

31 August 2001

The Companies Announcement Office  
Australian Stock Exchange Limited  
Level 10  
20 Bond Street  
SYDNEY NSW 2000

Dear Sir

**Re: Report for the Half Year ended 30 June 2001**

The Directors of A.P. Eagers Limited (ASX Code: APE) are pleased to report substantially improved earnings for the half year ended 30 June 2001. Consolidated net profit before tax rose 101.3% to \$4.576 million following strong improvement in A.P. Eagers existing operations as well as a positive contribution from the Metro/Torque Ford and Toyota operations acquired in February of this year.

Detailed results are as follows.

	<u>Half-Year June 2001</u> \$'000	<u>Half-Year June 2000</u> \$'000	<u>% Incr/(Decr)</u>
Sales revenue	324,599	250,208	29.7
Other revenue	509	3,255	(84.4)
Total revenue	<u>325,108</u>	<u>253,463</u>	<u>28.3</u>
EBITDA	9,631	5,722	68.3
Depreciation & amortisation	<u>(2,003)</u>	<u>(1,624)</u>	<u>23.3</u>
EBIT	7,628	4,098	86.1
Interest expense	<u>(3,052)</u>	<u>(1,825)</u>	<u>67.2</u>
Operating profit before tax	4,576	2,273	101.3
Tax expense	<u>(1,463)</u>	<u>(817)</u>	<u>79.1</u>
Net profit after tax	<u>3,113</u>	<u>1,456</u>	<u>113.8</u>
Basic earnings per share	20.3c	9.6c	111.5
Net tangible assets per share	\$4.32	\$4.67	(7.5)

Group turnover was impacted by two factors which makes direct comparison with the previous year difficult.

Firstly, the effect of the introduction of the GST on 1 July 2000 caused revenue (excluding revenue from the Metro/Torque operations acquired on 1 February 2001) to fall by 4.3% despite solid volume gains during the period. This occurred due to the 10% GST replacing wholesale sales tax (WST) of 22% previously levied on wholesale values. WST was previously included in sales revenue whereas GST is excluded.

Secondly, the acquisition of the Metro/Torque business on 1 February 2001 provided additional revenue of \$85.1 million.

The net effect of these two material factors was a 30% increase in total revenue when compared with the corresponding period last year.

The national new vehicle market year to date June 2001 was up 21,585 units (6.1%) on the corresponding period last year recording sales of 375,076 units. The decision by the Federal Government in late May 2001 to remove restrictions preventing business from claiming input tax credits on business motor vehicle purchases gave the market a much needed boost in June enabling the Group to finish the half year with 6668 new vehicle sales (including Metro/Torque volume) compared to 4494 in year 2000. The change in respect of input tax credits should also assist the market through the balance of the year.

The Metro/Torque acquisition provides the Group with tremendous rationalisation opportunities, particularly through the amalgamation of the Group's Ford Parts distribution operations and the re-location of Metro Fords' new, used and service divisions from Springhill to Group owned property at Ann and McLachlan Streets in Fortitude Valley. Planning for this move is being accelerated following Ford Motor Company's recent announcement to sell the Springhill property from which Metro Ford currently operates.

The Ford Motor Company has also just announced that it has abandoned plans to form Retail Joint Ventures (RJV's) in Metropolitan centres other than Perth and Sydney where RJV's are already operative. This will have little impact on A.P Eagers as the company is well positioned in the Ford market in Brisbane following its acquisition of the Metro/Torque group. Directors are pleased to report strong returns from its Ford franchised operations, particularly in light of Fords reduced market share.

Returns from the Group's Holden franchise are also substantially improved and with the acquisition of Leach Motors Windsor being settled today the Group's position in the Holden market in Brisbane will be considerably enhanced. The Leach acquisition is expected to immediately contribute to Eagers already profitable Holden franchise.

With the exception of Ford (down 4.9%) and Honda (down 9.8%) all other Group held franchises recorded national volume increases during the half-year. In respect of our other major franchises, Holden was up 19.5% and Toyota 2.8%.

The used car market remained difficult throughout the period with tighter margins and generally little consistency as the sale of low priced new vehicles cut into the traditional used car market.

Both parts and service divisions continue to perform well in both volume and profit terms. The parts and accessories divisions of the Group's major franchises, Holden, Ford and Toyota all made solid gains whilst the service divisions of the newly acquired Metro/Torque Group were substantial contributors to a much improved service result.

Net tangible asset backing fell 7.5% (35 cents per share) recognising the goodwill component on the acquisition of the Metro/Torque Group.

Directors are pleased that the direction taken to expand operational revenue and increase returns through organic and acquisition growth is adding sustainable value and have declared an increased fully franked interim dividend of 13 cents per share (2000-12 cents per share) payable on 1 October 2001. They also expect the current buoyant trading conditions to generally prevail through to the end of the financial year.

Yours faithfully  
A.P Eagers Limited

K W Macdonald  
Managing Director

For further information please contact either Ken Macdonald or Dennis Hull on (07) 3248 9455.