



28 February 2007

The Companies Announcements Office
ASX Limited

ASX Announcement
A.P. Eagers Posts 6th Record Annual Profit
and recommends a record dividend payout up 13.2%

The Directors of A.P. Eagers Limited are pleased to report that the Group's Profit before tax of \$36.8 million for the year ended 31 December 2006 is the sixth record profit in a row.

Whilst this result exceeds the previous record by \$17.7 million it includes a \$15 million profit on the sale of surplus property.

Financial Highlights

- EBITDA up 55.8% to \$56.3m
- EBITDA (excluding profit on sale of property and equity accounting) up 8.7% to \$40.4 million
- Directors recommend a fully franked final dividend of 24 cents per share (2005 – 20 cents) payable on 21 May 2007
- Annual dividend of 43 cents per share up 5 cents per share (13.2%) on 2005
- Group property portfolio revalued upwards by \$49 million
- NTAB up \$1.86 per share (29.9%) to \$8.08 per share
- Profit on sale of surplus property of \$15 million
- \$26 million equity raised through a rights / placement issue in October 2006

Operational Highlights

- Acquired Bayside Honda & Kia dealerships in February 2006
- Acquired Brisbane Motor Auctions in March 2006
- Acquired Frost Motor Group in Darwin in August 2006
- Acquired Audi and Citroen dealership on the Sunshine Coast in December 2006
- \$10 million brand new facility for Toyota and Kia at Brendale completed August 2006
- \$25 million brand new facility at North Lakes for Toyota, Ford and Honda substantially complete
- Heads of Agreement signed to acquire \$300 million turnover Kloster Group in Newcastle / Hunter Valley region of New South Wales. (Due to settle by close of business today 28 February 2007)

Commentary

Consolidated profit after tax was \$25.8 million (2005 - \$13.3 million).

The result was achieved after expensing \$872,000 in respect of the deemed benefit provided to eligible employees who received \$1,000 worth of free shares in the Company under the Company's Tax Exempt Share Plan.

Revenue from operations for the period was \$1.174 billion, up \$102.3 million on the previous corresponding period entirely attributable to operational acquisitions which also contributed to the Group's profitability.

Revenue from existing business was down 3.4% on the previous year reflecting dampened Fleet & Government business as a consequence of petrol price increases and interest rate rises particularly in the Ford and Holden franchises.

Conversely, the Group's other franchises increased turnover as market sentiment switched from the large to the small car segment. Turnover within the Group's Toyota operations grew as Toyota improved its position as market leader.

New vehicle sale of 23,331 units were 421 units lower than year 2005, again due largely to the reduced Fleet and Government business through the Ford and Holden operations. Gross profit margins, whilst still tight, improved marginally with gross profit being assisted by the higher content of retail business which accounted for 64.2% of total new vehicle sales (2005 – 59.4%).

A. P. EAGERS LIMITED

ABN 87 009 680 013

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

Used vehicle numbers lifted dramatically from 5,241 in 2005 to 12,316 following the acquisition of Brisbane Motor Auctions in March 2006. Retail used vehicles numbers increased 22% from 5,241 to 6,399 and improved operating procedures meant the used vehicle departments' contribution to profits substantially improved.

Whilst revenue from existing businesses was down 3.4%, existing business profitability was improved due to a significant turnaround in used vehicle performance.

Facility development continued apace in 2006 with the construction of new \$10 million facilities for Torque Toyota and Torque Kia at Brendale and new \$25 million facilities for Torque Toyota, Torque Ford and Torque Honda at North Lakes. The Toyota facility at North Lakes commenced trading in January 2007 with the Ford and Honda facilities expected to open in April 2007 and June 2007 respectively.

Of particular importance is the imminent acquisition of the \$300 million turnover Kloster Group in the Newcastle / Hunter Valley region of New South Wales (settlement date 28 February 2007). This purchase will be satisfied through a combination of shares and cash available from the recent rights / placement issues and the sale of surplus property previously announced.

Directors are confident, given a continuation of current trading conditions, that the Group is well placed to record improved trading results in 2007.

