Appendix 4E
Preliminary Final Report

year ended 31 December 2011
(ASX listing rule 4.3A)

Results for Announcement to the Market

- **Record Underlying Earnings per Share (135.7 cents), an increase of 25% on the previous year.**
- **Record Final Dividend of 52 cents per share for a record full year dividend of 80 cents per share, an increase of 25% on the previous year.**

The Directors of A.P. Eagers Limited (ASX: APE) are pleased to report a 2011 Net Profit Before Tax of $58.2 million. This compares to a Net Profit Before Tax of $45.3 million in 2010. Net Profit After Tax was $40.3 million in 2011 compared to $31.6 million in 2010.

The significant improvement in profitability and earnings per share was due to a full year contribution from the Adtrans Group acquired in October 2010 in addition to strong like for like performance from existing businesses. The company's diversification in brands and geographic locations proved instrumental in achieving operational success in a year heavily impacted by natural disasters.

Profit Comparison	**Full Year to December 2011** **$ Million**	**Full Year to December 2010** **$ Million**	**% Change**
Statutory EPS (basic) cents	127.7	105.3	21%
Statutory profit after tax	40.3	31.6	27%
Statutory profit before tax	**58.2**	**45.3**	**28%**
Impairment adjustments (1)	3.2	0.0	-
Business acquisition costs.(2)	0.3	1.5	-
Underlying profit before tax	**61.7**	**46.8**	**32%**
Underlying profit after tax.(3)	42.8	32.6	31%
Underlying EPS (basic) cents	135.7	108.7	25%

Notes

(1) Impairment adjustments relate to property impairment charge recognised in the current year of $3.2 million (2010: $1.24 million), Intangible asset impairments in the current year of $Nil (2010: $0.22 million) and Investment asset impairments in the current year of $Nil (2010 Impairment reversal of $1.45 million). Separately identifying and adjusting the statutory profit figures for these movements provides a truer indication of the underlying business operating performance.
It is highlighted that offsetting the property impairment charge of $3.2 million in the current year were specific property valuation increases of $3.2 million which under Accounting Standards are not recognised in the Income Statement and instead are recognised in a revaluation reserve directly in the Statement of Financial Position. Accordingly there was no net impact in overall property fair values during the current year.

(2) Prior to 2010 costs and government charges associated with business acquisitions were generally capitalised with the asset acquired. Separately identifying and adjusting the statutory profit figures for this change in accounting treatment highlights the impact of the accounting change on reported profits.

(3) Underlying profit after tax includes the adjustments per Notes (1) and (2) above, and the related tax impact of impairment adjustments at 30% equating to $1.05 million (2010: $0.45 million).

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Financial Highlights

- Revenue from operations increased by 32% to $2,384 million.
- Overall underlying margins were steady on 2010 levels. Low truck segment EBITDA margins of 2.5% were largely offset by stronger car segment EBITDA margins.

	Full Year to December 2011	Full Year to December 2010	% Change
EBITDA/Sales	4.1%	4.2%	(2%)
PBT/Sales	2.4%	2.5%	(4%)
Underlying PBT/Sales	2.6%	2.6%	-

- The 2011 full year result includes a profit on sale of businesses and assets of $1.7 million.
- An impairment loss relating to freehold property assets of $3.2 million before tax is included in the Income Statement. Independent valuations were obtained for 51% of the company's property assets (by value). The overall value of the property portfolio was stable at $322.6 million.
- The Adtrans Group car and truck operations contributed incremental earnings per share of approximately 16 cents, with existing operations and profit on sale of businesses contributing the balance of underlying EPS growth of 11 cents per share.
- Corporate debt net of cash on hand reduced by $18.1 million or 11% to $150.1 million (2010: $168.2 million). Total debt including vehicle bailment net of cash on hand was $403.2 million as compared to $409.8 million as at 31 December 2010.
- EBITDA Interest Cover improved to 3.8 times as at 31 December 2011, compared to 3.6 times at 31 December 2010.
- APE's cash flow from operations was $64.5 million in 2011 (2010: $31.1 million), with the increase due to greater profitability and favourable working capital movements.
- A fully franked final dividend of 52 cents per share (2010: 41 cents) has been approved for payment on 16 April 2012 to shareholders who are registered on 2 April 2012. When combined with the interim dividend paid in October 2011, the total dividend based on 2011 earnings is 80 cents per share, fully franked (2010:64 cents). The company's dividend reinvestment plan (DRP) will not apply to the final dividend.

Operational Highlights

- The company's diversification in brands and geographic locations proved instrumental in achieving operational success in a year heavily impacted by natural disasters. New vehicle supply was constrained at times due to Japan's earthquake early in the year and flooding in Thailand late in the year. However, the national new vehicle market still managed to exceed one million vehicles for the year.
- The resilience of the automotive retail market segment as compared to the general retail market was evident, due to a greater focus on after sales service income, an integrated finance and insurance offer, and less exposure to the move to online transactions.
- The company's focus on internal business performance was the key to making the most of an economic environment characterised by low business and consumer confidence, weak retail markets, asset price deflation and increased government regulation and imposts.
- Improved market penetration due to improved management and sales processes generated additional commission-based income from finance and insurance sales during the year.
- New and used vehicle volumes increased by 23% and 55% respectively on the previous year, with the increase due to the acquisition of the Adtrans business. New vehicle margins were stronger reflecting vehicle supply shortages and hence less price discounting at certain stages during the year. Heavy truck demand remains below long-term vehicle replacement requirements.
- Used vehicle margins were also firm, benefitting from stable second-hand market prices. Used truck performance was strong reflecting a subdued new truck market and effective management.

- Overall car parts profitability declined as a focus by some insurers on substituting non-genuine and second-hand parts for genuine parts placed pressure on sales and income from some car parts operations. Brands with well structured parts business models are sustaining parts performance. Whereas weak business models face reduced profitability. Whilst parts sales at established truck dealerships were generally in line with the previous year, increased labour and inventory costs impacted on total parts profitability.
- Service sales exhibited growth in most locations with an improved focus on broadening the income base to associated products and services (eg. tyres) contributing to an increase in margins. Cost pressures were well controlled in 2011.
- Ongoing management of the dealership portfolio resulted in the acquisition of Subaru car and Daimler truck franchises in Adelaide and the sale of Audi and Peugeot franchises in northern Sydney and Brisbane respectively. Surplus property assets in Gosford, NSW, and Pooraka, SA, were also disposed of.
- Significant dealership property upgrade works were completed or commenced in 2011 on company-owned property at Cornes Toyota in Adelaide, Ford and Hyundai in the Hunter Valley, NSW, and Western Star/MAN trucks in western Sydney.

Results Summary

Consolidated results

Year Ended 31 December 2011.	**2011**	**2010**	
	$'000	**$'000**	**Increase/(Decrease)**
Revenue from operations	2,384,395	1,801,948	32%
Other revenue	14,300	8,812	62%
Total revenue	2,398,695	1,810,760	32%
Earnings before interest, tax, depreciation and amortisation and impairment (EBITDA)	98,272	75,680	30%
Depreciation and Amortisation	(11,161)	(9,254)	21%
Impairment charge	(3,228)	3	-
Earnings before interest and tax (EBIT)	83,883	66,429	26%
Borrowing costs	(25,730)	(21,131)	22%
Profit before tax	**58,153**	**45,298**	**28%**
Income tax expense	(17,864)	(13,661)	31%
Profit after tax	40,289	**31,637**	**27%**
Non controlling interest in subsidiaries	(95)	(72)	32%
Attributable profit after tax	40,194	31,565	27%
Earnings per share - basic	127.7 cents	105.3 cents	21%

This report is based on accounts which are in the process of being audited.

Additional Results Commentary

According to Federal Chamber of Automotive Industry statistics, Australia's new motor vehicle sales decreased by 2.6% in 2011, for total sales of 1,008,437 units compared to 1,035,574 units in 2010.

The Queensland automotive market which represents 51% of the company's new car sales volume was the strongest state recording an increase in sales of 1.4% on the previous year, reflecting replacement of flood damaged vehicles and Pick Up/4X4 light commercial vehicle demand.

Nationally, small car, compact and luxury SUV, and Pick Up 4X4 segments experienced the greatest year on year growth. The heavy commercial sector declined by 2.0% on 2010, at sales levels that are below long-term vehicle replacement demand.

Toyota remained the best-selling brand but its market share fell to 18.0% from 20.7% due to supply constraints following Japan's earthquake. Of the other top 10 brands Mazda (+0.6%), Volkswagen (+0.8%) and Hyundai (+0.9%) gained substantial market share, whilst Honda (-0.9%) and Subaru (-0.5%) were affected by natural disasters and experienced reduced market share.

The company's 20.8% interest in MTQ Insurance provided an equity accounted profit after tax and unrealised mark to market gain on investments of $0.6 million (2010: $0.8 million gain). The investment in the Adtrans Group ceased to be equity accounted in October 2010.

Depreciation and amortisation costs increased to $11.2 million in 2011 (2010: $9.3 million) due to depreciation and amortisation associated with the freehold property assets and leasehold improvements acquired with the Adtrans Group.

Total gearing (Debt /Debt + Equity), including bailment inventory financing, was 52.2% as at 31 December 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 and including cash on hand was 28.3% as at 31 December 2011 compared to 32.0% at end 2010.

Increased borrowing costs of $25.7 million for 2011 (2010: $21.1 million) reflect the increased bailment inventory of the expanded business and the additional corporate debt used to partially fund the Adtrans acquisition.

In accordance with the company's on-market share buy-back plans, 153,544 shares at an average cost of $12.14 per share were acquired in 2011.

Net tangible assets increased to $8.37 per share compared to $7.76 per share as at 31 December 2010.

Outlook

The business, operationally and financially, is well placed to perform strongly again in 2012. Whilst the economic environment continues to be challenging, relatively low unemployment, moderate economic growth (3.0% of GDP) and historically low interest rates, mean that there is sufficient opportunity to generate income and returns.

The new car retail market is likely to be more competitive in 2012, as supply constraints ease and manufacturers look to defend or regain market share won or lost in 2011.

The commercial car and truck market segment may provide a greater contribution as the effects of the GFC on the commercial transport sector start to wane and previously deferred vehicle replacements enter the market.

Strategically, the company's focus in 2012 will be on continuing to improve business processes and management, with specific focus on used car trading, optimisation of the parts distribution businesses, organic growth opportunities through adding growing brands to established dealership clusters, and further earnings per share accretive acquisition growth should appropriate opportunities arise.

Martin Ward

Martin Ward
Managing Director

28 February 2012

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A. P. EAGERS LIMITED

ABN 87 009 680 013

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

		CONSOLIDATED	
	Note	**2011**	**2010**
		$'000	**$'000**
Revenue	3	2,398,695	1,810,760
Other gains and losses excluding impairment reversal	4	1,739	406
Reversal of impairment of non-current assets		-	1,453
Share of net profits of associates	40(d)	562	2,234
Changes in inventories of finished goods and work in progress		14,562	106,849
Raw materials and consumables used		(1,995,978)	(1,620,806)
Employee benefits expense		(199,114)	(138,666)
Finance costs	5(a)	(25,730)	(21,131)
Depreciation and amortisation expense	5(a)	(11,161)	(9,254)
Impairment of non-current assets	5(b)	(3,228)	(1,450)
Other expenses		(122,194)	(85,097)
Profit before tax		58,153	45,298
Income tax expense	6	(17,864)	(13,661)
Profit for the year		40,289	31,637
Attributable to:			
Owners of the parent	27(b)	40,194	31,565
Non-controlling interests		95	72
		40,289	31,637
		Cents	Cents
Earnings per share:			
Basic earnings per share	37	127.7	105.3
Diluted earnings per share	37	126.1	103.8

The above Income Statement is to be read in conjunction with the accompanying notes.

A.P. EAGERS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

		CONSOLIDATED	
	Note	**2011**	**2010**
		$'000	**$'000**
Profit for the year		40,289	31,637
Other comprehensive income			
(Loss) Gain on cash flow hedge taken to equity		(2,258)	99
Gain (Loss) on revaluation of property	27(a)	3,142	(4,911)
Income tax relating to components of other comprehensive income	6	(265)	1,443
Other comprehensive income for the year(net of tax)		619	(3,369)
Total comprehensive income for the year		40,908	28,268
Total comprehensive income attributable to:			
Owners of the parent		40,813	28,196
Non-controlling interests		95	72
		40,908	28,268

The above Statement of Comprehensive Income is to be read in conjunction with the accompanying notes.

A.P. EAGERS LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Note	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000
Current Assets			
Cash and cash equivalents	8	13,279	154
Trade and other receivables	9(a)	93,217	88,627
Leasebook receivables	9(b)	2,281	4,352
Loans receivables	9(c)	121	-
Inventories	10	338,494	323,932
Derivative financial instruments	18	-	258
Other	11	2,601	2,841
		449,993	420,164
Property Assets held for sale	11(a)	20,622	20,250
Total Current Assets		470,615	440,414
Non-Current Assets			
Leasebook receivables	12(a)	1,225	4,868
Other loan receivable	12(b)	575	232
Available-for-sale investments	13	2,345	-
Investment in associates	14	2,445	2,703
Property, plant and equipment	15	336,544	335,611
Intangible assets	16	118,011	115,900
Total Non-Current Assets		461,145	459,314
Total Assets		931,760	899,728
Current Liabilities			
Trade and other payables	17	88,817	77,773
Derivative financial instruments	18	490	-
Borrowings - bailment, bank overdraft and finance lease payable	19(a)	252,768	243,645
Borrowings - leasebook liabilities	19(b)	2,706	4,286
Current tax liabilities	20	4,924	8,138
Provisions	21	14,491	13,834
Total Current Liabilities		364,196	347,676
Non-Current Liabilities			
Borrowings - leasebook liabilities	22(a)	822	4,289
Borrowings - others	22(b)	163,729	166,275
Derivative financial instruments	18	1,510	-
Deferred tax liabilities	23	15,219	15,990
Provisions	24	5,669	5,281
Total Non-Current Liabilities		186,949	191,835
Total Liabilities		551,145	539,511
Net Assets		380,615	360,217
Equity			
Contributed equity	26(a)	162,047	163,340
Reserves	27(a)	74,329	71,142
Retained earnings	27(b)	143,795	125,334
Equity attributable to equity holders of the parent		380,171	359,816
Non controlling Interest		444	401
Total Equity		380,615	360,217

The above Statement of Financial Position is to be read in conjunction with the accompanying notes.

