



24 August 2007

The Companies Announcements Office
ASX Limited
Level 10
20 Bond Street
SYDNEY NSW 2000

Dear Sirs

A.P. Eagers Half Year EBITDA surges 44.4%. Interim Dividend increased by 3 cents per share to 22 cents per share.

Directors are pleased to report that Group EBITDA for the half year ended 30 June 2007 was up 44.4% to \$29.2 million (2006 - \$20.2 million) and have declared an increased fully franked interim dividend of 22.0 cents per share (2006 – 19.0 cents per share) payable on 24 September 2007.

FINANCIAL HIGHLIGHTS

- EBITDA up 44.4% to \$29.2 million
- Net profit before tax and profit on sale of properties up 48.6% to \$16.424 million
- Net profit before tax up 36.1% to \$16.424 million
- Net profit after tax up 37.6% to \$11.6 million
- Interim fully franked dividend of 22.0 cents per share declared payable on 24 September 2007

OPERATIONAL HIGHLIGHTS

- Acquired Kloster Motor Group, Newcastle on 28 February 2007 for \$65 million – trading above expectation.
- Acquired a 19.8% stake in Adelaide based Adtrans Group Limited – 06/07 record result reported 23 August 2007.
- \$25 million new dealership complex at North Lakes, Brisbane for Ford, Toyota and Honda fully operational with the opening of Torque Honda in June 2007.
- City Subaru franchise relocated to new facility on Breakfast Creek Road, Newstead.
- New information technology system with full disaster recovery capability installed June 2007.
- Acquisition of Surfers City Holden, Saab and Hummer at Southport on the Gold Coast settled on 17 August 2007 – immediately earnings accretive.

COMMENTARY

Consolidated profit before tax for the half year ended 30 June 2007 was \$16.424 million (2006 - \$12.065 million inclusive of \$1.011 million property sale profit.)

Consolidated profit after tax was \$11.624 million (2005 - \$8.445 million).

Group sales revenue for the period was \$788.1 million, up \$215.3 million on the previous corresponding period with growth achieved through the acquisition of new dealerships, particularly the Kloster Motor Group in Newcastle, NSW, and through organic growth. On a like for like basis, the existing Group's operations accounted for 40% of the Group's increase in Profit before tax.

New vehicles sales of 15,681 units for the six months were 4,057 units ahead of 2006 reflecting acquisition activity and the strength of the new vehicle market which improved 8.5% over first half 2006.

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
Email corporate@apeagers.com.au

Whilst the used vehicle market remains competitive contributions from this segment increased 142.6% to \$0.871 million (2006 - \$0.359 million) being boosted by acquisition business and productivity improvement. Used vehicle retail sales of 7,659 units for the six months were 2,390 units ahead of 2006, a 45% increase.

The acquisition of the Kloster Motor Group in Newcastle along with related freehold properties on 28 February 2007, with annual revenue of approximately \$300 million, established the Group's first foothold in the New South Wales motor vehicle market.

Klosters have performed above expectation in the four months since acquisition and have fitted extremely well into the A.P. Eagers operational model.

Since the end of the half year the Group has settled the acquisition of Surfers City Holden (SCH) at Southport on the Gold Coast giving the Group its first entry point to that sector of the Queensland market. SCH which also operate Saab and Hummer franchises, is a strong and viable operational unit and will be immediately earnings accretive.

In May 2007 the Group acquired a significant holding (19.8%) in Adelaide based Adtrans Group Limited, a well respected listed motor group which derives approximately half its \$650 million annual revenue through the operation of motor vehicle dealerships in Adelaide, South Australia with the other half being derived from truck dealerships in Adelaide, Melbourne and Sydney.

Directors see this as a valuable investment in a like minded vehicle retail company with quality earnings and solid prospects.

Directors reiterate the Group's previously stated policy of growing the Group through acquisition and advise that management is actively assessing a number of possible acquisitions whilst at the same time assessing and initiating organic growth opportunities. Given continued favourable conditions through to the end of the year Directors are confident of again achieving a strong full year trading result.