Results Summary

Consolidated Results

Year ended 31 December

| | 2006 | 2005 | | |
|---|-------------------------|-------------------------|----|--------------|
| | \$'000 | \$'000 | | |
| Revenue from operations | 1,174,336 | 1,071,955 | up | 9.6% |
| Other revenue | <u>15,012</u> | <u>2,794</u> | up | 437.3% |
| Total revenue | <u><u>1,189,348</u></u> | <u><u>1,074,749</u></u> | up | 10.7% |
| | | | | |
| EBITDA before profit on sale of properties & equity accounting | 40,370 | 37,149 | up | 8.7% |
| Share of associates profits (losses) | 922 | (3,794) | | |
| Profit on sale of properties | <u>15,012</u> | <u>2,794</u> | up | 437.3% |
| EBITDA | 56,304 | 36,149 | up | 55.8% |
| Depreciation and amortisation | <u>(5,743)</u> | <u>(5,133)</u> | up | 11.9% |
| EBIT | 50,561 | 31,016 | up | 63.0% |
| Borrowing Costs | <u>(13,748)</u> | <u>(11,884)</u> | up | 15.7% |
| PROFIT BEFORE TAX | 36,813 | 19,132 | up | 92.4% |
| Income Tax Expense | <u>(11,026)</u> | <u>(5,834)</u> | up | 89.0% |
| PROFIT AFTER TAX | <u><u>25,787</u></u> | <u><u>*13,298</u></u> | up | 93.9% |

*Restated on adoption of revised AASX 139: Financial Instruments – Recognition and Measurement

| | | | | |
|------------------------------------|--------|--------|----|-------|
| Earnings per share – basic (cents) | 110.5c | *61.0c | up | 81.1% |
|------------------------------------|--------|--------|----|-------|

Yours faithfully

A.P. Eagers Limited



Martin A Ward
Chief Executive Officer

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

A. P. EAGERS LIMITED

ABN 87 009 680 013

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

Appendix 4E

Preliminary final report

1. Company details

Name of entity

A.P. Eagers Limited

ABN or equivalent company reference

87 009 680 013

Financial year ended ('current period')

31 December 2006

Financial year ended ('previous period')

31 December 2005

2. Results for announcement to the market

\$A'000's

| | | | | |
|--|----|----------------------------|----|------------------------------------|
| 2.1 Revenue | up | 9.6% | to | 1,174,336 |
| 2.2 Profit (loss) from operations attributable to members | up | 93.9% | to | 25,787 |
| 2.3 Net profit (loss) for the period attributable to members | up | 93.9% | to | 25,787 |
| 2.4 Dividends | | Amount per security | | Franked amount per security |
| Final dividend proposed | | 24.0c | | 24.0c |
| Interim dividend | | 19.0c | | 19.0c |
| 2.5 +Record date for determining entitlements to final dividend. | | 10 May 2007 | | |
| 2.6 Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable the figures to be understood. | | | | |
| <p>The results disclosed in Notes 2.2 and 2.3 above include an amount of \$10,009K representing profit after tax from the sale of properties (2005 : \$1,970K). Excluding the profit after tax on sale of properties and equity accounting for associates, the percentage increase in the net profit attributable to members is 11.8%.</p> | | | | |

3. Consolidated income statement

| | Current period - \$A'000 | Previous corresponding period - \$A'000 |
|--|-----------------------------|---|
| Revenue from operations | 1,174,336 | 1,071,955 |
| Other income | 15,012 | 2,794 |
| Expenses from ordinary activities, excluding finance costs (refer Note 3.1) | (1,139,709) | (1,039,939) |
| Finance costs | (13,748) | (11,884) |
| Share of net profits (losses) of associates and joint venture entities (equity accounted) | 922 | (3,794) |
| Profit before income tax | 36,813 | 19,132 |
| Income tax expense | (11,026) | (5,834) |
| Net profit attributable to members | 25,787 | 13,298* |

* refer Note 8 (a).

Notes to the consolidated income statement

3.1 Expenses from ordinary activities (excluding finance costs)

| Details of "Expenses from ordinary activities" by nature | Current \$A'000 | period | Previous corresponding period \$A'000 |
|--|--------------------|---------|---|
| Changes in inventories of finished goods and work in progress | | 10,037 | 24,780 |
| Raw materials and consumables used | (1,017,878) | | (953,874) |
| Employee expenses | (75,747) | | (61,649) |
| Depreciation and amortisation expense | | (5,743) | (5,133) |
| Other expenses from ordinary activities | <u>(50,378)</u> | | <u>(44,063)</u> |
| Total Expenses | <u>(1,139,709)</u> | | <u>(1,039,939)</u> |