A.P. EAGERS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011

CONSOLIDATED	Issued capital	Asset revaluation reserve	Hedging reserve	Share-based payments reserve	Retained earnings	Attributable to owners of the parent	Non Controlling Interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2011								
Balance at 1 January 2011	163,340	68,340	181	2,621	125,334	359,816	401	360,217
Profit for the year	-	-	-	-	40,194	40,194	95	40,289
Other comprehensive income (loss)								
Gain on revaluation of property	-	3,142	-	-		3,142	-	3,142
Loss on cash flow hedge	-	-	(2,258)	-	-	(2,258)	-	(2,258)
Income tax relating to components of other comprehensive income	-	(942)	677	-	-	(265)	-	(265)
Total comprehensive income for the year	-	2,200	(1,581)	-	40,194	40,813	95	40,908
Share based payments	-	-	-	3,138	-	3,138	-	3,138
Issue of shares to staff	570	-	-	(570)	-	-	-	-
Share buy-back scheme	(1,863)	-	-	-	-	(1,863)	-	(1,863)
Payment of dividend	-	-	-	-	(21,733)	(21,733)	(52)	(21,785)
Balance 31 December 2011	162,047	70,540	(1,400)	5,189	143,795	380,171	444	380,615
2010								
Balance at 1 January 2010	145,502	74,459	112	637	109,884	330,594	45	330,639
Profit for the year	-	-	-	-	31,565	31,565	72	31,637
Other comprehensive income (loss)								
Loss on revaluation of property	-	(4,911)	-	-		(4,911)	-	(4,911)
Gain on cash flow hedge	-	-	98	-	-	98	-	98
Income tax relating to components of other comprehensive income	-	1,473	(29)	-	-	1,444	-	1,444
Total comprehensive income for the year	-	(3,438)	69	-	31,565	28,196	72	28,268
Share based payments	-	-	-	2,167	-	2,167	-	2,167
Acquisition during the year	-	-	-	420	-	420	309	729
Refund during the year				(59)		(59)		(59)
Transfer to retained earnings	-	(2,681)	-	-	2,681	-		-
Issue of shares to staff	544	-	-	(544)	-	-	-	-
Issue of shares to former shareholders of Adtrans Grour	22,268	-	-	-	-	- 22,268	-	22,268
Share buy-back scheme	(4,974)	-	-	-	-	(4,974)	-	(4,974)
Payment of dividend	-	-	-	-	(18,796)	(18,796)	(25)	(18,821)
Balance 31 December 2010	163,340	68,340	181	2,621	125,334	359,816	401	360,217

The above Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

A.P. EAGERS LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

		CONSOLIDATED	
	Note	**2011**	**2010**
		$'000	**$'000**
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,623,923	1,984,353
Payments to suppliers and employees (inclusive of GST)		(2,519,269)	(1,917,138)
Receipt from insurance claims		5,661	443
Dividends received		820	2,284
Interest received		599	688
Interest and other costs of finance paid		(25,234)	(20,630)
Income taxes paid		(21,982)	(18,876)
Net cash provided by operating activities	38	64,518	31,124
Cash flows from investing activities			
Payments for shares in other corporations		(2,345)	(2,515)
Payment for acquisition of subsidiaries and businesses (including payment for land and buildings occupied by subsidiaries acquired)	29(a)	(8,026)	(41,095)
Payment for acquisition of brand name		(35)	-
Payments for property, plant and equipment		(13,377)	(14,937)
Proceeds from sale of property, plant and equipment		3,410	13,612
Proceeds from sale of businesses		3,115	-
Net cash provided by (used in) investing activities		(17,258)	(44,935)
Cash flows from financing activities			
Buy-back of shares		(1,863)	(4,974)
Proceeds from borrowings		8,000	32,000
Repayment of borrowings		(15,543)	(7,003)
Dividends paid to former Adtrans shareholders		-	(9,079)
Dividends paid to minority shareholders of a subsidiary		(52)	(25)
Dividends paid to members of A. P. Eagers Limited	7	(21,733)	(18,796)
Net cash used in financing activities		(31,191)	(7,877)
Net increase (decrease) in cash and cash equivalents		16,069	(21,688)
Cash and cash equivalents at the beginning of the financial year		(2,790)	18,898
Cash and cash equivalents at the end of the financial year	8	13,279	(2,790)

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General Information and basis of preparation

The financial report covers the Group (consolidated entity) of A.P. Eagers Limited and its subsidiaries (consolidated financial statements). A.P. Eagers Limited is a publicly listed company incorporated and domiciled in Australia.

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

Compliance with IFRS
The financial report complies with Australian Accounting Standards, which include AIFRS. Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets, derivatives and certain classes of property, plant and equipment to fair value.

Functional and Presentation Currency
The functional and presentation currency of the Group is the Australian Dollar.

Accounting Policies

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Principles of consolidation

(i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of A.P. Eagers Limited (the 'company' or 'parent entity') as at 31 December 2011 and the results of all subsidiaries for the year then ended. A.P. Eagers Limited and its subsidiaries together are referred to in this financial report as the 'Group' or the 'consolidated entity'.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(h)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Associates
Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting (after adjusting for impairment), after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the consolidated financial statements as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Operating Segments

Operating segments are identified based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance.
The Group has four operating segments being (i) automotive franchised retail (ii) truck retail (iii) property (iv) and all other.

(d) Revenue

(i) Sales revenue

Revenue from the sales of motor vehicles and parts is recognised when the buyer has accepted the risks and rewards of ownership, generally by taking delivery of the goods.

(ii) Service revenue

Service work on customers' motor vehicles is carried out under instructions from the customer. Service revenue is recognised based upon the percentage completion of the work requested. The percentage completion is measured by reference to labour hours incurred to date as a percentage of estimated total labour hours for the service to be performed. Revenue arising from the sale of parts fitted to customers' vehicles during service is recognised upon delivery of the fitted parts to the customer upon completion of the service.

(iii) Rental income

Rental income from operating leases is recognised in income on a straight-line basis over the lease term.

(iv) Interest revenue

Interest revenue is recognised on a time proportional basis, taking into account the effective interest rates applicable to the financial assets.

(v) Dividend revenue

Dividend revenue is recognised when the right to receive a dividend has been established.

Dividends received from associates are accounted for in accordance with the equity method of accounting in the consolidated financial statements.

(vi) Goods and Services Tax (GST)

All revenue is stated net of the amount of Goods and Services Tax (GST).

(e) Finance costs

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include:
- interest on bank overdrafts, short and long-term borrowings
- interest on vehicle bailment arrangements
- interest on leasebook and finance lease liabilities
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings

(f) Taxes

(i) Income tax
The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Taxes (continued)

(ii) Goods and services tax ("GST")
Revenues, expenses and assets are recognised net of the amount of GST except:
- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(g) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(h) Business Combinations

The purchase method of accounting is used for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange. Acquisition related costs are recognised in profit or loss as incurred. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1(s)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present values as at the date of acquisition. The discount rate used is the incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

If the initial accounting for a business acquisition is incomplete by the end of the reporting period in which the combination occurs, the consolidated entity reports provisional amounts for the items for which accounting is incomplete. The provisional amounts are adjusted during the measurement period on a retrospective basis by restating the comparative information presented in the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of long lived assets (excluding Goodwill)

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units "CGU") and these cash flows are discounted using the estimated weighted average cost of capital of the asset/CGU. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease (refer Note 1(p)). Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment losses been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case, the reversal of the impairment loss is treated as a revaluation increase(refer Note 1(p)).

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(k) Receivables

Leasebook receivables

A receivable is recognised for this class of debtor when the loan documentation is signed. The carrying amount of the debt is net of unearned income. Income from lease and mortgage loan contracts is brought to account in accordance with a method that ensures that income earned over the term of the contract bears a constant relationship to the funds employed.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 60 days from the date of recognition.

In respect of trade and leasebook receivables, collectability is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised where some doubt as to collectability exists. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(l) Inventories

New motor vehicles are stated at the lower of cost and net realisable value. Demonstrator vehicles are stated at the lower of cost and net realisable value. Costs are assigned on the basis of specific identification.

Used motor vehicles are stated at the lower of cost and net realisable value on a unit by unit basis. Net realisable value has been determined by reference to the likely net realisable value given the age of the vehicles at year end. Costs are assigned on the basis of specific identification.

Spare parts and accessories are stated at the lower of cost and net realisable value. Costs are assigned to individual items on the basis of weighted average cost.

Work in progress is stated at cost. Cost includes labour incurred to date and consumables utilised during the service. Costs are assigned to individual customers on the basis of specific identification.

(m) Investments and other financial assets

Investments are recognised and derecognised on settlement date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements.

The group classifies its other financial assets in the following categories: (i) available-for-sale financial assets and (ii) loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Investments and other financial assets (continued)

(i) Available for sale financial assets
Available-for-sale financial assets are initially measured at cost at date of acquisition, which include transaction costs, and subsequent to initial recognition, they are carried at fair value.
Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from the sale or impairment of investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and pricing models to reflect the issuer's specific circumstances.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss -measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement.

(ii) Loans and receivables
Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position (notes 9 and 12)
Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

(n) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and available-for-sale securities) is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is determined based on market expectations of future interest rates.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(o) Derivatives

Derivatives are recognised at their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of exposure to variability in cash flows, which includes hedges for highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items. Refer further details in Note 18.

(i) Cash flow hedges
The change in the fair value from remeasuring derivatives that are designated and qualify as cash flow hedges is deferred in equity as a hedging reserve, to the extent that the hedge is effective. The ineffective portion is recognised in the income statement immediately.

Amounts deferred in the hedging reserve are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or non-financial liability, the gains or losses previously deferred in the hedging reserve are transferred from equity and included in the initial cost and measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in the hedging reserve at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Property, plant and equipment

Land and buildings are shown at fair value, based on annual assessment by the directors supported by periodic valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are credited to property, plant and equipment revaluation reserve in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Buildings	40 years
- Plant & equipment	3 - 10 years
- Leasehold improvements	5 - 30 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement. When revalued assets are sold, it is Group policy to transfer the amounts included in the asset revaluation reserve in respect of those assets to retained earnings.

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter.

The make good provision is capitalised as leasehold improvements and amortised over the term of the lease.

(q) Franchise Rights

Franchise rights are those rights conferred to the Group under its agreements with vehicle manufacturers and distributors. Such rights primarily include the right to sell and service the franchisor’s product within specified geographical boundaries. Franchise rights are valued on acquisition using a discounted cash flow methodology. The Group generally expects its franchise agreements to survive for the foreseeable future and anticipates routine renewals of the agreements without substantial cost. The contractual terms of the Group’s franchise agreements provide for various durations. It is generally difficult for the manufacturer or distributor to terminate or not renew a franchise unless good cause exists. The Group’s experience has been that such franchise agreements are rarely involuntarily terminated or not renewed. Accordingly the Group believes that its franchise agreements will contribute to cash flows for the foreseeable future and have indefinite lives. They are recorded at cost less any impairment.

(r) Trademarks / Brand Names

Trademarks / brand names are valued on acquisition where management believe there is evidence of any of the following factors; an established brand name with longevity, a reputation that may positively influence a consumers decision to purchase or service a vehicle, and strong customer awareness within a particular geographic location. Trademarks are valued using a discounted cash flow methodology. Trademarks are considered to have an indefinite life as the Group expects to hold and support such trademarks through marketing and promotional support for an indefinite period. They are recorded at cost less any impairment.

(s) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, associate or business at the date of acquisition. Goodwill on acquisition of subsidiaries and businesses is included in intangible assets. Goodwill on acquisition of associates is included in investment in associates. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. An impairment loss for goodwill is recognised immediately in the profit or loss and is not reversed in a subsequent period. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. (refer note 16(a))

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. They are recognised initially at the fair value of what is expected to be paid, and subsequently at amortised cost, using the effective interest rate method.

(u) Borrowings

Borrowings are initially recognised at fair value net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

(v) New motor vehicle stock and related bailment

Motor vehicles secured under bailment plans are provided to the Group under bailment agreements between the floor plan loan providers and entities within the Group. The Group obtains title to the vehicles immediately prior to sale. Motor vehicles financed under bailment plans held by the Group are recognised as trading stock with the corresponding liability shown as owing to the finance provider.

(w) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate taking into account the risks and uncertainties surrounding the obligation.

Provision for Warranties
Provision is made for the estimated claims in respect of extended warranties provided on the majority of the Group's retail new and used vehicle sales. These claims are generally expected to settle in the next financial year but some may be extended into the following year if claims are made late in the warranty period.

(x) Employee benefits

(i) Wages, salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, and annual leave are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave
The liability for long service leave expected to be settled within 12 months from the reporting date is recognised in the provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee entitlements and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are measured at the present value of the estimated cash outflow.

(iii) Superannuation benefits
The consolidated entity makes contributions to several Superannuation Funds which provide accumulated benefits based on the value of the accumulated contributions and investment returns which are credited to each member's account.