Yours faithfully
A.P. Eagers Limited



Martin A Ward
Chief Executive Officer

For further information please contact Mr Martin Ward on (07) 3248 9455

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Appendix 4D

Half year report

1. Company details

Name of entity

A.P.Eagers Limited

ABN or equivalent company
reference

87 009 680 013

Half year ended ('current period')

30 June 2007

Half year ended ('previous period')

30 June 2006

2. Results for announcement to the market

\$A'000's

2.1	Revenues from ordinary activities	up	37.5%	to	788,814
2.2	Profit (loss) from ordinary activities after tax attributable to members	up	37.6%	to	11,624
2.3	Net profit (loss) for the period attributable to members	up	37.6%	to	11,624
2.4	Dividends		Amount per security		Franked amount per security
	Interim dividend declared		22.0¢		22.0¢
2.5	+Record date for determining entitlements to the dividend.		14 September 2007		
2.6	Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable the figures to be understood. The 2007 figures include four months revenue of \$108.8M and after tax profit of \$2.05M from the Kloster Motor Group acquired 28 February 2007. Excluding the Kloster Motor Group contribution the results would reflect revenue of \$680.0M (up 18.5%) and net profit attributable to members of \$9.57M (up 13.3%).				

3. NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per +ordinary security	\$7.64	\$6.40

4.1 Control gained over entities

Name of entity (or group of entities)	Kloster Motor Group
Date control gained	28 February 2007
Contribution of such entities to the reporting entity's profit/ (loss) before tax from ordinary activities during the period (where material).	\$'000 2,934 (4 Months)
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 4,067 (6 Months)

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
	Interim dividend: Current year	24/09/2007	22.0¢	22.0¢	Nil¢
	Previous year	02/10/2006	19.0¢	19.0¢	Nil¢

6 Dividend Reinvestment Plans

The ⁺dividend or distribution plans shown below are in operation.

The A.P.Eagers Limited Dividend Reinvestment Plan

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

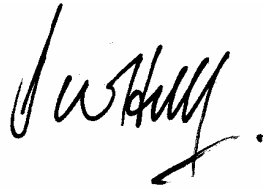
5.00pm on 14 September 2007

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	19.43%	19.43%	550	520
Adtrans Group Limited	19.76%	-	300	-

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	1,214	743
Income tax on ordinary activities	(364)	(223)
Profit/(loss) from ordinary activities after tax	850	520
Extraordinary items net of tax	-	-
Net profit/(loss)	850	520
Adjustments	-	-
Share of net profit/(loss) of associates and joint venture entities	850	520



Sign here: Date: ..24 August 2007.....
(Company Secretary)

Print name:D.W.Hull.....

A.P. EAGERS LIMITED DIRECTORS' REPORT

Your 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 2007.

Directors

The following persons were directors of A.P. Eagers Limited during the whole of the half year and up to the date of this report:

B W Macdonald, N G Politis, A J Love, M A Ward and P W Henley.

Review of Operations

Consolidated sales revenues and results are set out below:

	Revenues		Results	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Franchised Operations:				
New vehicle departments	479,086	349,046	3,490	2,052
Used vehicle departments	181,042	118,767	871	359
Parts departments	91,154	77,637	3,334	3,433
Service departments	36,820	27,350	2,392	2,176
Other unallocated revenue	712	1,414	-	-
	<u>788,814</u>	<u>574,214</u>	<u>10,087</u>	<u>8,020</u>
Internal interest and rental charges			9,981	6,850
Operating contribution			20,068	14,870
Net unallocated expenses			(3,644)	(3,816)
Net profit before tax and profit on sale of property			16,424	11,054
Profit on sale of properties			-	1,011
Profit before tax			16,424	12,065
Tax expense			(4,800)	(3,620)
Net profit after tax			<u>11,624</u>	<u>8,445</u>

Review of Operations

Comments on the operations and the results of those operations are set out below.

a. Revenue and Earnings

Sales revenue increased 37.6% (\$215.3 million) to \$788.1 million predominantly as a result of business acquisitions made in both the current period and the second half of 2006.