3.2 Other Disclosures relating to the Income Statement

| | Current period - \$A'000 | Previous corresponding period - \$A'000 |
|---|-----------------------------|---|
| Net gain/(loss) on the disposal of assets: | | |
| - property, plant and equipment | 15,012 | 2,794 |
| Net revenue/(expense) since the beginning of the reporting period resulting from deductions from the carrying amounts of assets : | | |
| - amortisation of non-current assets | (405) | (350) |
| - depreciation of non-current assets | (5,338) | (4,783) |
| - impairment of non-current assets | - | - |
| - bad and doubtful debts | (49) | 375 |

3.3 Revision of Accounting Estimates

| Details of Revision of Accounting Estimates |
|---|
| None |

| 4 Condensed consolidated Balance Sheet | At end of current period \$A'000 | As shown in last annual report \$A'000 |
|--|----------------------------------|--|
| Current assets | | |
| Cash and cash equivalents | 54,864 | 4,494 |
| Receivables | 42,886 | 46,471 |
| Inventories | 165,972 | 156,593 |
| Other (deposits and prepayments) | 3,751 | 1,498 |
| Total current assets | 267,473 | 209,056 |
| Non-current assets | | |
| Investments (equity accounted) | 1,706 | - |
| Derivative financial instruments | 863 | - |
| Available-for-sale financial assets | 113 | 6,673 |
| Property, plant and equipment | 240,965 | 187,886 |
| Intangibles | 26,403 | 23,131 |
| Total non-current assets | 270,050 | 217,690 |
| Total assets | 537,523 | 426,746 |
| Current liabilities | | |
| Payables | 32,985 | 28,122 |
| Borrowings | 122,738 | 126,278 |
| Current tax liabilities | 4,910 | 1,884 |
| Provisions exc. tax liabilities | 5,396 | 4,367 |
| Other (unearned income) | 4,646 | 4,118 |
| Total current liabilities | 170,675 | 164,769 |
| Non-current liabilities | | |
| Borrowings | 104,600 | 91,600 |
| Deferred tax liabilities | 20,249 | 6,631 |
| Provisions exc. tax liabilities | 2,521 | 2,707 |
| Total non-current liabilities | 127,370 | 100,938 |
| Total liabilities | 298,045 | 265,707 |
| Net assets | 239,478 | 161,039 |
| Equity | | |
| Contributed equity | 106,264 | 77,311 |
| Reserves | 89,913 | 47,674* |
| Retained profits | 43,301 | 36,054** |
| Equity attributable to members of the parent entity | 239,478 | 161,039 |
| Minority interest | - | - |
| Total equity | 239,478 | 161,039 |

* refer Note 8 (c)

** refer Note 8 (b)

5 Condensed consolidated statement of cash flows

| | Current period \$A'000 | Previous corresponding period - \$A'000 |
|---|---------------------------|---|
| Cash flows related to operating activities | | |
| Receipts from customers (inclusive of GST) | 1,286,279 | 1,174,909 |
| Payments to suppliers and employees (inclusive of GST) | (1,250,349) | (1,140,423) |
| Receipts from insurance claim | 2,297 | - |
| Dividends received from associate entity | 848 | 62 |
| Other dividends received | 1 | 723 |
| Interest received | 748 | 226 |
| Interest and other finance costs paid | (13,810) | (11,809) |
| Income taxes paid | (7,179) | (6,280) |
| Net operating cash flows | 18,835 | 17,408 |
| Cash flows related to investing activities | | |
| Payment for purchases of property, plant and equipment | (28,220) | (24,624) |
| Proceeds from sale of property, plant and equipment | 44,864 | 12,581 |
| Payment for available-for-sale financial assets | (91) | (1,172) |
| Payment for acquisition of a businesses | (17,140) | (13,184) |
| Net investing cash flows | (587) | (26,399) |
| Cash flows related to financing activities | | |
| Proceeds from issues of securities (shares, options, etc.), net of capital raising costs | 25,569 | - |
| Proceeds from borrowings | 13,000 | 22,000 |
| Repayments of borrowings | - | (3,000) |
| Dividends paid | (6,447) | (3,337) |
| Net financing cash flows | 32,122 | 15,663 |
| Net increase (decrease) in cash held | 50,370 | 6,672 |
| Cash at beginning of period | 4,494 | (2,178) |
| Cash at end of period | 54,864 | 4,494 |

5.1 Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows.

| |
|---|
| (a) Payment of dividend of \$2,271,909 (2005: \$4,685,206) under the Dividend Reinvestment Plan settled by way of issue of 321,028 shares (2005: 665,168 shares) |
| (b) The allotment of 113,133 shares at a value of \$871,466 issued free to eligible employees under the employee tax exempt share plan (expensed through profit & loss) |

