29 February 2008

The Company Announcements Office
ASX Limited

ASX ANNOUNCEMENT

Appendix 4E Commentary

Net Profit Before Tax from trading increased by 84% to $40.0 million.

Final Dividend of 36 cents per share recommended.

The Directors of A.P. Eagers are pleased to report a full year 2007 Net Profit Before Tax of $40.0 million. This compares to a Net Profit Before Tax of $36.8 million in 2006 of which $15.0 million was from the sale of property assets. Net Profit Before Tax from trading activities of $40.0 million compares to $21.8 million in 2006, an increase of 84%.

Net Profit After Tax was $28.6 million compared to $25.8 million in 2006. After excluding profit on sale of properties in 2006 the comparison is $28.6 million to $15.3 million.

Financial Highlights

- EBITDA increased by 63 % to $65.9 million.
- EBIT margin to sales, excluding profit on sale of properties, improved to 3.6% compared to 3.0% in 2006.
- EBIT, excluding profit on sale of properties in 2006, increased by 70% to $60.4 million.
- Revenue and margin improvement from existing businesses contributed additional EBIT of $12.3 million.
- Businesses, property and investments acquired in 2007 contributed $310 million of sales revenue and $12.6 million of EBIT contribution.
- Cash flow from operations of $36.7 million, an increase of 95% compared to 2006.
- EBITDA Interest Cover increased to 3.2 times as at 31 December 2007 compared to 2.9 times at 31 December 2006. Borrowing costs increased by 48% to $20.4 million reflecting the increase in overall borrowings to $322 million from $227 million as at 31 December 2006.
- Bank borrowings of $134 million are drawn from a commercial bill facility and are not subject to short term repayment. Additional debt capacity of $56.5 million is currently approved and available and the Group continues to comfortably meet its Bank covenants on interest cover and gearing. Bailment inventory finance of $188 million is predominantly secured by new vehicle inventory.
- The value of the Group's portfolio of automotive retail related property assets were reviewed at year end resulting in an increase in valuation of $28 million before tax.
- The Directors have recommended a fully franked final dividend of 36 cents per share to be paid on 26 May 2008. The total dividend based on 2007 earnings is 58 cents per share, fully franked. This represents a 35% increase on the total dividend for 2006 of 43 cents per share, fully franked.

Operational Highlights

- The acquisition of the Klosters Motor Group, comprising Ford, BMW/Mini, Honda, Nissan, VW, Mitsubishi, Hyundai, Chrysler/Jeep/Dodge and Suzuki dealerships in Newcastle and the Hunter Valley region of New South Wales was completed on 28 February 2007. Klosters contributed EBIT of $9.9 million in 2007.
- The commencement of trading at the newly constructed North Lakes, Torque Toyota, Ford and Honda facility.
- The acquisition of a 22.4% interest in listed automotive and truck retailer Adtrans Group Limited, which contributed a profit after tax of $1.5 million.
- The acquisition of the Surfers City Holden, Saab and Hummer dealership in August 2007, which contributed $1.2 million of EBIT in 2007.
- The relocation of the City Subaru and City Peugeot dealerships to sites integrated with other operations at Newstead and Fortitude Valley respectively.
- Suitable sites were acquired for further dealership development opportunities in the Sunshine Coast and Gold Coast regions of Queensland.
- A tender of the Group's bailment and retail finance facilities secured highly competitive bailment inventory finance facilities and a stronger retail finance offering.
- A Heads of Agreement signed to purchase the Bill Buckle Auto Group located on the Northern Beaches of Sydney, for $36 million. The expected completion date is 31 March 2008.

Results Summary

Consolidated results

Years Ending 31 December	**2007**	**2006**	
	$'000	**$'000**	**Incr/(Decr)**
Revenue from operations	1,673,857	1,170,243	43%
Other revenue	1,648	4,093	(60)%
Total revenue	1,675,505	1,174,336	43%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	65,921	40,370	63%
Share of associates profits (losses)	2,520	922	173%
Profit on sale of properties	-	15,012	-
EBITDA after profit on sale of properties and equity accounting.	68,441	56,304	22%
Depreciation and Amortisation	(8,018)	(5,743)	40%
Earnings before interest and tax (EBIT)	60,423	50,561	20%
Borrowing costs	(20,399)	(13,748)	48%
Profit before tax	40,024	36,813	9%
Income tax expense	(11,412)	(11,026)	4%
Profit after tax	28,612	25,787	11%
Earnings per share - basic	102.2 cents	110.5 cents	(7.5)%

Results Commentary

Sales revenue from operations was $1.674 billion for the year, an increase of 43% on 2006 ($1.170 billion). Revenue from existing operations increased by 16% reflecting improved turnover in all aspects of the automotive retail business. The acquisition of the Klosters and Surfers City businesses contributed $310 million to the increase in revenue.

According to Federal Chamber of Automotive Industry statistics, Australian new motor vehicle sales increased by 9.1% on 2006 for total sales of 1.05 million units, a new record. Motor vehicle sales have grown in six of the last seven years and have increased by 35% since 2001.

The advantage of managing an extensive portfolio of vehicle brands offering wide model diversification was again highlighted with the poor performance of large cars being more than offset by growth in SUV, commercial, small cars and luxury vehicles.

