



7 May 2008

The Company Announcements Office
ASX Limited

ASX ANNOUNCEMENT

REFUND OF GST PAID ON A NON TAXABLE SUPPLY

In a judgement made on 28 February 2008 the Federal Court ruled in favour of a Motor Vehicle Dealer to require the Australian Tax Office (ATO) to refund GST in relation to payments received from Motor Vehicle Distributors called "holdback payments" from 1 July 2000 when the GST was introduced, to 30 June 2005.

The ruling enables the majority of motor vehicle dealers to lodge claims on the ATO for overpaid GST on holdback payments.

The ATO issued a Decision Impact Statement on the case on the 6th of May 2008. The Statement confirmed that the Commissioner of Taxation accepts the view of the Federal Court and will not appeal the decision. Furthermore the Statement advises that motor dealers are entitled to seek to recover any GST paid on holdback.

A.P. Eagers Limited advises that it is currently formulating a claim on the ATO pursuant to this court ruling for each of its motor vehicle dealerships entitled to make a claim. Each claim may be subject to an audit or enquiry by the ATO.

Subject to agreement on the basis of the claim by the Company's Tax Advisors, A.P. Eagers Limited estimates that the Group's aggregate claim will be in the order of \$10 million to \$12 million which will be treated as assessable income in the Company's current financial year.

The GST erroneously assessed on holdback payments had no effect on the eventual sale price of a vehicle and consequently no motor vehicle purchaser has been disadvantaged.

An update of trading for the four months to 30 April 2008 will be provided at the Company's upcoming Annual General Meeting on Friday 23 May 2008.

For further information please contact:

Mr Dennis Hull, Company Secretary on (07) 3248 9455

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