5.2 Reconciliation of cash

| Reconciliation of cash at the end of the period (as shown in the condensed consolidated statement of cash flows) to the related items in the accounts is as follows. | Current period \$A'000 | Previous corresponding period - \$A'000 |
|--|---------------------------|---|
| Cash on hand and at bank | 864 | 1,494 |
| Deposits at call | 54,000 | 3,000 |
| Bank overdraft | | - |
| Total cash at end of period | 54,864 | 4,494 |

5.3 Reconciliation of net profit after income tax to net cash inflow from operating activities

| | Current Period \$'000 | Previous Corresponding Period \$'000 |
|--|--------------------------|---|
| Net profit | 25,787 | 13,298 |
| Depreciation and amortisation | 5,743 | 5,133 |
| Profit on sale of property, plant & equipment | (15,012) | (2,794) |
| Share of losses (profits) of associates | (922) | 3,794 |
| Employee share scheme expensed | 2,189 | 420 |
| Dividends from associates | 848 | 62 |
| <i>(Increase) decrease in assets:</i> | | |
| Receivables | 3,654 | (3,120) |
| Inventories | 325 | (21,897) |
| Prepayments | (2,117) | 583 |
| Deferred taxes | (488) | 108 |
| <i>Increase (decrease) in liabilities:</i> | | |
| Creditors (including bailment finance) | (5,389) | 22,563 |
| Provisions | (70) | (498) |
| Taxes payable | 4,287 | (244) |
| Net cash inflow from operating activities | 18,835 | 17,408 |

6 Dividends

6.1 Individual dividends per security

| | | Date dividend is payable | Amount per security | Franked amount per security at 30% tax | Amount per security of foreign source dividend |
|--|---------------------------------------|--------------------------------|------------------------|---|--|
| | Final dividend: Current year | 21/5/07 | 24.0 c | 24.0 c | Nil c |
| | Previous year | 15/5/06 | 20.0 c | 20.0 c | Nil c |
| | Interim dividend: Current year | 2/10/06 | 19.0 c | 19.0 c | Nil c |
| | Previous year | 26/9/05 | 18.0 c | 18.0 c | Nil c |

6.2 Total dividend per security (interim *plus* final)

| | Current year | Previous year |
|----------------------|--------------|---------------|
| +Ordinary securities | 43.0 c | 38.0 c |

7 Dividend Reinvestment Plans

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

The A.P. Eagers Dividend Reinvestment Plan

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

5.00pm on 10 May 2007

Any other disclosures in relation to dividends (distributions).

Final dividend payable on 21 May 2007

8 Consolidated retained profits

| | Current period - \$A'000 | Previous corresponding period - \$A'000 |
|---|-----------------------------|---|
| Retained profits at the beginning of the financial period | 36,054 | 33,347 |
| Transfer to Available-for-sale Investment Revaluation Reserve on adoption of revised AASB 139 : <i>Financial Instruments - Recognition and Measurement</i> (see note i below) | - | (2,913) |
| Restated retained profits at the beginning of the financial period | 36,054 | 30,434 |
| Net profit attributable to members | 25,787 | 13,298 |
| Net transfers from/(to) reserves | (9,821) | 344 |
| Dividends paid or payable | (8,719) | (8,022) |
| Retained profits at end of financial period | 43,301 | 36,054 |

(a) Restatement of Prior Year Net Profit Attributable to Members

| | Previous corresponding period - \$A'000 |
|---|---|
| Net profit as previously reported | 13,924 |
| Transfer to Available-for-sale Investment Revaluation Reserve on adoption of revised AASB 139 : <i>Financial Instruments - Recognition and Measurement</i> (see note i below) | (626) |
| Restated net profit | 13,298 |

(b) Restatement of Prior Year Closing Retained Profits

| | Previous corresponding period - \$A'000 |
|---|---|
| Retained profits at the end of the financial period as previously reported | 39,593 |
| Transfer to Available-for-sale Investment Revaluation Reserve on adoption of revised AASB 139 : <i>Financial Instruments - Recognition and Measurement</i> (see note i below) | (3,539) |
| Restated retained profits at the end of the financial period | 36,054 |

(c) Restatement of Prior Year Reserves

| | Previous corresponding period - \$A'000 |
|---|---|
| Reserves at the end of the financial period as previously reported | 44,135 |
| Transfer to Available-for-sale Investment Revaluation Reserve on adoption of revised AASB 139 : <i>Financial Instruments - Recognition and Measurement</i> (see note i below) | 3,539 |
| Restated reserves at the end of the financial period | 47,674 |