With additional earnings from the newly acquired businesses and improved earnings from existing operations, operating profit before tax and profit on sale of properties increased 48.6% to \$16.424 million (2006 - \$11.054 million).

b. New Vehicles

New vehicle sales were 4,057 units ahead of the previous corresponding period reflecting acquisition activity and the strength of the market in general which improved 8.5% over first half 2006. New vehicle segment contribution improved by 70.1% to \$3.49 million (2006 - \$2.05 million).

c. Used Vehicles

Whilst the used vehicle market remains competitive contributions from this segment increased 142.6% to \$0.871 million (2006 - \$0.359 million) being boosted by acquisition business and productivity improvement. Used vehicle retail sales of 7,659 units for the six months were 2,390 units ahead of 2006, a 45% increase.

d. Fixed Operations (Parts and Service)

The contribution from the Group's fixed operations was a combined \$5.726 million (2006 - \$5.609 million) up 2.1%. A

A.P. EAGERS LIMITED DIRECTORS' REPORT

senior Fixed Operations specialist has recently been appointed to oversee the development of this important segment of the Group's operations.

All segment results have been achieved after incurring increased rent to reflect a commercial return on current property values.

The following table outlines the Group's half year results compared to the previous corresponding period.

Half year ended 30 June	2007 \$'000	2006 \$'000	% Change Incr / (Decr)
Sales revenue	788,102	572,800	37.6
Other revenue	712	894	(20.4)
Total revenue	<u>788,814</u>	<u>573,694</u>	37.5
EBITDA (before profit on sale of properties)	29,182	20,209	44.4
Depreciation / amortisation expense	<u>(3,899)</u>	<u>(2,898)</u>	34.5
EBIT (before profit on sale of properties)	25,283	17,311	46.1
Borrowing expenses	<u>(8,859)</u>	<u>(6,257)</u>	41.6
Operating profit before tax and profit on sale of properties	16,424	11,054	48.6
Profit on sale of properties	-	1,011	-
Profit before tax	<u>16,424</u>	<u>12,065</u>	36.1
Tax expense	<u>(4,800)</u>	<u>(3,620)</u>	32.6
Net profit after tax	<u>11,624</u>	<u>8,445</u>	37.6
Basic earnings per share – cents	42.7	37.9	12.7
Net tangible assets per share - \$	7.64	6.40	19.4

Auditor's Independence Declaration

A copy of the Auditor's independence declaration as required 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
24 August 2007

DTT NSW

DTT NSW has changed its name from Horwath Sydney Partnership and is a continuation of that partnership. The partners of DTT NSW have also joined the Australian partnership of Deloitte Touche Tohmatsu. All changes with effect from 1 February 2007.

DTT NSW
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24 August 2007

The Directors
AP Eagers Limited
80 McLachlan Street
Fortitude Valley QLD 4006

Dear Sirs

Auditor's independence declaration to AP 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 review of the financial statements of AP Eagers Limited for the half-year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully,
DTT NSW



MICHAEL KAPLAN

Liability limited by a scheme approved under Professional Standards Legislation.

A.P. Eagers Limited
ABN 87 009 680 013

Interim Financial Report

30 June 2007

A.P. EAGERS LIMITED

Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 2 to 8 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements ; and
 - (ii) giving a true and fair view of the consolidated entity's financial position at 30 June 2007 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and

- (b) there are reasonable grounds to believe that A.P. Eagers Limited will be able to pay its debts as and when they become due and payable.