(iv) Share based payments
The Group provides benefits to selected employees in the form of a Executive Incentive Plan. The relevant employees are deemed to provide services to the Group in exchange for share performance rights and options. The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date that they are granted. The fair value is determined using an option pricing model (see Note 34 for details of the calculation). In valuing the instruments, no account has been taken of the non-market performance conditions, these are assessed at each reporting date to determine the number of performance rights expected to vest, and the necessary adjustments made. The fair value of the share based payment is recognised over the relevant vesting period as an expense, with a corresponding increase in equity via a share based payment reserve.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Dividends

Provision is made for the amount of any dividend declared on or before the end of the year but not distributed at balance date.

(z) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

(ii) Diluted earnings per share

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:
- Costs of servicing equity (other than dividends)
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element

(aa) Non-Current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

(ab) Rounding of Amounts

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(ac) New or revised Standards and Interpretations that are first effective in the current reporting period

The group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.
The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current and prior periods. The new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the Group's presentation of, or disclosure in, its financial statements
The new Standards and Interpretations adopted are:
- AASB 2009-10 Amendments to AASB 132 - Classification of Rights Issues
- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvement Project
- AASB 2010-4 Further amendments to Australian Accounting Standards arising from the Annual Improvement Project
- AASB 2010-5 Amendments to Australian Accounting Standards
- AASB 124 Related Party Disclosures
- Interpretation 19 Extinguising Fiancial Liabilities with Capital Instruments

(ad) Standards and Interpretations in issue not yet adopted
At the date of authorisation of the financial report, a number of Standards and Interpretations were on issue but not yet effective.
Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the consolidated entity's financial report:

Standard/Interpretation	**Effective for annual reporting periods beginning on or after**	**Expected to be initially applied in the financial year ending**
AASB 9 *Financial Instruments* , AASB 2009-11 and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9*	1-Jan-13	31-Dec-13
AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets*	1-Jul-11	31-Dec-12
AASB 2010-8 *Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets*	1-Jan-12	31-Dec-12
AASB 1054 *Australian additional disclosures*	1-Jul-11	31-Dec-12
AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project*	1-Jul-11	31-Dec-12
AASB 2011-5 *Amendments to Australian Accounting Standards - Extending relief from Consolidation, the Equity Method and Proportionate consolidation*	1-Jul-11	31-Dec-12

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ac) Standards and Interpretations in issue not yet adopted	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 10 *Consolidated Financial Statements*	1-Jan-13	31-Dec-13
AASB 11 *Joint Arrangements*	1-Jan-13	31-Dec-13
AASB 12 *Disclosure of Involvement with Other Entities*	1-Jan-13	31-Dec-13
AASB 13 *Fair Value Measurements*	1-Jan-13	31-Dec-13
AASB 119 *Employee Benefits*	1-Jan-13	31-Dec-13
AASB 127 *Separate financial statements (2011)*	1-Jan-13	31-Dec-13
AASB 128 *Investments in Associates and Joint Ventures*	1-Jan-13	31-Dec-13
AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*	1-Jan-13	31-Dec-13
AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*	1-Jan-13	31-Dec-13
AASB 2011-9 *Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income*	1-Jul-12	31-Dec-13
AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*	1-Jan-13	31-Dec-13
AASB 2011-13 *Amendments to Australian Accounting Standards - Improvements to AASB 1049*	1-Jul-12	31-Dec-13
AASB Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1-Jan-13	31-Dec-13

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical accounting estimates, assumptions and judgements

Estimates and the judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The group makes estimates, assumptions and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

(i) Estimated impairment of goodwill and other intangibles with indefinite useful lives

Goodwill and other intangibles with indefinite useful lives with a carrying value of $118,011,000 (2010: $115,900,000) are tested annually for impairment, based on estimates made by directors. The recoverable amount of the intangibles is based on the greater of 'Value in use' or 'Fair value less costs to sell. Value is use is assessed by the directors through a discounted cash flow analysis which includes significant estimates and assumptions related to growth rates, margins, working capital requirements and cost of capital. Fair value less costs to sell is assessed by the directors based on their knowledge of the industry and recent market transactions. Further information on the intangibles impairment test can be found in note 16(a).

(ii) Fair value estimation of land and buildings (including assets held for sale)

Land and buildings with a carrying value of $322,587,000 (2010: $320,657,000) are carried at fair value. This fair value is determined by the directors and is supported by formal independent valuations conducted periodically but at least every three years.

(iii) Provisions for warranties

A provision for warranties of $3,219,000 (2010: $2,841,000) has been recognised for extended warranties provided for the Group's retail new and used vehicle sales. This provision has been estimated based on past experience and confirmation of future costs by the administrators of the warranty programmes.

(iv) Estimation of make good provisions

An amount of $1,767,000 (2010: $1,767,000) has been estimated in respect of a leased property for any expenditure required to be incurred to restore the property back to its original state. The lease has approximately 17 years to run at balance date, with a bank guarantee being given for the $1,767,000 recognised. In terms of the lease, this amount will be indexed and will increase in the future, therefore it is the maximum estimate of what would be payable today.

3. REVENUE

	CONSOLIDATED	
	2011	2010
	$'000	$'000
Sales revenue		
New cars	1,402,534	1,122,461
Used cars	536,215	349,849
Parts	300,885	223,319
Service	144,113	104,895
Other	648	1,424
	2,384,395	1,801,948
Other revenue		
Rents	715	340
Interest	624	615
Proceeds of insurance claim	5,661	443
Commissions	5,596	4,976
Other	1,704	2,438
	14,300	8,812
Total revenue	2,398,695	1,810,760

4. OTHER GAINS AND LOSSES

Gain on disposal of other assets	1,739	406

5. EXPENSES

(a) Profit before income tax includes the following specific expenses:

Depreciation		
Buildings	3,467	3,346
Plant and equipment	6,057	4,968
Total depreciation	9,524	8,314
Amortisation		
Leasehold improvements	1,637	940
Total Depreciation and Amortisation (Note 15)	11,161	9,254
Finance costs		
New vehicle bailment	12,832	10,763
Other	12,898	10,368
Total finance expense	25,730	21,131
Rental expense relating to operating leases		
Minimum lease payments	16,363	10,596
Contributions to superannuation funds	16,422	11,567
Provision expenses		
Inventory	(462)	439
Warranties	4,309	2,735
Bad debts	380	541
	4,227	3,715
Share-based payments	3,138	2,167
Business acquisition costs	330	1,478

(b) Impairment of non-current assets

Impairment of intangibles (note 16)	-	215
Impairment of land & buildings (note 15)	3,228	1,235
	3,228	1,450

	CONSOLIDATED	
	2011	2010
	$'000	$'000

6. INCOME TAX

(a) Income tax expense(benefit)

	2011	2010
Current income tax expense	18,435	14,939
Deferred income tax expense/(benefit) (note 23)	(571)	(1,278)
	17,864	13,661
Deferred income tax expense/(benefits) included in income tax expense comprises:		
Increase (decrease) in deferred tax liabilities	(571)	(1,278)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2011	2010
Profit before income tax expense	58,153	45,298
Income tax calculated at 30% (2010 - 30%)	17,446	13,589
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Depreciation and amortisation	202	191
Non-taxable dividends	(246)	(205)
Conversion of associate to subsidiary	-	(558)
Non allowable expenses	1,185	454
Deduction for Allocable Cost Amount in respect of Adtrans subsidiaries acquired in 2010	(430)	-
Non allowable impairment expense	-	65
Sundry items	(293)	125
Income tax expense (benefit)	17,864	13,661

(c) Amounts recognised directly in equity

	2011	2010
Aggregate deferred tax arising in the reporting period and not recognised in net profit or loss but directly credited (debited) to equity (Note 23)	265	(1,443)

The tax rate used in the above reconciliations is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

7. DIVIDENDS

Ordinary dividends fully franked based on tax paid @ 30%

	2011	2010
Final dividend for the year ended 31 December 2010 of 41 cents per share (2009 -40 cents) paid on 12 April 2011	12,914	11,934
Interim dividend of 28 cents (2010 - 23 cents) per share paid on 7 October 2011	8,819	6,862
	21,733	18,796
Total dividends paid		
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 31 December 2011 and 31 December 2010 were as follows:		
Paid in cash	21,733	18,796
Satisfied by issue of shares	-	-
	21,733	18,796

Dividends not recognised at year end

	2011	2010
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 52 cents per share, fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 16 April 2012 out of the retained profits at 31 December 2011, but not recognised as a liability at year end, is:	16,307	12,891

7. DIVIDENDS (continued)

Franked dividends

The final dividend recommended after 31 December 2011 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 31 December 2012.

	CONSOLIDATED	
	2011	2010
	$'000	$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2010 - 30%)	93,000	86,000

The above amounts represent the balances of the franking account as at the end of the financial year, adjusted for:
(a) franking credits that will arise from the payment of the current tax liability
(b) franking debits that will arise from the payment of the dividends recognised as a liability at the reporting date; and
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

Impact on franking credits of dividends not recognised	(6,989)	(5,525)

8. CURRENT ASSETS - Cash and cash equivalents

Cash at bank and on hand	5,279	100
Short Term Deposits	8,000	54
	13,279	154

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flow as follows:		
Balances as above	13,279	154
Less: Bank overdrafts (note 19)	-	(2,944)
Balance per statement of cash flows	13,279	(2,790)

9 CURRENT ASSETS - Receivables

(a) Trade and other receivables (i)	95,491	90,804
Less: Provision for doubtful receivables (ii)	2,274	2,177
	93,217	88,627
(b) Leasebook receivables	2,574	4,583
Less: Provision for doubtful receivables (ii)	293	231
	2,281	4,352
(c) Loans receivables	121	-

(i)The ageing of lease, property and trade receivables at 31 December 2011 is detailed below:

	CONSOLIDATED			
	2011		2010	
	Gross	Provision	Gross	Provision
	$000	$000	$000	$000
Not past due	90,748	1,460	88,906	1,461
Past due 0 -30 days	3,627	79	2,946	66
Past due 31 plus days	3,811	1,028	3,535	881
Total	98,186	2,567	95,387	2,408

The maximum credit period on trade sales is 60 days. No interest is charged on the trade receivables from the date of invoice or when past due. The group has provided fully for all receivables identified by management as being specifically doubtful, and in addition has provided 10% for all receivables over 90 days and 2.5% of total trade receivables excluding motor vehicle debtors. The Group's provision policy is based on an assessment of changes in credit quality and historical experience.

Included in the Group's lease and trade receivable balance are debtors with a carrying amount of $ 6,331,000 (2010: $5,534,000) which are past due at the reporting date which the Group has not provided for as there has not been a significant change in credit quality and the Group believes that the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 62 days (2010:61 days)

9. CURRENT ASSETS - Receivables (continued)

(ii) Movement in provision for doubtful receivables

	CONSOLIDATED	
	2011	**2010**
	$000	$000
Opening Balance	2,408	1,530
Additional provisions	380	541
Addition due to acquisitions	-	606
Amounts written off during the year	(221)	(269)
Closing Balance	2,567	2,408

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large, diverse and unrelated. Accordingly, the directors believe that there is no further provision required in excess of the provision for doubtful debts.

	CONSOLIDATED	
	2011	**2010**
	$'000	**$'000**
10. CURRENT ASSETS - Inventories		
New motor vehicles & trucks - Bailment stock - at cost	231,715	222,219
Less: Write-down to net realisable value	4,184	3,621
	227,531	218,598
Used vehicles & trucks - at cost	68,915	65,502
Less: Write-down to net realisable value	2,726	3,708
	66,189	61,794
Parts and other consumables - at cost	46,735	45,503
Less: Write-down to net realisable value	1,961	1,963
	44,774	43,540
Total Inventories	338,494	323,932
11. CURRENT ASSETS - Other current assets		
Prepayments and deposits	2,601	2,841
Property assets classified as held for sale		
Land & Buildings held for sale	20,622	20,250

Property assets surplus to ongoing business requirements expected to be sold within 12 months of balance date.

12. NON-CURRENT ASSETS - Receivables

(a) Leasebook receivables	1,225	4,868
(b) Loans receivables	575	232

	CONSOLIDATED	
	2011	2010
	$'000	$'000

13 NON-CURRENT ASSETS - Available-for-sale investments carried at fair value

Shares in an unlisted company - One Way Traffic Pty Ltd (Carsguide)	2,345	-
	2,345	-

Due to the proximity of the acquisition date to the year end reporting date the Directors have assessed the fair value of the investment as at 31 December 2011 is materially consistent with its cost of acquisition. This is a level 2 fair value measurement asset being derived from inputs other than quoted prices that are observable from the asset either directly or indirectly.

14 NON-CURRENT ASSETS - Investment in associates

Shares in an associate - M T Q Insurance Limited	2,445	2,703
	2,445	2,703

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting (refer note 40).
Reconciliation of the carrying amount of investment in associates is set out in note 40(b).

15. NON-CURRENT ASSETS - Property, plant and equipment

Freehold Land and buildings - at fair value		
Directors' valuation at 31 December 2011		
Land	186,952	-
Buildings	111,877	-
Construction in progress	3,136	-
Directors' valuation at 31 December 2010		
Land	-	187,001
Buildings	-	109,932
Construction in progress	-	3,474
Total land and buildings	301,965	300,407
Leasehold improvements		
At cost	24,463	22,853
Less: Accumulated amortisation	9,277	7,577
Total leasehold improvements	15,186	15,276
Plant and equipment		
At cost	47,009	42,992
Less: Accumulated depreciation	27,616	23,064
Total plant and equipment	19,393	19,928
Total property, plant and equipment	336,544	335,611

Valuation of land and buildings
The basis of the directors' valuation of land and buildings is the assessed fair value, being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction at balance date, based on current prices in an active market for similar properties in the same location and condition. The assessed fair value is supported by periodic, but at least triennial valuations, by external third party valuers. The 2011 valuations were made by the directors based on their assessment of prevailing market conditions and supported by fair value information received from independent expert property valuers on certain properties, and the group's own market activities and market knowledge.

