-year balance date.

## A.P. EAGERS LIMITED

### Notes to the Condensed Consolidated Financial Statements 30 June 2011 (continued)

#### 5 Business combinations (continued)

##### 6 months ended 30 June 2010

On 14 April 2010, the Group acquired the business of Caloundra City Autos. The acquired business contributed revenue of \$12 million and net profit before tax, corporate charges and internal interest of \$357 thousand for the period 14 April 2010 to 30 June 2010.

If the acquisition had occurred on 1 January 2010, the consolidated entity's revenue and profit before tax for the half-year ended 30 June 2010 would have been \$865 million and 23.3 million respectively.

		<b>\$'000</b>
Purchase consideration:		
Cash paid		12,038
Fair value of net identifiable assets acquired:		
Inventories	1,808	
Plant & equipment	599	
Provision for employee benefits	(365)	
Deferred tax assets	110	
Other net liabilities	(114)	
		<u>2,038</u>
Goodwill and franchise rights *		<u>10,000</u>

In accordance with Accounting Standard AASB 3 "Business Combinations", direct costs relating to acquisitions amounting to \$668 thousand were written off as an expense in the income statement.

\* Provisionally accounted for at half-year balance date

#### 6 Contingent liabilities

There has been no change in contingent liabilities since the last annual reporting date.

#### 7 Subsequent events

There has been no material events occurring after the balance date requiring disclosure in the financial report.

## Independent Auditor's Review Report to the Members of A P Eagers Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of A P Eagers Limited, which comprises the condensed consolidated statement of financial position as at 30 June 2011, and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year financial report 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 is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of 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 A P Eagers Limited's financial position as at 30 June 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of AP Eagers 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.

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## *Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of A P Eagers Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

## *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 A P Eagers Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Michael Kaplan  
Partner  
Chartered Accountants  
Sydney, 31 August 2011

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