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



Martin A Ward
Director

Brisbane - 24 August 2007

A.P. EAGERS LIMITED

Consolidated Income Statement For the half-year ended 30 June 2007

	Half-year	Half-year
	2007	2006
	\$'000	\$'000
Sales revenue	788,102	572,800
Cost of sales	(679,777)	(493,028)
Gross profit	108,325	79,772
Other income	712	894
Profit on sale of properties	-	1,011
Employee benefits expense	(50,523)	(36,921)
Borrowing expenses	(8,859)	(6,257)
Depreciation and amortisation expenses	(3,899)	(2,898)
Other expenses	(30,182)	(24,056)
Share of net profits of associate accounted for using the equity method	850	520
Profit before income tax	16,424	12,065
Income tax expense	(4,800)	(3,620)
Profit attributable to members of A.P. Eagers Limited	11,624	8,445

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

Basic earnings per share (cents per share)	42.7	37.9
Diluted earnings per share (cents per share)	41.9	37.1

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

A.P. EAGERS LIMITED**Consolidated Balance Sheet
As at 30 June 2007**

	30 June 2007	31 December 2006
	\$'000	\$'000
Current Assets		
Cash and cash equivalents	9,923	54,864
Trade and other receivables	71,855	42,886
Inventories	230,569	161,776
Other	1,719	3,751
Total Current Assets	<u>314,066</u>	<u>263,277</u>
Non-Current Assets		
Investments accounted for using the equity method	20,801	1,706
Available for sale financial assets	-	113
Derivative financial instruments	760	863
Property, plant and equipment	288,564	240,965
Intangible assets	50,193	26,403
Total Non-Current Assets	<u>360,318</u>	<u>270,050</u>
Total Assets	<u>674,384</u>	<u>533,327</u>
Current Liabilities		
Trade and other payables	44,362	32,985
Borrowings - Bailment	194,481	118,738
Borrowings - Other	10,506	4,000
Current tax liabilities	2,992	4,910
Provisions	7,173	5,396
Total Current Liabilities	<u>259,514</u>	<u>166,029</u>
Non-Current Liabilities		
Borrowings	124,600	104,600
Deferred tax liabilities	19,026	20,249
Provisions	3,654	2,521
Other	450	450
Total Non-Current Liabilities	<u>147,730</u>	<u>127,820</u>
Total Liabilities	<u>407,244</u>	<u>293,849</u>
Net Assets	<u>267,140</u>	<u>239,478</u>
Equity		
Contributed equity	128,898	106,264
Reserves	90,047	89,913
Retained profits	48,195	43,301
Total Equity	<u>267,140</u>	<u>239,478</u>

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

A.P. EAGERS LIMITED**Consolidated Statement of Changes in Equity
For the half-year ended 30 June 2007**

	Half-year	Half-year
	2007	2006
	\$'000	\$'000
Total equity at the beginning of the half-year	239,478	161,039
Profit for the half-year	11,624	8,445
Adjustment to market value of derivative financial instrument	(72)	-
Total recognised income for the half-year attributable to members of A.P.Eagers Limited	11,552	8,445
Transactions with equity holders in their capacity as equity holders:		
Contribution of equity	22,634	1,579
Dividends paid (note 3)	(6,730)	(4,458)
Employee share schemes	206	626
	16,110	(2,253)
Total equity at the end of the half-year	267,140	167,231

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

A.P. EAGERS LIMITED**Consolidated Cash Flow Statement
For the half-year ended 30 June 2007**

	Half-year	Half-year
	2007	2006
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	851,497	626,836
Payments to suppliers and employees	(818,494)	(603,428)
	<u>33,003</u>	<u>23,408</u>
Dividends received	441	520
Interest received	595	190
Borrowing costs paid	(9,094)	(6,269)
Income taxes paid	(7,490)	(3,974)
	<u>17,455</u>	<u>13,875</u>
Net cash inflow from operating activities		
Cash flows from investing activities		
Payment for purchase of business	-	(2,593)
Payment for shares in an associate	(7,687)	-
Payment for shares in subsidiaries net of cash acquired	(22,883)	-
Payment for land and buildings occupied by subsidiaries acquired	(36,100)	-
Proceeds from sale of property, plant and equipment	-	4,882
Payments for property, plant and equipment	(11,357)	(10,101)
	<u>(78,027)</u>	<u>(7,812)</u>
Net cash (outflow) from investing activities		
Cash flows from financing activities		
Proceeds from borrowings	20,000	2,000
Repayment of borrowings	(1,756)	-
Dividends paid	(2,613)	(3,751)
	<u>15,631</u>	<u>(1,751)</u>
Net cash inflow (outflow) from financing activities		
Net increase in cash and cash equivalents	(44,941)	4,312
Cash and cash equivalents at the beginning of the half-year	<u>54,864</u>	<u>4,494</u>
Cash and cash equivalents at the end of the half-year	<u>9,923</u>	<u>8,806</u>