Carrying amounts that would have been recognised if land and buildings were stated at cost
If freehold land was carried at historical cost, its current carrying value would be $108,218,000 (2010 : $107,041,000).
If freehold buildings (including construction in progress) was carried at historical cost, its current carrying value (after depreciation) would be $117,824,000 (2010 : $113,406,000).

Non-current assets pledged as security
Refer to note 22 for information on non-current assets pledged as security by the group.

15. NON-CURRENT ASSETS - Property, plant and equipment (continued)

Reconciliations

Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the year is set out below:

	Freehold land $'000	Freehold buildings $'000	Construction in progress $'000	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Consolidated 2011						
Carrying amount at start of year	187,001	109,932	3,474	15,276	19,928	335,611
Additions	1,979	3,543	3,200	1,547	5,910	16,179
Disposals/Transfers	(1,497)	1,796	(3,538)		(156)	(3,395)
Revaluation gain credited to asset revaluation reserve	3,142	-	-	-	-	3,142
Impairment on valuation charged to profit and loss	(3,228)	-	-	-	-	(3,228)
Revaluation adjustment of plant & equipment	-	-	-	-	(232)	(232)
Depreciation/amortisation expense (Note 5)		(3,467)	-	(1,637)	(6,057)	(11,161)
Transfer to Property Assets held for sale	(445)	73	-	-	-	(372)
Carrying amount at end of year	186,952	111,877	3,136	15,186	19,393	336,544
Consolidated 2010						
Carrying amount at start of year	179,925	104,121	113	6,827	14,659	305,645
Additions	21,727	12,772	1,740	9,389	10,237	55,865
Disposals/Transfers	(2,489)	(6,839)	1,621	-	-	(7,707)
Revaluation deficit charged to asset revaluation reserve	(4,911)	-	-	-	-	(4,911)
Impairment on valuation charged to profit and loss	(1,235)	-	-	-	-	(1,235)
Depreciation/amortisation expense (Note 5)	-	(3,346)	-	(940)	(4,968)	(9,254)
Transfer to Property Assets held for resale	(6,016)	3,224	-	-	-	(2,792)
Carrying amount at end of year	187,001	109,932	3,474	15,276	19,928	335,611

16. NON-CURRENT ASSETS - Intangibles

	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000
Goodwill	68,298	65,316
Franchise rights	44,816	45,353
Trade marks/brand names	4,897	5,231
	118,011	115,900
Movement - Goodwill		
Balance at the beginning of the financial year	65,316	33,958
Additional amounts recognised:		
- from business combinations during the year (Note 29(a))	3,482	31,573
Less: Impairment during the year	-	(215)
Less: Disposal of businesses	(500)	-
Balance at the end of the financial year	68,298	65,316
Movement - Franchise rights		
Balance at the beginning of the financial year	45,353	29,853
Additional amounts recognised from business combinations during the year	-	15,500
Less: Impairment during the year	-	-
Less: Disposal of businesses	(537)	-
Balance at the end of the financial year	44,816	45,353
Movement - Trade marks/Brand names		
Balance at the beginning of the financial year	5,231	3,696
Additional amounts recognised from business combinations during the year	-	1,535
Purchase of brand name during the year	35	-
Less: Disposal of businesses	(369)	-
Balance at the end of the financial year	4,897	5,231

16. NON-CURRENT ASSETS - Intangibles (continued)

(a) Impairment tests for goodwill, franchise rights and trade marks / brand names
For the purpose of impairment testing, goodwill and other intangible assets with indefinite useful lives (being franchise rights and trade marks/brand names) are allocated to each of the consolidated entity's cash generating units (CGU), or groups of CGU's, that are expected to benefit from the synergies of the combinations. Each unit or groups of units to which goodwill and other indefinite life intangible assets is allocated represents the lowest level at which assets are monitored for internal management purposes and is not larger than an identified operating segment.

The CGU or groups of CGU's to which goodwill and other indefinite life intangible assets is allocated are as follows;

	CONSOLIDATED	
	2011	**2010**
	$'000	**$'000**
Automotive Dealership Operations:		
Goodwill	59,310	56,828
Franchise rights	40,316	40,853
Trade marks / brand names	3,847	4,181
	103,473	101,862
Truck Dealership Operations:		
Goodwill	8,988	8,488
Franchise rights	4,500	4,500
Trade marks / brand names	1,050	1,050
	14,538	14,038

The recoverable amount of a CGU or group of CGU's to which goodwill and other indefinite life intangible assets is allocated is determined based on the greater of its value in use and its fair value less costs to sell. Fair value is determined as being the amount obtainable from the sale of a CGU in an arms length transaction between knowledgeable and willing parties at balance date. This fair value assessment less costs to sell is conducted by the directors based on their extensive knowledge of the automotive and truck retailing industry including the current market conditions prevailing in the industry. The value in use assessment is conducted using a discounted cash flow (DCF) methodology requiring the directors to estimate the future cash flows expected to arise from the cash generating units and then applying a discount rate to calculate the present value.
The DCF model adopted by directors was based on the 2012 financial budgets approved by the Board, a 3% perpetual growth rate and a pre-tax discount rate of 11%. This growth rate does not exceed the long term average growth rate for the industry. The directors have applied a sensitivity analysis to the impairment assessment by increasing the discount rate by 2%. This analysis did not impact the goodwill impairment assessment.

(b) Impairment charge
The Directors' assessment in 2011 determined that goodwill and other intangible assets with indefinite useful lives was impaired to the extent of $ Nil (2010 - $215,000) which has been recognised in respect of the above classes of intangible assets.

17. CURRENT LIABILITIES - Payables

	CONSOLIDATED	
	2011	**2010**
	$'000	**$'000**
Trade and other payables		
Trade payables (i)	52,960	41,080
Other payables	35,857	36,693
	88,817	77,773

(i) The average credit period on purchases of goods is 30 days.
No interest is charged on trade payables from the date of invoice.
The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

18. Derivative financial instruments

Interest rate swap contracts - cash flow hedges (i)

		2011	2010
Classified as:	Current assets	-	258
	Current liabilities	490	-
	Non-current liabilities	1,510	-
		2,000	258

(i) This is classified as a level 2 fair value measurement, being derived from inputs other than quoted prices that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). Refer further details relating to the derivative instruments per note 28.

The group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates in accordance with the Group's financial risk management policies (refer to Note 28).

Bailment finance of the Group currently bears an average variable interest rate of 6.36% (2010 - 6.22%). It is policy to protect part of this finance exposure against increasing interest rates. Accordingly, the Group enters into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

The swaps contracts in place cover approximately 52% (2010: 35%) of the bailment finance outstanding at the year end. The fixed interest rates ranged from 3.91% to 5.12% and average 4.68% (2010: 4.98%) and the variable rates were between 4.43% and 4.91% (2010: 3.71% and 4.84%). The contracts require settlement of net interest receivable or payable each 30 days.

The gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve to the extent that the hedge is effective and re-classified into profit and loss when the hedged interest expense is recognised. The ineffective portion is recognised in the income statement immediately.

At balance date, a loss from remeasuring the hedging instruments at fair value of $2,000 000 (2010: profit $258,000) has been recognised in equity in the hedging reserve (note 27(a)). No portion was ineffective.

19. CURRENT LIABILITIES - Borrowings (secured)

	CONSOLIDATED	
	2011	**2010**
	$'000	**$'000**
(a) Bailment, bank overdraft and finance lease payable		
Bailment finance	252,371	240,354
Bank overdraft	-	2,944
Finance lease payable	397	347
	252,768	243,645
(b) Leasebook liabilities	2,706	4,286

(i) Bailment finance
Bailment finance is provided on a vehicle by vehicle basis by various finance providers at an average interest rate of 6.36% p.a. applicable at 31 December 2011 (2010 - 6.22%)
Bailment finance is repayable within a short period after the vehicle is sold to a third party, generally within 48 hours.
(ii) Interest rate risk exposures
Details of the Group's exposure to interest rate changes on interest bearing liabilities is set out in note 28.
(iii) Fair value disclosures
Details of the Group's fair value of interest bearing liabilities is set out in note 28.
(iv) Security
Details of the security relating to each of the secured liabilities and further information on bank loans is set out in note 22.
(v) The leasebook liabilities are with Toyota Finance Corporation and are secured over the associated leased assets. The loans are under "back to back" lease arrangements with a weighted average interest rate of 7.93% (2010 - 7.68%)

20. CURRENT LIABILITIES - Current tax liabilities

	CONSOLIDATED	
	2011	2010
	$'000	$'000
Income tax	4,924	8,138

21. CURRENT LIABILITIES - Provisions

Employee benefits	11,272	10,993
Warranties	3,219	2,841
	14,491	13,834

Movement in provisions
Movements in each class of provisions during the financial year, other than employee benefits, are set out below:

	Warranties
Consolidated - 2011	$'000
Carrying amount at start of year	2,841
Provisions acquired	102
Additional provisions recognised	4,309
Payments charged against provisions	(4,033)
Carrying amount at end of year	3,219

Warranty Provision
An estimate is made based on past experience, and confirmation of future costs by the administrator of the warranty program, of the expected expenditure on new and used motor vehicles in terms of warranties on these vehicles.

	CONSOLIDATED	
	2011	2010
	$'000	$'000
22. NON-CURRENT LIABILITIES - Borrowings (secured)		
(a) Leasebook liabilities (note 19(v))	822	4,289
(b) Borrowings - others		
Bills payable	98,400	100,400
Capital Loan	65,000	65,000
Finance lease payables	329	875
	163,729	166,275

SECURED LIABILITIES

Total secured liabilities (current and non-current) are:		
Bills payable (i)	98,400	100,400
Capital Loan (i)	65,000	65,000
Bank overdraft (i)	-	2,944
Leasebook liabilities (ii)	3,528	8,575
Finance lease payables (iii)	726	1,222
Bailment finance (iv)	252,371	240,354
Total secured liabilities	420,025	418,495

(i) The bank overdraft, bills payable and Capital loan are secured by registered first mortgages given by subsidiaries over specific freehold land and buildings; letter of set off given by and on account of the parent entity and its subsidiaries, and a Corporate Guarantee and Indemnity unlimited as to amount given by the parent entity and its subsidiaries.
(ii) Leasebook liabilities are secured against associated leasebook receivables, and a charge over the assets of a specific subsidiary.
(iii) The finance lease liability is secured against associated leased assets.
(iv) Vehicle bailment finance reflects a liability payable to the consolidated entity's bailment financiers. This liability is represented by and secured over debtors included in current assets receivables in respect of recent vehicle deliveries to customers, and by new vehicles and demonstrator vehicles included in inventories (bailment stock). Refer Note 10.

22. NON-CURRENT LIABILITIES - Borrowings (continued)

ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security are:

	CONSOLIDATED	
	2011	2010
	$'000	$'000
Non-current assets pledged as security -		
Freehold land and buildings -first mortgage	288,222	271,318
Leasebook receivables	1,225	4,868
Finance leased assets	397	347
Current assets pledged as security -		
Inventories	252,371	240,354
Leasebook receivables	2,574	4,583
Finance leased assets	329	875
Total assets pledged as security	545,118	522,345

FINANCING ARRANGEMENTS

The consolidated entity has access to the following lines of credit at balance date:

	2011 $'000	2010 $'000
Total facilities		
Bank overdrafts (ii)	7,000	5,000
Bills facilities (i)	125,000	118,400
Capital Loan (i)	70,000	65,000
Bailment finance (iii)	383,115	361,475
Bank guarantees	15,387	13,587
Revolving credit facility (ii)	15,000	15,000
Leasebook liabilities (iv)	3,528	8,575
Finance lease payables	726	1,222
	619,756	588,259
Used at balance date		
Bank overdrafts	-	2,944
Bills facilities	98,400	100,400
Capital Loan	65,000	65,000
Bailment finance	252,371	240,354
Bank guarantees	12,567	11,526
Revolving credit facility	-	-
Leasebook liabilities	3,528	8,575
Finance lease payables	726	1,222
	432,592	430,021
Unused at balance date		
Bank overdrafts	7,000	2,056
Bills facilities	26,600	18,000
Capital Loan	5,000	-
Bailment finance	130,744	121,121
Bank guarantees	2,820	2,061
Revolving credit facility	15,000	15,000
Leasebook liabilities	-	-
Finance lease payables	-	-
	187,164	158,238

22. NON-CURRENT LIABILITIES - Borrowings (continued)

ASSETS PLEDGED AS SECURITY (continued)

(i) Bills and Capital Loan facilities at balance date were provided on a non-amortisable (interest only) basis subject to compliance with specific covenants and an annual review.
(ii) The revolving credit facility is utilised in conjunction with the bank overdraft facility to cover short term cash flow requirements.
This facility is subject to annual review.
(iii) Bailment facilities are used to finance the acquisition of new vehicle and some used vehicle trading stock.
These facilities include a combination of fixed term and open ended arrangements and are subject to review periods ranging from quarterly to annual. These facilities generally include short term termination notice periods and are disclosed as current liabilities in the statement of financial position.
(iv) The lease book liability provides direct and specific funding to a portfolio of leases associated with the Bill Buckle Auto Group acquisition. New business is not being written under this facility and the leasebook liability will gradually wind down over a two year period in line with collection of the associated lease receivables.

