



19 November 2008

The Company Announcements Office  
ASX Limited

## **MARKET UPDATE**

A.P. Eagers Limited (ASX: APE) today revised its expected profit before tax to within a range of \$32 to \$35 million for the year ending 31 December 2008, as compared to the company's previous market guidance of \$38 to \$42 million. This forecast is subject to audit and the usual end of year accounting review of asset values, and is inclusive of an \$11.5 million benefit from a tax refund of GST on holdback payments, as previously announced.

General economic conditions, consumer confidence and retail activity have declined significantly since August.

The profitability of car dealerships across Australia is expected to be further impacted in coming months by the industry's existing high level of new vehicle stock and price discounting. Some independent dealerships will also be affected by the withdrawal of GE Finance and GMAC from the retail and wholesale automotive finance market in this country.

A.P. Eagers has arranged additional wholesale and retail funding capacity with its financiers, which will comfortably exceed any exposure to the departing GE Finance and GMAC. The company's suite of financiers includes ANZ, St George Finance, Capital Finance, Toyota Financial Services, Volkswagen Financial Services, Subaru Finance and BMW Financial Services.

Chief Executive Officer, Martin Ward, said the company was positioned to take advantage of opportunities that would arise from the current market conditions and the anticipated changes to the retail automotive industry within the next twelve months.

"Our strong balance sheet represented by Net Tangible Assets of \$8.17 per share, coupled with our stringent inventory management and cost control and the ability to adjust our structure and assets to the changing environment will ensure we emerge as a stronger more robust company in our evolving industry," said Mr Ward.

It was also noted that although the company's half year accounts had assumed the total \$11.5 million benefit from the refund of GST would be subject to income tax, a recent statement by the Australian Taxation Office means that approximately \$7.9 million of the total benefit will not be taxed as income, subject to completion of amended tax returns.

## **ENDS**

For further information, please contact Mr Martin Ward, Chief Executive Officer on (07) 3248 9455.

*For more information on A. P. Eagers Limited, visit [www.aapeagers.com.au](http://www.aapeagers.com.au)*

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### **A. P. EAGERS LIMITED**

ABN 87 009 680 013

Registered Office  
80 McLachlan Street Fortitude Valley Q 4006  
P.O. Box 199 Fortitude Valley Q 4006  
Telephone (07) 3248 9455 Fax (07) 3248 9459  
Email [corporate@aapeagers.com.au](mailto:corporate@aapeagers.com.au)