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

A.P. EAGERS LIMITED

Notes to the Consolidated Financial Statements 30 June 2007

1. Basis of preparation of half-year financial report

This general purpose financial report for the interim half-year reporting period ended 30 June 2007 has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*

This interim financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2006 and any public announcements made by A. P. Eagers Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous year and corresponding interim reporting period.

2 Segment information

Primary reporting - Business segment

Half-year 2007

	New Cars	Used Cars	Parts	Service	Eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
External revenue	479,086	181,042	91,154	36,820		788,102
Inter-segment revenue			9,738	7,566	(17,304)	-
Total segment revenue	<u>479,086</u>	<u>181,042</u>	<u>100,892</u>	<u>44,386</u>	<u>(17,304)</u>	<u>788,102</u>
Unallocated revenue						712
Total revenue						<u>788,814</u>
Results						
Segment result	3,490	871	3,334	2,392		10,087
Internal interest & rental charges	<u>3,100</u>	<u>2,301</u>	<u>1,664</u>	<u>2,916</u>		<u>9,981</u>
Segment contribution	<u>6,590</u>	<u>3,172</u>	<u>4,998</u>	<u>5,308</u>		<u>20,068</u>
Equity accounting						850
Unallocated corporate expenses						(4,494)
Profit before income tax						<u>16,424</u>

Half-year 2006

	New Cars	Used Cars	Parts	Service	Eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
External revenue	349,046	118,767	77,637	27,350	-	572,800
Inter-segment revenue	-	-	8,693	5,096	(13,789)	-
Total segment revenue	<u>349,046</u>	<u>118,767</u>	<u>86,330</u>	<u>32,446</u>	<u>(13,789)</u>	<u>572,800</u>
Unallocated revenue						1,414
Total revenue						<u>574,214</u>
Results						
Segment result	2,052	359	3,433	2,176		8,020
Internal interest & rental charges	<u>2,275</u>	<u>1,659</u>	<u>1,164</u>	<u>1,752</u>		<u>6,850</u>
Segment contribution	<u>4,327</u>	<u>2,018</u>	<u>4,597</u>	<u>3,928</u>		<u>14,870</u>
Equity accounting						520
Profit on sale of properties						1,011
Unallocated corporate expenses						(4,336)
Profit before income tax						<u>12,065</u>

A.P. EAGERS LIMITED

Notes to the Consolidated Financial Statements (continued)

30 June 2007

	Half-year 2007	Half-year 2006
	\$'000	\$'000
3 Dividends		
Ordinary shares		
Dividends provided for or paid during the half-year	6,730	4,458

Dividends not recognised at the end of the half-year

Since the end of the half-year the directors have declared the payment of an interim dividend of 22 cents (2006 - 19 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 24 September 2007 out of retained profits at the end of the half-year, but not recognised as a liability, is

6,302	4,261
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4 Equity securities issued

	Half-year 2007	Half-year 2006	Half-year 2007	Half-year 2006
	Shares	Shares	\$'000	\$'000
Issues of ordinary shares during the half-year				
Senior Executive Deferred Commission plan	30,463	-	279	
Purchase of shares in a subsidiary	631,581	-	6,512	
Purchase of shares in an associate	939,131	-	10,800	
Employee share plan *	72,384	113,133	927	872
Dividend reinvestment plan issues	349,578	97,185	4,116	707
	#####	210,318	22,634	1,579

* Issued free to eligible employees but expensed in income statement in accordance with Australian Accounting Standard AASB2: *Share-based Payment*