		CONSOLIDATED	
		2011	**2010**
		$'000	**$'000**
23. NON-CURRENT LIABILITIES - Deferred tax liabilities			
Deferred tax liabilities		15,219	15,990
The balance comprises temporary differences attributable to:			
Amounts recognised in profit or loss			
Book versus tax carrying value of plant and equipment		2,048	2,235
Finance lease book		909	909
Inventory valuation		1,008	1,014
Prepayments		558	551
Provisions	- Doubtful Debts	(770)	(722)
	- Employee benefits	(8,657)	(8,235)
	- Warranties	(956)	(833)
	- Inventory write downs	(622)	(616)
Investment in associate		244	321
Sundry items		(130)	(216)
		(6,368)	(5,592)
Amounts recognised directly in equity			
Revaluation of property, plant and equipment		22,187	21,505
Hedge asset		(600)	77
		21,587	21,582
Net deferred tax liabilities		15,219	15,990
The deferred tax expense included in income tax expense in respect of the above temporary differences resulted from the following movements :			
Opening balance at 1 January		15,990	21,722
Deferred tax assets relating to business combinations		(270)	(2,959)
Charged/ (credited) to Income Statement (Note 6)		(571)	(1,278)
Deferred tax recognised directly in equity			
- Revaluation of property plant and equipment (Note 27(a))		942	(1,473)
- Movement in fair value of cash flow hedge (Note 27(a))		(677)	29
- Miscellaneous items		(195)	(51)
Closing balance at 31 December		15,219	15,990

	CONSOLIDATED	
	2011	2010
24. NON-CURRENT LIABILITIES - Provisions	$'000	$'000
Employee benefits	3,902	3,514
Make good provision on leasehold premises - refer (a) and (b) below	1,767	1,767
	5,669	5,281
(a) A make good clause under a long term property lease has been recognised in the financial statements. The lessor of the property has been provided with a bank guarantee of $1,900,000 in respect of the estimated make good cost and rental costs.		
(b) Movement in the provision:		
Balance at start of year	1,767	1,767
Recognition of additional provision during the year	-	-
Carrying amount at end of year	1,767	1,767

Make good provision on leasehold improvements
A provision has been made for the expected cost of restoring the premises to its original condition at the end of the lease.

25. 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 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 facilitate 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.

Under this segment the comparative figures for 2010 include the total results of acquisition of Adtrans Group Limited as a subsidiary with effect from 22 October 2010. During 2011 Adtrans Group results were separated into Automotive Franchised Retailing, Truck and Property segments. The 2010 comparatives have not been restated as the impact is not considered material.

(ii) Truck Retailing
Within the Truck Retail segment, the consolidated entity offers a diversified range of products and services, including new trucks, used trucks, truck maintenance and repair services, truck parts, extended service contracts, truck protection products and other aftermarket products. They also facilitate financing for truck purchases 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 Franchised Retailing segment 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 operating 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, and investment in One Way Traffic Pty Ltd, trading as Carsguide.

25. SEGMENT INFORMATION (continued)

Segment reporting 2011

	Automotive Franchised Retailing	Truck Retailing	Property	All Other	Eliminations	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000
Sales to external customers	1,971,283	323,053	715	90,059	-	2,385,110
Inter-segment sales	-	-	28,039	-	(28,039)	-
Total sales revenue	1,971,283	323,053	28,754	90,059	(28,039)	2,385,110
Other revenue	12,692	470	423	-	-	13,585
TOTAL REVENUE	1,983,975	323,523	29,177	90,059	(28,039)	2,398,695
SEGMENT RESULT						
Operating profit before interest	63,971	7,218	20,075	338	-	91,602
External interest expense allocation	(14,778)	(2,943)	(8,009)	-	-	(25,730)
OPERATING CONTRIBUTION	49,193	4,275	12,066	338	-	65,872
Share of net profit of equity accounted investments	562	-	-	-	-	562
Business acquisition costs	(202)	(126)	-	-	-	(328)
Property revaluation	-	-	(86)	-	(3,142)	(3,228)
Profit on sale of property / businesses	1,723	-	16	-	-	1,739
SEGMENT PROFIT	51,276	4,149	11,996	338	(3,142)	64,617
Unallocated corporate expenses						(6,464)
PROFIT BEFORE TAX						58,153
Income tax expense						(17,864)
NET PROFIT						40,289
Depreciation and amortisation	5,805	1,214	3,970	172	-	11,161
Non cash expenses (reversal of expenses) other than depreciation and amortisation	871	758	-	(61)	-	1,568
Impairment of trade receivables	128	60	-	4	-	192
Write down (back) of inventories to net realisable value	(616)	197	-	(12)	-	(431)
ASSETS						
Segment assets	473,419	108,824	338,155	11,362	-	931,760
LIABILITIES						
Segment liabilities	292,360	91,419	164,730	2,636	-	551,145
NET ASSETS	181,059	17,405	173,425	8,726	-	380,615
Acquisitions of non current assets, including assets of businesses acquired	6,938	1,510	10,265	2,534	-	21,247

The accounting policies of the reportable segments are the same as the Group's accounting policies as described in note 1 with the exception of all changes in fair value of property being recognised as income statement adjustments for segment reporting purposes. This compares to the Group policy of crediting increments to a property plant and equipment reserve in equity (refer note 1(p)).

Segment profit represents the profit earned by each segment without allocation of unrecouped corporate / head office costs and income tax. External bailment is allocated to the Automotive Franchised Retailing and Truck Retailing segments. Bills payable funding costs are allocated to the Automotive Franchised Retailing , Truck Retailing and Property segments based on notional market based covenant levels .
This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance. For the purpose of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible, and financial assets attributable to each segment. All assets are allocated to reportable segments.

25. SEGMENT INFORMATION (continued)

Segment reporting 2010	Automotive Franchised Retailing	Property	All Other	Eliminations	Consolidated
	$'000	$'000	$'000	$'000	$'000
Sales to external customers	1,753,417	340	48,531	-	1,802,288
Inter-segment sales	-	27,559	-	(27,559)	-
Total sales revenue	1,753,417	27,899	48,531	(27,559)	1,802,288
Other Revenue	8,116	356	-	-	8,472
TOTAL REVENUE	1,761,533	28,255	48,531	(27,559)	1,810,760
SEGMENT RESULT					
Operating Profit before interest	50,930	18,906	(986)	-	68,850
External Interest Expense Allocation	(12,369)	(8,762)	-	-	(21,131)
OPERATING CONTRIBUTION	38,561	10,144	(986)	-	47,719
Share of net profit of equity accounted investments	2,234	-	-	-	2,234
Business acquisition costs	(1,530)	-	-	-	(1,530)
Property revaluation	-	(6,146)	-	4,911	(1,235)
Profit on sale of property/ business	-	406	-	-	406
Non cash fair value impairment reversal	1,453	-	-	-	1,453
SEGMENT PROFIT	40,718	4,404	(986)	4,911	49,047
Unallocated corporate expenses					(3,749)
PROFIT BEFORE TAX					45,298
Income tax expense					(13,661)
NET PROFIT					31,637
Depreciation and amortisation	5,407	3,798	49	-	9,254
Non cash expenses (reversal of expenses) other than depreciation and amortisation	(257)	-	8	-	(249)
Impairment of trade receivables	282	-	(10)	-	272
Write down (back) of inventories to net realisable value	404	-	(79)	-	325
ASSETS					
Segment assets	596,010	300,518	3,200	-	899,728
LIABILITIES					
Segment liabilities	392,316	146,522	673	-	539,511
NET ASSETS	203,693	153,997	2,527	-	360,217
Acquisitions of non current assets, including assets of subsidiaries acquired	98,083	9,134	66	-	107,283

The accounting policies of the reportable segments are the same as the Group's accounting policies as described in note 1 with the exception of all changes in fair value of property being recognised as income statement adjustments for segment reporting purposes. This compares to the Group policy of crediting increments to a property plant and equipment reserve in equity (refer note 1(p)).

Segment profit represents the profit earned by each segment without allocation of unrecouped corporate / head office costs and income tax. External bailment is allocated to the Automotive Franchised Retailing with the bills payable funding costs being allocated to the Property segment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance. For the purpose of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible, and financial assets attributable to each segment. All assets are allocated to reportable segments.

Geographic Information
The Group operates in one principal geographic location, being Australia.

26. CONTRIBUTED EQUITY

	CONSOLIDATED 2011 $'000	2010 $'000
(a) Paid up capital		
Ordinary shares fully paid	162,047	163,340

Ordinary shares confer on their holders the right to participate in dividends declared by the Board and to vote at general meetings of the company.

(b) Movements in ordinary share capital:

Date	Details	Number of shares	Issue price	$'000
01-Jan-10	Balance	29,864,653		145,502
07-Jul-10	Performance Rights issue to Mr Martin Ward & Mr Keith Thornton	220,000	$2.47	544
22-Nov-10	Shares issued to Adtrans Shareholders	1,760,920	$12.60	22,187
15-Dec-10	Shares issued to Adtrans Shareholders	6,446	$12.50	81
1-Jan-10 to 31-Dec-10	Cancellation of shares under the buy-back scheme (see note (d) below)	(394,311)	$12.61 (average price)	(4,974)
01-Jan-11	Balance	31,457,708		163,340
18-Mar-11	Issue of shares to staff under share incentive schemes	56,420	$10.11	570
1-Jan-11 to 31-Dec-11	Cancellation of shares under the buy-back scheme (see note (d) below)	(153,544)	$12.14 (average price)	(1,863)
31-Dec-11	Balance	31,360,584		162,047

(c) The company has a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than being paid in cash. Shares to date have been issued under the plan at a 5% discount to the market price. The dividend reinvestment plan is currently suspended.

(d) On 23 March 2009 the company announced to the Australian Securities Exchange that it intends to buy-back up to a maximum of 10% of its issued capital within one year, subject to market conditions.

On 18 March 2010 the company announced to the Australian Securities Exchange the extension of the buy-back for a further 12 months and the intention to buy-back up to a maximum of 10% of the issued capital within one year, subject to market conditions.

On 25 October 2011 the company announced to the Australian Securities Exchange that it intends to buy-back up to a maximum of 10% of its issued capital within one year, subject to market conditions.

The buy-backs reflect the company's focus on maintaining an efficient statement of financial position through active capital management.

27. RESERVES AND RETAINED PROFITS

	CONSOLIDATED 2011 $'000	2010 $'000
(a) Reserves:		
Property, plant and equipment revaluation reserve	70,540	68,340
Hedging reserve - cash flow hedge	(1,400)	181
Share-based payments reserve	5,189	2,621
	74,329	71,142

	CONSOLIDATED	
	2011	**2010**
	$'000	**$'000**
27. RESERVES AND RETAINED PROFITS (continued)		
Movements:		
Property, plant and equipment revaluation reserve :		
Balance at beginning of the financial year	68,340	74,459
Revaluation surplus (deficit) during the year - gross (Note 15)	3,142	(4,911)
Transfer to retained earnings relating to properties sold	-	(2,681)
Deferred tax (Note 23)	(942)	1,473
Balance at the end of the financial year	70,540	68,340
Hedging reserve - cash flow hedge:		
Balance at beginning of the financial year	181	112
Transfer to profit and loss	(258)	(160)
Transfer to derivative financial instruments (gross)	(2,000)	258
Deferred tax (note 23)	677	(29)
Balance at the end of the financial year	(1,400)	181
Share-based payments reserve:		
Balance at beginning of the financial year	2,621	637
Share based payments	3,138	2,528
Transfer to share capital (shares issued)	(570)	(544)
Balance at the end of the financial year	5,189	2,621

(b) Retained earnings

	2011	2010
Retained profits at the beginning of the financial year	125,334	109,884
Net profit for the year	40,194	31,565
Transfer from Asset Revaluation Reserve re properties sold	-	2,681
Dividends provided for or paid (note 7)	(21,733)	(18,796)
Retained profits at the end of the financial year	143,795	125,334

27. RESERVES AND RETAINED PROFITS (continued)

(c) Nature and purpose of reserves.

(1) Property, plant and equipment revaluation reserve

The property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets as described in note 1(p).

(2) Hedging reserve

The hedgeing reserve contains the effective portion of interest rate hedge arrangements incurred as at the reporting date.

(3) Share-based payments reserve

The share-based payment reserve is used to recognise the fair value of performance rights expected to vest and the fair value of equity expected to be issued under various share incentive schemes referred to in Notes 34 and 35.

28. FINANCIAL INSTRUMENTS

Overview
The consolidated entity has exposure to the following key risks from its use of financial instruments:
Credit risk
Liquidity risk
Market risk (interest rate risk)

This note presents information about the consolidated entity's exposure to each of the above risks, the consolidated entity's objectives, policies and processes for measuring and managing risk, and the consolidated entity's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the consolidated entity's risk management framework. The Board has established an Audit, Risk and Remuneration Committee which is responsible for monitoring, assessing and reporting on the consolidated entity's risk management system. The committee will provide regular reports to the Board of Directors on its activities.

The consolidated entity's risk management policies are established to identify and analyse the risks faced by the consolidated entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the consolidated entity's activities.

The Audit, Risk and Remuneration Committee will oversee how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks. The Committee is assisted in its oversight by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which will be reported to the Committee.

The Group's principal financial instruments comprise bank loans, bailment finance, cash, short-term deposits and interest rate swap contracts. The main purpose of these financial instruments is to raise finance for and fund the Group's operations and to hedge the Group's exposures to interest rate volatility. The Group has various other financial instruments such as trade debtors and trade creditors which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no speculative trading in financial instruments shall be undertaken.

The main risk arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

28. FINANCIAL INSTRUMENTS (continued)

CREDIT RISK
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. Further, it is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

Trade Receivables
Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of debtors and other receivable balances are monitored on an ongoing basis, with the result that the Group's exposure to bad debts is not significant.

The consolidated entity establishes an allowance for doubtful debts that represents its estimate of incurred losses in respect of trade and other receivables and investments.

With respect to credit risk arising from financial assets of the Group comprised of cash, cash equivalents and receivables, the Group's maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date is in the carrying amount as disclosed in the statement of financial position and notes to the financial statements.