(i) The prior year adjustment is due to the first time adoption of the revised AASB 139: "Financial Instruments – Recognition and Measurement" which requires that changes in the fair value of share investments be recorded directly in equity against an "Available-for-sale Investment Revaluation Reserve" rather than through the Income Statement, which was the policy in the previous year. The impact of this adjustment is the reversal of \$2,913K (net of tax) from retained profits at 1 January 2005 to the "Available-for-sale Investment Revaluation Reserve" and \$626K reversal (net of tax) from net profit in 2005 to the "Available-for-sale Investment Revaluation Reserve".

9 NTA backing

| | Current period | Previous corresponding period |
|---|----------------|-------------------------------|
| Net tangible asset backing per +ordinary security | \$8.08 | \$6.22 |

10.1 Control gained over entities

N/A

Name of entity (or group of entities)

Date control gained

Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities during the period (where material).

Profit(loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period.

| | |
|--|----|
| | |
| | \$ |
| | \$ |

10.2 Loss of control over entities

N/A

Name of entity (or group of entities)

Date control lost

Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities during the period (where material).

Consolidated profit/(loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material).

| | |
|--|----|
| | |
| | \$ |
| | \$ |

11 Details of associates and joint venture entities

| Name of associate/joint venture | Reporting entity's percentage holding | | Contribution to Net profit/(loss) (where material) | |
|-----------------------------------|---------------------------------------|-------------------------------|--|---------------------------------------|
| | Current Period | Previous corresponding period | Current Period \$A'000 | Previous corresponding period \$A'000 |
| Auto Group Ltd (in liquidation) | Nil | 18.68% | Nil | (3,794) |
| M.T.Q. Insurance Services Limited | 19.43% | N/A (refer noted below) | 922 | N/A (refer noted below) |

The investment in MTQ Insurance Services Limited was recognised at fair value and classified as "Available-for-sale financial asset" in the previous year. In the current year, this investment is classified as "Investment accounted for using the Equity Method". The result of this change in classification in the current year is the reversal from the carrying value of this investment, of the revaluation of the investment in prior years of \$3,539K (net of tax), against the "Available-for-sale Investment Revaluation Reserve" and the recognition of the share of profits of associates of \$922K in the current year.

| Group's aggregate share of associates' and joint venture entities' profits/(losses) (where material): | Current period \$A'000 | Previous corresponding period - \$A'000 |
|--|------------------------|---|
| Profit/(loss) from ordinary activities before tax | 1,317 | (3,539) |
| Income tax on ordinary activities | (395) | (255) |
| Profit/(loss) from ordinary activities after tax | 922 | (3,794) |
| Extraordinary items net of tax | - | - |
| Net profit/(loss) | 922 | (3,794) |
| Adjustments | - | - |
| Share of net profit/(loss) of associates and joint venture entities | 922 | (3,794) |

Significant Information

1. The profit result was affected by the inclusion of \$15.012 million profit before tax on the sale of surplus property.
2. The Group's property portfolio was revalued during the year resulting in an increase in the Property Plant and Equipment Revaluation Reserve (net of tax) of \$34 million.

12. Commentary on results for the period

| | 2006 | 2005 |
|---|-------------------|-------------|
| - Basic earnings per share | 110.5 c | 61.0 c |
| - Diluted earnings per share | 108.2 c | 59.6 c |
| - Weighted average number of shares outstanding during the year used in the calculation of basic earnings per share | 23,326,937 | 21,815,585 |
| - Weighted average number of shares outstanding during the year used in the calculation of diluted earnings per share | 23,826,937 | 22,315,585 |
| - Number of shares on issue at the end of the financial year | 26,366,347 | 22,177,196 |

13. This report is based on ⁺accounts to which one of the following applies.

(Tick one)

The ⁺accounts have been audited.

The ⁺accounts have been subject to review.

The ⁺accounts are in the process of being reviewed.

The ⁺accounts are in the process of being audited.

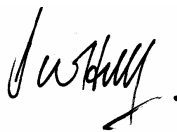
The ⁺accounts have *not* yet been audited or reviewed.

14. If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, details are described below

| |
|-----|
| N/A |
|-----|

15. If the accounts have been audited or subject to review and are subject to dispute or qualification, details are described below

| |
|-----|
| N/A |
|-----|



Sign here:

(Company Secretary)

Date:28 February 2007.....

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