5 Business combinations

Half-year 2007

On 28 February 2007 the Group acquired 100% of the shares in Peter Dunn Investments Pty Ltd, Peter Robinson Investments Pty Ltd and Trevor Reading Investments Pty Ltd which collectively owned 100% of the shares in PPT Investments Pty Ltd trading as the Kloster Group in Newcastle and the Hunter Valley region of New South Wales. At the same time the Group also acquired from the vendors the land and buildings from which the operations are conducted. The Kloster Group is the premier motor dealership group in Newcastle and the Hunter Valley region with impressive facilities in the best locations. They have exclusive representation for BMW/Mini, Chrysler Jeep and Dodge, Ford, Honda, Hyundai, Mitsubishi, Nissan, Suzuki and VW within Newcastle along with additional representation for Ford and Hyundai in a number of regional centres in the Hunter Valley. The acquired businesses contributed revenue of \$108.8 million and profit before tax of \$2.9 million for the period 28 February 2007 to 30 June 2007. If the acquisition had occurred on 1 January 2007, the consolidated entity's revenue and profit before tax for the half-year ended 30 June 2007 would have been \$843 million and \$17.2 million respectively.

A.P. EAGERS LIMITED**Notes to the Consolidated Financial Statements (continued)**
30 June 2007**5 Business combinations (continued)**

The details of acquisition are as follows:

		\$'000
Purchase consideration:		
Cash paid		57,395
Direct costs relating to acquisition		2,394
		<u>59,789</u>
Less: cash acquired		(806)
		<u>58,983</u>
Issue of shares		6,512
		<u>65,495</u>
Fair value of net identifiable assets acquired:		
Receivables	12,616	
Inventories	41,139	
Land and buildings	36,100	
Plant & equipment	3,392	
Creditors and borrowings	(49,918)	
Other provisions	(1,621)	41,708
		<u>23,787</u>
Goodwill		<u>23,787</u>

Half-year 2006

On 27 February 2006, the Group acquired the business of Bayside Honda and Kia from the administrators and receivers of Auto Group Cleveland Pty Limited. The Group also reached agreement with the receivers of Auto Group Auctions (Qld) Pty Limited to acquire the assets of Auto Group's Brisbane based motor vehicle auction business. The acquired businesses contributed revenue of \$29.7 million and net profit before tax of \$361,000 for the period 27 February 2006 to 30 June 2006. If the acquisition had occurred on 1 January 2006, the consolidated entity's revenue and profit after tax for the half-year ended 30 June 2006 would have been \$593,982,000 and \$12,244,000 respectively.

		\$'000
Purchase consideration:		
Cash paid		2,493
Direct costs relating to acquisition		100
		<u>2,593</u>
Fair value of net identifiable assets acquired:		
Inventories	1,625	
Plant & equipment	229	
Provision for employee benefits	(672)	
Deferred tax assets	224	
Other assets	276	1,682
		<u>911</u>
Goodwill		<u>911</u>

6 Contingent liabilities

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

7 Events occurring after balance sheet date

(a) On 17 August 2007 the company acquired the business of Surfers City Holden located in Southport on Queensland's Gold Coast for an outlay of \$13.7 million, \$2.5 million higher than originally foreshadowed. This increased outlay is due to a decision to purchase some of the vehicle inventory for cash rather than on bailment finance as originally planned. The changed funding arrangement does not affect the project's original economic rationale.

(b) The company has contracted to purchase land and buildings at Newmarket Road, Windsor and at Nicklin Way, Currimundi on the Sunshine Coast, Queensland for combined total of \$9.1 million.

Independent Auditor's Review Report to the Members of AP Eagers Limited

We have reviewed the accompanying half-year financial report of AP Eagers Limited (the consolidated entity), which comprises the balance sheet as at 30 June 2007, and the income statement, cash flow statement, 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 AP Eagers Limited 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 consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2007 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.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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 AP 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 2007 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*.

DTT NSW



MICHAEL KAPLAN
Partner
Chartered Accountants
Sydney, 24 August 2007