The Group's credit risk on liquid funds is limited as the counter parties are major Australian banks with favourable credit ratings assigned by international credit rating agencies.

LIQUIDITY RISK
Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. The consolidated entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Group's overall objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The Group also manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Information on available facilities can be found in Note 22.

MARKET RISK
Market risk is the risk that changes in market prices, such as interest rates, will affect the consolidated entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and monitor market risk exposures within acceptable parameters, whilst optimising the return on risk.

Interest rate risk

The Group is exposed to interest rate risk as a consequence of its financing facilities as set out in Notes 19 & 22. Funds are borrowed by the Group at both fixed and floating interest rates. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt. The Group's policy is to keep between 40% and 60% of its borrowings at fixed rates of interest. As at 31 December 2011, approximately 60% (2010: 41%) of the Group's borrowings were at a fixed rate of interest.
The Group hedges part of the interest rate risk (see Note 18) by swapping floating for fixed interest rates.

The Group adopts a policy that approximately 50% of its exposure to the changes in interest rates on its variable rate borrowings relating to inventories is hedged on a fixed rate basis. Nine interest rate swaps denominated in Australian dollars have been entered into towards this policy. These swaps mature between 8 March 2012 and 1 October 2014 and have a fixed rate between 3.91% and 5.12% .
At 31 December 2011 the notional average contract amount of these nine swaps was $130 million. The consolidated entity classifies interest rate swaps as cash flow hedges.
The net fair value of the swap at 31 December 2011 was $2,000,000 liability (2010:$258,000 asset) and has been recognised in equity for the consolidated entity.

Interest rate sensitivity
The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variable were held constant, the Group's net profit would increase/decrease by $941,000 (2010: $1,375,000) per annum. This is mainly due to the Group's exposures to interest rates on its variable rate borrowings.

28. FINANCIAL INSTRUMENTS (continued)

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting future cash flows using the curves at reporting date and the credit risk inherent in the contract, and are disclosed below. The average interest rate is based on the outstanding balances at the start of the financial period.
The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

	Average contracted fixed interest		Notional principal amount		Fair value	
Outstanding floating	2011	2010	2011	2010	2011	2010
for fixed contracts	%	%	$'000	$'000	$'000	$'000
Less than 1 year	5.03%	4.82%	65,000	20,000	(488)	16
Between 1 - 2 years	4.79%	5.03%	65,000	65,000	(1,126)	242
Between 2 - 3 years	4.18%	-	60,000	-	(386)	-
	4.68%	4.98%	190,000	85,000	(2,000)	258

The interest rate swaps settle on a monthly basis. The floating rate on the interest rate swaps is the Australian BBSW. The Group will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount deferred in equity is recognised in profit or loss over the loan period.

CAPITAL MANAGEMENT
The Board’s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.
There were no changes in the consolidated entity’s approach to capital management during the period.

CREDIT RISK

Exposure to Credit Risk
The carrying amount of financial assets (as per Note 9) represents the maximum credit exposure. The maximum exposure to credit risk as the reporting date was:

	CONSOLIDATED	
	2011	**2010**
	$'000	**$'000**
Trade and other receivables	99,986	100,487
Less: Provision for doubtful receivable	2,567	2,408
	97,419	98,079

Impairment Losses
The aging of trade receivables at reporting date is detailed in Note 9.

28. FINANCIAL INSTRUMENTS (continued)

Fair values & Exposures to Credit & Liquidity Risk

Detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair value (2010: fair value).

	CARRYING		FAIR VALUE	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Financial assets				
Trade and other debtors net of doubtful debts	97,419	98,079	97,419	98,079
Derivative financial instrument	-	258	-	258
Cash and cash equivalents	13,279	154	13,279	154
	110,698	98,491	110,698	98,491
Financial liabilities				
Bills payable and fully drawn advances	98,400	100,400	98,400	100,400
Capital Loan	65,000	65,000	65,000	65,000
Vehicle bailment	252,371	240,354	252,371	240,354
Bank overdraft	-	2,944	-	2,944
Leasebook liability	3,528	8,575	3,528	8,575
Finance lease payables	726	1,222	726	1,222
Trade and other payables	88,817	77,773	88,817	77,773
Derivative financial instrument	2,000	-	2,000	-
	510,842	496,268	510,842	496,268

The fair value and net fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quotes forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Maturity profile

The below table provides a maturity profile for the Group's financial instruments that are exposed to interest rate risk at balance date. The amount disclosed in the table are gross contractual undiscounted cash flows (principal and interest) required to settle the respective liabilities.

28. FINANCIAL INSTRUMENTS (continued)

At 31 December 2011

INTEREST BEARING	Less than 1 year $'000	1 - 2 years $'000	2 - 3 years $'000	3 - 4 years $'000	4 - 5 years $'000	5+ years $'000	Total $'000
Floating rate							
Financial assets							
Cash and cash equivalents	13,279	-	-	-	-	-	13,279
Loan Receivable	331	379	-				710
Leasebook receivables	2,980	1,356	-	-	-	-	4,336
	16,590	1,735	-	-	-	-	18,325
Average interest rate	5.47%	8.06%					
Financial liabilities							
Vehicle bailment (current)	256,640	-	-	-	-	-	256,640
Capital Loan (Non-Current)	4,368	4,368	69,368	-	-	-	78,104
	261,008	4,368	69,368	0	-	-	334,744
Average interest rate	6.76%	6.72%	6.72%				
Fixed rate							
Financial liabilities							
Bills payable and fully drawn advances	54,715	53,324	-	-	-	-	108,039
			-	-	-	-	-
Leasebook liabilities	2,986	887	-	-	-	-	3,873
Finance lease payables	487	369	-	-	-	-	856
	58,188	54,580	-	-	-	-	112,768
Average Interest Rate	7.13%	6.29%					
NON INTEREST BEARING							
Financial assets							
Trade debtors	92,924	-	-	-	-	-	92,924
Financial liabilities							
Trade and other payables	88,817	-	-	-	-	-	88,817
Derivative financial instrument	2,000	-	-	-	-	-	2,000
	90,817	0	0	0	0	0	90,817

28. FINANCIAL INSTRUMENTS (continued)

At 31 December 2010

INTEREST BEARING	Less than 1 year $'000	1 - 2 years $'000	2 - 3 years $'000	3 - 4 years $'000	4 - 5 years $'000	5+ years $'000	Total $'000
Floating rate							
Financial assets							
Cash and cash equivalents	154	-	-	-	-	-	154
Loan Receivable	251						251
Leasebook receivables	5,554	4,254	1,228	-	-	-	11,036
	5,959	4,254	1,228	-	-	-	11,441
Average interest rate	9.86%	10.27%	10.27%				
Financial liabilities							
Vehicle bailment (current)	244,483	-	-	-	-	-	244,483
Capital Loan (Non-Current)	4,602	4,602	4,602	69,602	-	-	83,408
Bank overdraft	2,944	-	-	-	-	-	2,944
	252,029	4,602	4,602	69,602	-	-	330,835
Average interest rate	6.95%	7.08%	7.08%	7.08%			
Fixed rate							
Financial liabilities							
Bills payable and fully drawn advances	88,771	15,063	10,988	-	-	-	114,822
Leasebook liabilities	4,944	3,638	1,055	-	-	-	9,637
Finance lease payables	461	460	455	-	-	-	1,376
	94,176	19,161	12,498	-	-	-	125,835
Average Interest Rate	6.96%	7.10%	7.89%				
NON INTEREST BEARING							
Financial assets							
Trade debtors	88,396	-	-	-	-	-	88,396
Derivative financial instrument	258	-	-	-	-	-	258
	88,654	0	0	0	0	0	88,654
Financial liabilities							
Trade and other payables	77,773	-	-	-	-	-	77,773

Estimation of Fair Value

The following summarises the major methods and assumptions used in estimating the fair value of financial instruments:

Loans and Borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows.

Trade and other Receivables/Payables

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value.

Interest rate swaps

The fair value of interest rate swaps is calculated based on the present value of the estimated future cash flows of these instruments.

29. INVESTMENTS IN SUBSIDIARIES

Name of entity	**Equity holding**	
	2011	**2010**
	%	%
Eagers Retail Pty Ltd	100	100
Eagers MD Pty Ltd	91	91
Eagers Finance Pty Ltd	100	100
Nundah Motors Pty Ltd	100	100
Eagers Nominees Pty Ltd	100	100
Austral Pty Ltd	100	100
E G Eager & Son Pty Ltd	100	100
A.P. Group Ltd	100	100
A.P. Ford Pty Ltd	100	100
A.P. Motors Pty Ltd	100	100
A.P. Motors (No.1) Pty Ltd	100	100
A.P. Motors (No.2) Pty Ltd	100	100
A.P. Motors (No.3) Pty Ltd	100	100
Associated Finance Pty Limited	100	100
Leaseline & General Finance Pty Ltd	100	100
City Automotive Group Pty Ltd	100	100
PPT Investments Pty Ltd	100	100
PPT Holdings No 1 Pty Ltd	100	100
PPT Holdings No 2 Pty Ltd	100	100
PPT Holdings No 3 Pty Ltd	100	100
Bill Buckle Holdings Pty Ltd	100	100
Bill Buckle Autos Pty Ltd	100	100
Bill Buckle Leasing Pty Ltd	100	100
Adtrans Group Limited	100	100
Adtrans Corporate Pty Ltd	100	100
Adtrans Automotive Group Pty Ltd	100	100
Stillwell Trucks Pty Ltd	100	100
Adtrans Trucks Pty Ltd	100	100
Graham Cornes Motors Pty Ltd	90	90
Whitehorse Trucks Pty Ltd	100	100
Adtrans Used Pty Ltd	100	100
Adtrans Hino Pty Ltd	100	100
Adtrans Australia Pty Ltd	100	100
Melbourne Truck and Bus Centre Pty Ltd	100	100
Adtrans Truck Centre Pty Ltd	100	100
Adtrans Trucks Adelaide Pty Ltd	100	-

All subsidiaries are either directly controlled by A.P. Eagers Limited, or are wholly owned within the group, have ordinary class of shares and are incorporated in Australia.

Information relating to A.P. Eagers Limited ('the parent entity')		**2011 $'000**	**2010 $'000**
Financial position			
Assets			
Current assets		-	-
Non-current assets		232,882	224,909
Total assets		232,882	224,909
Liabilities			
Current liabilities		4,047	8,138
Non-current liabilities		-	-
Total liabilities		4,047	8,138
Equity			
Issued capital		162,047	163,340
Retained earnings		59,915	49,126
Reserves	- Asset revaluation reserve	1,684	1,684
	- Share based payments reserve	5,189	2,621
		228,835	216,771
Financial performance			
Profit for the year		32,522	20,428
Other comprehensive income		-	-

All subsidiaries are parties to a deed of cross guarantee which has been lodged with and approved by Australian Securities and Investments Commission. Under the deed of cross guarantee each of these companies guarantee the debts of the other named companies. The aggregate assets and liabilities of these companies at 31 December 2011 and their aggregate net profits after tax for the year ended 31 December 2011 are as follows:

	2011	**2010**
	$'000	**$'000**
Assets	913,897	883,405
Liabilities	537,563	527,379
Net profit after tax	39,082	30,820

Also refer notes 30(a) and 30(b) in respect of guarantees entered into by the parent entity in relation to debts of its subsidiaries.

29. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Acquisition of businesses

The Group acquired various businesses during the current and previous year as detailed below:

Year	Name of business	Date of acquisition	Principal activity	Proportion acquired
2011	Eblen Subaru	01-Mar-11	Motor Dealership	100%
2011	Daimler Benz Adelaide	29-Aug-11	Truck Dealership	100%
2010	Caloundra City Autos	14-Apr-10	Motor Dealership	100%
2010	Adtrans Group Limited	22-Oct-10	Motor Dealership	74.89%
2010	Sydney Truck Centre	01-Nov-10	Motor Dealership	100%

The acquired businesses contributed revenues of $39,039,000 (2010: $166,338,000) and profit before tax of $ 898,000 (2010:$2,381,000) . If the acquisitions had occurred on 1 January 2011, the consolidated revenue and the consolidated profit before tax would have been $2,406 million (2010:$2,515 million) and $ 62million (2010:$54 million) respectively.

Allocation of purchase consideration
The purchase price of businesses acquired was allocated as follows:

	Eblen Subaru	Daimler Benz Adelaide	2011 Total consolidated	2010 Total consolidated
	$'000	$'000	$'000	$'000
Cash consideration	5,864	2,162	8,026	53,716
Market value of shares owned prior to full take-over	-	-	-	24,600
Issue of ordinary shares	-	-	-	22,269
Total purchase consideration	5,864	2,162	8,026	100,585
Fair Value of net identifiable tangible assets	2,882	1,662	4,544	51,977
Fair Value of net identifiable intangible assets	-	-	-	17,035
Goodwill	2,982	500	3,482	31,573
	5,864	2,162	8,026	100,585
Cash consideration	5,864	2,162	8,026	53,716
Less: Cash acquired	-	-	-	(12,621)
Total purchase consideration net of cash acquired	5,864	2,162	8,026	41,095

Net assets acquired	**2011** Consolidated fair value at acquisition date	**2010**
	$'000	$'000
Cash and cash equivalents	-	12,621
Trade receivables & prepayments	-	26,369
Inventory	5,111	101,712
Property, plant and equipment	3,676	41,323
Deferred tax assets	164	2,999
Creditors, borrowings and provisions	(4,407)	(133,047)
Identifiable intangible assets	-	17,035
Net assets acquired	4,544	69,012
Acquisition cost	8,026	100,585
Goodwill on acquisition (i)	3,482	31,573

(i) Goodwill arose in the business combinations because as at the date of acquisition the consideration paid for the combination included amounts in relation to the benefit of expected synergies and future revenue and profit growth from the businesses acquired. These benefits were not recognised separately from goodwill as the future economic benefits arising from them could not be reliably measured in time for inclusion in this financial statements. Therefore the amount allocated to goodwill on acquisition has been provisionally determined at the end of the reporting period. Amounts attributable to other identifiable intangible assets will be allocated from goodwill within twelve months from the date of acquisition.

29. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Disposal of businesses

During the year, the Group disposed of its Audi business in Brookvale (NSW) for $3,500,000 and Peugeot business in Brisbane (Queensland) for $520,000 resulting in a net gain of $1,693,000

30. CONTINGENT LIABILITIES

(a) Parent entity

Unsecured guarantees, indemnities and undertakings have been given by the parent entity in the normal course of business in respect of financial and trade arrangements entered into by its subsidiaries. It is not anticipated that the parent entity will become liable for any amount in respect thereof. At 31 December 2011 no subsidiary was in default in respect of any arrangement guaranteed by the parent entity and all amounts owed have been brought to account as liabilities in the financial statements.

(b) Deed of cross guarantee

A.P. Eagers Limited and all of its subsidiaries are parties to a deed of cross guarantee which has been lodged with the Australian Securities and Investments Commission. Under the deed of cross guarantee each company guarantees the debts of the other companies.

The maximum exposure of the parent entity in relation to the cross guarantees is $551,145,000 (2010 : $539,806,000).

	CONSOLIDATED	
	2011	2010
	$'000	$'000
31. COMMITMENTS FOR EXPENDITURE		
Capital Commitments		
Commitments for the construction of buildings and acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	5,792	3,641
Finance Lease Liabilities		
Commitments for minimum lease payments in relation to leasebook liabilities are payable as follows:		
Within 1 year	3,473	5,405
Later than 1 year but not later than 5 years	1,256	5,609
Later than 5 years	-	-
	4,729	11,014
Less future finance charges	(475)	(1,217)
Present value of minimum lease payments	4,254	9,797
Operating Lease Commitments		
Commitments for minimum lease payments in relation to non-cancellable operating leases for premises are payable as follows:		
Within 1 year	15,694	13,822
Later than 1 year but not later than 5 years	36,764	37,294
Later than 5 years	19,545	25,761
	72,003	76,877

The consolidated entity leases property under non-cancellable operating leases with expiry dates between 31 January 2012 and 1 July 2035 Leases generally provide for a right of renewal at which time the lease is renegotiated. Lease rental payments comprise a base amount plus an incremental contingent rental based on movements in the consumer price index or a fixed percentage increase.

	CONSOLIDATED	
	2011	2010
	$	$
32. REMUNERATION OF AUDITOR		
Amounts received or due and receivable by Deloitte Touche Tomatsu ("Deloitte") for:		
- audit or review of the financial report of the parent entity and any other entity in the consolidated entity	519,500	477,500
Amounts received or due and receivable by related entities of Deloitte for:		
- tax compliance services in relation to the parent entity and any other entity in the consolidated entity	48,550	13,750
- other services in relation to the parent entity and any other entity in the consolidated entity		
-GST refund consultancy services	-	2,713
-Technical advisory services	49,500	26,500
- Due diligence services	-	12,650
- Other advisory services	53,675	140,671
	671,225	673,784

33. SUBSEQUENT EVENTS

Nil.

34. KEY MANAGEMENT PERSONNEL

The remuneration report included in the directors' reportwill set out the remuneration policies of the consolidated entity and the relationship between these policies and the consolidated entity's performance.

The following have been identified as key management personnel with authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly during the financial year:

(a) Details of key management personnel

(I) Directors

B W Macdonald		Chairman (non-executive)
M A Ward		Managing Director and Chief Executive Officer
P W Henley		Director (non-executive)
A J Love	- retired 18 May 2011	Director (non-executive)
N G Politis		Director (non-executive)
D T Ryan		Director (non-executive)
T.B Crommelin	- appointed 23 February 2011	Director (non-executive)
G.D. Bignell	- appointed 23 February 2011 retired 13 October 2011.	Director (executive)

(ii) Executives

S G Best	Chief Financial Officer
M Raywood	Human Resource Manager
K T Thornton	General Manager - Queensland and Northern Territory
D G Stark	General Counsel/Company Secretary

(b) Compensation of key management personnel

The aggregate compensation made to key management personnel of the Company and the Group is set out below.

	CONSOLIDATED	
	2011	2010
	$	$
Short term	3,289,435	2,407,403
Post employment	176,342	415,130
Share based payment	1,937,538	1,532,210
	5,403,315	4,354,743

(c) Option holdings of key management personnel

Details of options held by key management personnel can be found in Note 34 (g).

34. KEY MANAGEMENT PERSONNEL (continued)

(d) Relevant Interest in shares held by key management personnel

2011		At 01-Jan-11	Dividend Reinvestment Plan	Executive Incentive Plan	Purchases	Sales	At 31-Dec-11
Directors							
	B W Macdonald	84,375	-	-	-	-	84,375
	M A Ward	529,773	-	7,378	3,817	-	540,968
	N G Politis	11,884,383	-	-	31,685	-	11,916,068
	P W Henley	16,663	-	-		-	16,663
	T.B Crommelin	46,796	-	-	7,680	-	54,476
Executives							
	K Thornton	42,990	-	4,518	-	-	47,508
	M Raywood	10,651	-	1,934	-	-	12,585
	S G Best	8,523	-	6,024	-	-	14,547
	D G Stark	4,886	-	2,829	-	-	7,715
		12,629,040	-	22,683	43,182	-	12,694,905

2010		At 01-Jan-10	Dividend Reinvestment Plan	Share Incentive Plan	Purchases	Sales	At 31-Dec-10
Directors							
	B W Macdonald	84,375	-	-	-	-	84,375
	M A Ward	329,773	-	200,000	-	-	529,773
	A J Love	39,626	-	-	4,000	-	43,626
	N G Politis	11,827,267	-	-	57,116	-	11,884,383
	P W Henley	15,663	-	-	1,000	-	16,663
Executives							
	K Thornton	22,990	-	20,000	-	-	42,990
	M Raywood	10,651	-	-	-	-	10,651
	S G Best	8,523	-	-	-	-	8,523
	D G Stark	4,886	-	-	-	-	4,886
		12,343,754	0	220,000	62,116	0	12,625,870

(e) Loans to key management personnel
There are no loans to key management personnel

(f) Other transactions with key management personnel
Other transactions with key management personnel are detailed in note 36: Related parties

(g) Share Based Payments

Plan A: TSR Performance Rights

Since 2005 until 2010 the Group operated a 'Performance Rights' compensation scheme for specific executive officers. The fair value of these performance rights was calculated on grant date, and recognised over the period to vesting. The vesting of the performance rights granted was based on the total shareholder return (TSR) of the Group compared to the TSR of a basket of peer constituents. The fair value was calculated using a binomial option pricing model.

The Chief Executive Officer and the General Manager, Queensland and Northern Territory, were granted rights under the TSR share incentive plan. A total of 530,000 rights were granted in terms of the plan. The vesting of the performance rights granted was based on the total shareholder return (TSR) of the Group compared to the TSR of a basket of peer constituents (based on the ASX 300), to determine the ranking of the Group. This ranking was converted to a percentile rating which was then used to determine the proportion of awards that vested on a scaled basis. Built into the plan was re-testing after 12 and 24 months if a tranche was not achieved 100% vesting, which was used to determine whether additional vesting was available. Any performance rights not vested after the retesting periods lapsed. The performance rights were settled in shares in the Company, with no further cost to the employee. The Plan expired on June 30, 2010.

34. KEY MANAGEMENT PERSONNEL (continued)

(g) Share Based Payments (continued)

The number of performance rights granted under the plan was as follows:

Number of performance rights	Grant date	End of performance period	Expiry date	Fair value of each performance right	Number vested during the year	Number vested and issued at 31 December 2011
Chief Executive Officer						
100,000	1-Jul-05	30-Jun-06	1-Jul-08	$4.78	-	100,000
100,000	1-Jul-05	30-Jun-07	1-Jul-09	$4.92	-	100,000
100,000	1-Jul-05	30-Jun-08	1-Jul-10	$4.68	-	100,000
100,000	1-Jul-05	30-Jun-09	1-Jul-11	$4.46	-	100,000
100,000	1-Jul-05	30-Jun-10	1-Jul-12	$4.25	-	100,000
500,000					-	500,000
General Manager, Queensland and Northern Territory						
10,000	1-Jul-07	30-Jun-08	1-Jul-10	$10.65	-	10,000
10,000	1-Jul-07	30-Jun-09	1-Jul-11	$10.31	-	10,000
10,000	1-Jul-07	30-Jun-10	1-Jul-12	$9.99	-	10,000
30,000					-	30,000

The fair value of the performance rights was estimated as $2,618,500 (2010:$2,618,500) in total, with a cumulative expense being recognised at 31 December 2011 of $2,618,500 (2010:$2,618,500). All performance rights have vested.

Plan B: EPS Performance Rights and Options - Key Executives

The Group commenced a new Earnings Per Share (EPS) based performance rights and option compensation scheme for specific executive officers in 2009. The fair value of these performance rights and options is calculated on grant date, and recognised over the period to vesting. The vesting of the performance rights and options granted is based on the achievement of specified earnings per share growth targets and interest cover thresholds. The fair value has been calculated using a binomial option pricing model based on numerous variables including the following:

Performance Rights

Award date 28 August 2009					
Vesting date	27-Mar-11	27-Mar-12	27-Mar-13	27-Mar-14	27-Mar-15
Expiry date	28-Aug-16	28-Aug-16	28-Aug-16	28-Aug-16	27-Sep-17
Share price at grant date	$ 9.12	$ 9.12	$ 9.12	$ 9.12	$ 9.12
Expected life	1.6 years	2.6 years	3.6 years	4.6 years	5.6 years
Volatility	30%	30%	30%	30%	30%
Risk free interest rate	4.37%	4.89%	5.18%	5.31%	5.33%
Dividend yield	6.0%	6.0%	6.0%	6.0%	6.0%

Performance Options

Award date 28 August 2009					
Vesting date	27-Mar-11	27-Mar-12	27-Mar-13	27-Mar-14	27-Mar-15
Expiry date	28-Aug-16	28-Aug-16	28-Aug-16	28-Aug-16	27-Sep-17
Share price at grant date	$ 9.12	$ 9.12	$ 9.12	$ 9.12	$ 9.12
Exercise price	$ 9.12	$ 9.12	$ 9.12	$ 9.12	$ 9.12
Expected life	4.3 years	4.8 years	5.3 years	5.8 years	6.8 years
Volatility	30%	30%	30%	30%	30%
Risk free interest rate	5.29%	5.32%	5.33%	5.33%	5.33%
Dividend yield	6.0%	6.0%	6.0%	6.0%	6.0%

The General Manager, Queensland and Northern Territory, General Manager Kloster Motor Group and Chief Financial Officer have been granted rights and options under the EPS share incentive plan (Plan B). The modified grant date method (AASB 2) is applied to this incentive plan whereby the cost of the plan is determined by the value of the rights and options at grant date and the probability of the EPS and interest cover targets being achieved and vesting occurring. The number of performance rights and options granted under the plan is as follows:

Performance Rights

Number	Grant Date	End Performance Period	Expiry Date	Fair Value at Grant Date
16,566	28-Aug-09	31-Dec-10	28-Aug-16	$ 8.30
22,407	28-Aug-09	31-Dec-11	28-Aug-16	$ 7.81
23,776	28-Aug-09	31-Dec-12	28-Aug-16	$ 7.36
25,253	28-Aug-09	31-Dec-13	28-Aug-16	$ 6.93
26,841	28-Aug-09	31-Dec-14	28-Sep-17	$ 6.52

Performance Options

Number	Grant Date	End Performance Period	Expiry Date	Fair Value at Grant Date
76,389	28-Aug-09	31-Dec-10	28-Aug-16	$ 1.80
95,109	28-Aug-09	31-Dec-11	28-Aug-16	$ 1.84
94,595	28-Aug-09	31-Dec-12	28-Aug-16	$ 1.85
95,109	28-Aug-09	31-Dec-13	28-Aug-16	$ 1.84
93,086	28-Aug-09	31-Dec-14	27-Sep-17	$ 1.88

No rights or options were forfeited or expired during the year. As a result of the EPS and interest cover targets being achieved the Performance Rights and Performance Options relating to the 31 December 2011 Performance Period as set out above have vested since balance date.

The fair value of the performance rights and options was estimated as $1,558,333 (2010:$1,106,250) in total, with a cumulative expense being recognised at 31 December 2011 of $1,160,545 (2010: $628,647).

34. KEY MANAGEMENT PERSONNEL (continued)

(g) Share Based Payments (continued)

Plan C: EPS Performance Rights and Options - Managing Director

The Group commenced a new Earnings Per Share (EPS) based performance rights and option compensation scheme for the Managing Director in 2010. The fair value of these performance rights and options is calculated on grant date, and recognised over the period to vesting. The vesting of the performance rights and options granted is based on the achievement of specified earnings per share growth targets and interest cover thresholds. The fair value has been calculated using a binomial option pricing model based on numerous variables including the following:

Performance Rights

Award date 28 May 2010					
Vesting date	27-Mar-11	27-Mar-12	27-Mar-13	27-Mar-14	27-Mar-15
Expiry date	28-Aug-16	28-Aug-16	28-Aug-16	28-Aug-16	27-Sep-17
Share price at grant date	$ 12.50	$ 12.50	$ 12.50	$ 12.50	$ 12.50
Expected life	0.8 years	1.8 years	2.8 years	3.8 years	4.8 years
Volatility	30%	30%	30%	30%	30%
Risk free interest rate	4.87%	4.97%	5.02%	5.08%	5.19%
Dividend yield	4.90%	4.90%	4.90%	4.90%	4.90%

Performance Options

Award date 28 May 2010					
Vesting date	27-Mar-11	27-Mar-12	27-Mar-13	27-Mar-14	27-Mar-15
Expiry date	28-Aug-16	28-Aug-16	28-Aug-16	28-Aug-16	27-Sep-17
Share price at grant date	$ 12.50	$ 12.50	$ 12.50	$ 12.50	$ 12.50
Exercise price	$ 9.12	$ 9.12	$ 9.12	$ 9.12	$ 9.12
Expected life	3.5 years	4.0 years	4.5 years	5.0 years	6.1 years
Volatility	30%	30%	30%	30%	30%
Risk free interest rate	4.87%	4.97%	5.02%	5.08%	5.19%
Dividend yield	4.90%	4.90%	4.90%	4.90%	4.90%

The Managing Director has been granted rights and options under the EPS share incentive plan (Plan C). The modified grant date method (AASB 2) is applied to this incentive plan whereby the cost of the plan is determined by the value of the rights and options at grant date and the probability of the EPS and interest cover targets being achieved and vesting occurring. The number of performance rights and options granted under the plan is as follows;

Performance Rights

Number	Grant Date	End Performance Period	Expiry Date	Fair Value at Grant Date
7,378	28-May-10	31-Dec-10	28-Aug-16	$ 12.00
16,488	28-May-10	31-Dec-11	28-Aug-16	$ 11.43
17,800	28-May-10	31-Dec-12	28-Aug-16	$ 10.88
18,978	28-May-10	31-Dec-13	28-Aug-16	$ 10.36
21,028	28-May-10	31-Dec-14	28-Sep-17	$ 9.86

Performance Options

Number	Grant Date	End Performance Period	Expiry Date	Fair Value at Grant Date
83,333	28-May-10	31-Dec-10	28-Aug-16	$ 4.04
163,043	28-May-10	31-Dec-11	28-Aug-16	$ 4.06
162,162	28-May-10	31-Dec-12	28-Aug-16	$ 4.05
163,043	28-May-10	31-Dec-13	28-Aug-16	$ 4.01
159,574	28-May-10	31-Dec-14	27-Sep-17	$ 4.03

No rights or options were forfeited or expired during the year. As a result of the EPS and interest cover targets being achieved the Performance Rights and Performance Options relating to the 31 December 2011 Performance Period as set out above have vested since balance date.

The fair value of the performance rights and options was estimated as $3,543,395 (2010:$2,444,939) in total, with a cumulative expense being recognised at 31 December 2011 of $2,368,458 (2010:$936,981).

35. OTHER SHARE BASED PAYMENTS

Recognised share-based payments expenses

Refer Note 27 for movements on share based payments reserve.

Plan D: EPS Performance Rights and Options - Senior Management (A)
The Group commenced a new Earnings Per Share (EPS) based performance rights and option compensation scheme for nineteen specific management personnel in 2010. The fair value of these performance rights and options is calculated on grant date, and recognised over the period to vesting. The vesting of the performance rights and options granted is based on the achievement of specified earnings per share growth targets and interest cover thresholds. The fair value has been calculated using a binomial option pricing model based on numerous variables including the following:

Performance Rights

Award date 27 January 2010			
Vesting date	27-Mar-11	27-Mar-12	27-Mar-13
Expiry date	27-Jan-17	27-Jan-17	27-Jan-17
Share price at grant date	$ 12.10	$ 12.10	$ 12.10
Expected life	1.2 years	2.2 years	3.2 years
Volatility	30%	30%	30%
Risk free interest rate	5.06%	5.11%	5.17%
Dividend yield	5.10%	5.10%	5.10%

Performance Options

Award date 27 January 2010			
Vesting date	27-Mar-11	27-Mar-12	27-Mar-13
Expiry date	27-Jan-17	27-Jan-17	27-Jan-17
Share price at grant date	$ 12.10	$ 12.10	$ 12.10
Exercise price	$ 12.10	$ 12.10	$ 12.10
Expected life	4.1 years	4.6 years	5.1 years
Volatility	30%	30%	30%
Risk free interest rate	5.06%	5.11%	5.17%
Dividend yield	5.10%	5.10%	5.10%

Specific executives been granted rights and options under the EPS share incentive plan (Plan D). This includes General Counsel & Company Secretary and Group Human Resource Manager. The modified grant date method (AASB 2) is applied to this incentive plan whereby the cost of the plan is determined by the value of the rights and options at grant date and the probability of the EPS and interest cover targets being achieved and vesting occurring. The number of performance rights and options granted under the plan is as follows:

Performance Rights

Number	Grant Date	End Performance Period	Expiry Date	Fair Value at Grant Date
27,857	27-Jan-10	31-Dec-10	27-Jan-17	$ 11.40
37,395	27-Jan-10	31-Dec-11	27-Jan-17	$ 10.84
39,354	27-Jan-10	31-Dec-12	27-Jan-17	$ 10.30

Performance Options

Number	Grant Date	End Performance Period	Expiry Date	Fair Value at Grant Date
119,541	27-Jan-10	31-Dec-10	27-Jan-17	$ 2.49
146,250	27-Jan-10	31-Dec-11	27-Jan-17	$ 2.59
142,938	27-Jan-10	31-Dec-12	27-Jan-17	$ 2.65

35. OTHER SHARE BASED PAYMENTS (continued)

No rights (2010:17,859) or options (2010: 58,875) were forfeited during the year. As a result of the EPS and interest cover targets being achieved the Performance Rights and Performance Options relating to the 31 December 2011 Performance Period have vested since balance date.
The fair value of the performance rights and options was estimated as $2,183,491 (2010: $1,634,600) in total, with a cumulative expense being recognised at 31 December 2011 of $1,898,354 (2010: $987,946). The cumulative expense recognised in respect of key management personnel included in this plan recognised at 31 December 2011 was $286,309 (2010: $160,220)

Plan E: EPS Performance Rights and Options - Senior Management (B)
The Group commenced a new Earnings Per Share (EPS) based performance rights and option compensation scheme for three specific executive officers in 2010. The fair value of these performance rights and options is calculated on grant date, and recognised over the period to vesting. The vesting of the performance rights and options granted is based on the achievement of specified earnings per share growth targets and interest cover thresholds. The fair value has been calculated using a binomial option pricing model based on numerous variables including the following:

Performance Rights

Award date 22 October 2010			
Vesting date	27-Mar-11	27-Mar-12	27-Mar-13
Expiry date	27-Jan-17	27-Jan-17	27-Jan-17
Share price at grant date	$ 12.60	$ 12.60	$ 12.60
Expected life	0.4 years	1.4 years	2.4 years
Volatility	30%	30%	30%
Risk free interest rate	4.91%	4.93%	4.95%
Dividend yield	5.00%	5.00%	5.00%

Performance Options

Award date 22 October 2010			
Vesting date	27-Mar-11	27-Mar-12	27-Mar-13
Expiry date	27-Jan-17	27-Jan-17	27-Jan-17
Share price at grant date	$ 12.60	$ 12.60	$ 12.60
Exercise price	$ 12.60	$ 12.60	$ 12.60
Expected life	3.3 years	3.8 years	4.3 years
Volatility	30%	30%	30%
Risk free interest rate	4.91%	4.93%	4.95%
Dividend yield	5.00%	5.00%	5.00%

Specific executives been granted rights and options under the EPS share incentive plan (Plan E). The modified grant date method (AASB 2) is applied to this incentive plan whereby the cost of the plan is determined by the value of the rights and options at grant date and the probability of the EPS and interest cover targets being achieved and vesting occurring. The number of performance rights and options granted under the plan is as follows:

Performance Rights

Number	Grant Date	End Performance Period	Expiry Date	Fair Value at Grant Date
1,557	22-Oct-10	31-Dec-10	27-Jan-17	$ 12.33
8,130	22-Oct-10	31-Dec-11	27-Jan-17	$ 11.73
8,547	22-Oct-10	31-Dec-12	27-Jan-17	$ 11.16

Performance Options

Number	Grant Date	End Performance Period	Expiry Date	Fair Value at Grant Date
7,965	22-Oct-10	31-Dec-10	27-Jan-17	$ 2.41
37,557	22-Oct-10	31-Dec-11	27-Jan-17	$ 2.54
36,273	22-Oct-10	31-Dec-12	27-Jan-17	$ 2.63

No rights or options were forfeited or expired during the year. As a result of the EPS and interest cover targets being achieved the Performance Rights and Performance Options relating to the 31 December 2011 Performance Period have vested since balance date.

The fair value of the performance rights and options has been estimated as $419,936 (2010: $286,393) in total, with a cumulative expense being recognised at 31 December 2011 of $331,882 (2010: $67,218).

36. RELATED PARTIES

Key Management Personnel
Other information on key management personnel will be disclosed in the Directors report.

Remuneration and retirement benefits
Information on the remuneration of key individual management personnel will be disclosed in the Remuneration Report included in the Directors' Report.

Other transactions of directors and director related entities
The aggregate amount of "Other transactions" with key management personnel are as follows:

(i) Mr N G Politis is a director and shareholder of a number of companies involved in the motor industry with whom the consolidated entity transacts business. These transactions, sales of $658,209 (2010 :$777,919) and purchases of $419,364 (2010: $389,177) during the last 12 months, are primarily the sale and purchase of spare parts and accessories and are carried out under terms and conditions no more favourable than those which it is reasonable to expect would have applied if the transactions were at arm's length.

(ii) Controlled entities may, from time to time, sell motor vehicles, parts and servicing of motor vehicles for domestic use to directors of entities in the consolidated entity or their director-related entities within a normal employee relationship on terms and conditions no more favourable than those which it is reasonable to expect would have been adopted if dealing with the directors or their director-related entities at arm's length in the same circumstances

Wholly-owned group

The parent entity in the wholly-owned group is A.P. Eagers Limited. Information relating to the wholly-owned group is set out in note 29.

37. EARNINGS PER SHARE

	CONSOLIDATED	
	2011	2010
	Cents	Cents
(a) Basic earnings per share		
Earnings attributable to the ordinary equity holders of the company	127.7	105.3
(b) Diluted earnings per share		
Earnings attributable to the ordinary equity holders of the company	126.1	103.8

(c) Reconciliations of earnings used in calculating earnings per share	CONSOLIDATED	
	2011	2010
Basic Earnings per Share	$' 000	$' 000
Profit for the year	40,289	31,637
Less: attributable to non-controlling interest	(95)	(72)
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	40,194	31,565
Diluted Earnings per Share		
Profit for the year	40,289	31,637
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	40,194	31,565
Weighted average number of ordinary shares outstanding during the year	31,464,861	29,989,065
Adjustments for calculation of diluted earnings per share		
- Performance rights and options	400,277	422,698
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share	31,865,138	30,411,763

38. RECONCILIATION OF NET PROFIT AFTER TAX TO THE NET CASH INFLOWS FROM OPERATIONS

	CONSOLIDATED	
	2011	2010
	$'000	$'000
Net profit after tax	40,289	31,637
Depreciation and amortisation	11,161	9,254
Profit on sale of property, plant and equipment	(46)	(406)
Share of profits of associates	(562)	(2,234)
Dividends from investments	820	2,284
Employee share scheme expense	3,138	2,167
Non cash impairment adjustments	3,228	(3)
Profit on sale of business	(1,693)	-
(Increase) decrease in assets -		
Receivables	501	2,093
Inventories	(8,345)	(4,745)
Prepayments	(76)	606
Increase (decrease) in liabilities -		
Creditors (including bailment finance)	19,895	(4,116)
Provisions	183	49
Taxes payable	(3,975)	(5,462)
Net cash inflow from operating activities	64,518	31,124

39. NON-CASH TRANSACTIONS

There were no non-cash transactions during the year

40. INVESTMENTS IN ASSOCIATES

(a) Carrying amounts
Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting.
Information relating to the associates is set out below.

	OWNERSHIP INTEREST		CONSOLIDATED	
	2011	2010	2011	2010
	%	%	$'000	$'000
Unlisted Securities				
M T Q Insurance Services Limited	20.76%	20.88%	2,445	2,703

The investment in M T Q Insurance Services Limited was equity accounted from 1 January 2006 (refer Note 14)
M T Q Insurance Services Limited is incorporated in Australia. Its principal activities are the
sale of consumer credit and insurance products, as well as undertaking investment activities.

	CONSOLIDATED	
	2011	2010
	$'000	$'000
(b) Movement in the carrying amounts of investments in associates -		
Carrying amount at the beginning of the financial year	2,703	26,899
Cost of investment in associates		2,515
Equity share of profit/(loss) from ordinary activities after income tax	562	2,234
Dividends received during current year	(820)	(5,798)
(Impairment)/ impairment reversal - Adtrans Group Limited	-	1,453
Further costs to acquire 100% holding in Adtrans Group Ltd	-	63,727
Investment in Adtrans Group Limited treated as a subsidiary with effect from 22 October 2010	-	(88,327)
Carrying amount at the end of the financial year	2,445	2,703
(c) Summarised financial information of associates		
The aggregate profits, assets and liabilities of associates are:		
Revenue	28,949	26,764
Profits (losses) from ordinary activities after income tax expense	4,749	5,326
Assets	63,794	52,836
Liabilities	46,707	37,220
(d) Share of associates profit		
(based on the last published results for the 12 month's to 30 June 2011 plus unaudited results for the 6 months to 31 December 2011)		
Profit from ordinary activities before income tax	803	3,191
Income tax expense	(241)	(957)
Profit (loss) from ordinary activities after income tax	562	2,234
(e) Share of associate's expenditure commitments		
Lease commitments	224	1,350
(f) Dividends received from associates	820	5,798

(g) Reporting date of associates
The associates' reporting dates are 30 June annually.