Toyota was the best selling brand for the fifth consecutive year with sales of 236,647 units and a 22.5% market share. Ford's sales declined by 6% to a market share of 10.3% compared to 11.9% in 2006 placing further pressure on inner city based Ford dealerships. Holden maintained its sales level but lost market share, falling to 14% from 15.2%. Mazda, Volkswagen, Suzuki, Mitsubishi, Honda and Nissan made significant gains in market share.

In order to more clearly reflect the internal management reporting and assessment of the Company's operating segment performance, Accounting Standard AASB 8 Operating Segments has been adopted for the 2007 year. Two segments are reported under this new standard being Franchised Automotive Retail and Property.

A.P. Eagers Franchised Automotive Retail operating segment contributed a profit before tax of $33.7 million compared to $18.1 million in 2006. The 2007 result represents a 15.4% after tax return on segment net assets.

A.P. Eagers New car sales increased by 38% to 32,252 units. Excluding 2007 dealership acquisitions the increase was 13%. Profit margins on new cars increased as a result of a shift in product mix to luxury vehicles, SUV's and niche brands.

Used car sales increased by 28% to 15,804 units reflecting a full year of Brisbane Motor Auctions volume and the contribution from Klosters and Surfers City Holden used car business. Used car profit margins increased due to operational efficiency gains.

Parts profit margins declined in 2007 as a result of higher property costs associated with Brisbane's industrial and city fringe locations and a more competitive parts market.

Service margins improved reflecting strong new car sales and an increasing car parc.

EBITDA Interest Cover increased to 3.2 times as at 31 December 2007 compared to 2.9 times at 31 December 2006.

Gearing (Debt/Debt + Equity), including bailment inventory financing increased to 51.5% as compared to 48.7% in 2006. Bailment finance is cost effective short term finance secured against vehicle inventory on a vehicle by vehicle basis. Gearing, excluding bailment and cash on hand, was 30.7% compared to 31.2% in 2006.

The additional bailment inventory finance associated with dealership acquisitions and partial debt funding of dealership and property acquisitions resulted in an overall increase in borrowings to $322 million from $227 million as at 31 December 2006. Borrowing costs increased by 48% to $20.4 million.

Cash flow from Operations of $36.7 million compares to $18.8 million in 2006.

The Group established a strategic investment in the South Australian based car and truck retailer Adtrans Group Limited during the year and as at 31 December 2007 held a 22.4% interest in that company. Adtrans equity accounted net profit after tax contribution for 2007 was $1.5 million. The Company's 19.4% interest in MTA Insurance provided an equity accounted profit after tax of $1.1 million.

Following a review of the Group's automotive retail related property portfolio, a $28 million before tax revaluation surplus relating to specific property assets is included in the 31 December 2007 financial statements. The increase primarily reflects further growth in value for properties located in the Brisbane city fringe areas of Fortitude Valley, Newstead and Woolloongabba.

Operational profit before tax from the Property operating segment was $8.5 million before revaluation and $36.5 million inclusive of the revaluation, representing an after tax return on net assets of 5.0% and 17.3% respectively.

Earnings per share reduced by 7.5% compared to 2006. However, excluding the profit from the sale of properties in 2006, earnings per share increased by 56%.

Outlook

The acquisition of the Bill Buckle Auto Group will provide strong brand representation in the Northern beaches region of Sydney. The four Bill Buckle brands, Toyota, Subaru, Audi and Volkswagen are all fast growing premium brands and suit the demographics of the Northern beaches customers.

Development of the Groups dealership and related property portfolio will continue in 2008. Further development of the integrated North Lakes site, currently supporting Toyota, Ford and Honda operations, is envisaged. The development of new BMW and combined Ford, Hyundai and Suzuki dealerships is planned for the Newcastle region and a property in the Robina area of the Gold Coast has been secured for expansion in that region.

Additional opportunities for the optimisation of property usage and operational integration will be realised with the relocation of the City Mitsubishi dealership to a combined Holden/ Mitsubishi site at Windsor, Brisbane, the relocation from January 2008 of City Peugeot to a site adjacent to Metro Ford and the addition of a Subaru franchise to the Torque Brendale location.

Higher interest rates and oil prices offset by low unemployment and the strong Australian dollar are expected to result in new motor vehicle sales stabilising at around the 1 million units mark in 2008.

Yours faithfully
A.P. Eagers Limited

Martin A Ward
Managing Director

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

Appendix 4E
Preliminary final report

1. Company details

Name of entity

A.P. Eagers Limited

ABN or equivalent company reference	Financial year ended ('current period')	Financial year ended ('previous period')
87 009 680 013	31 December 2007	31 December 2006

2. Results for announcement to the market

$A'000's

2.1	Revenue	up	43%	to	1,675,505
2.2	Profit (loss) from operations attributable to members	up	11%	to	28,612
2.3	Net profit (loss) for the period attributable to members	up	11%	to	28,612

2.4 **Dividends**	Amount per security	Franked amount per security
Final dividend proposed	36.0c	36.0c
Interim dividend	22.0c	22.0c

2.5 +Record date for determining entitlements to final dividend. | 15 May 2008

2.6 Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable the figures to be understood.

Refer attached commentary.

3. Condensed Consolidated income statement

	Current period - $A'000	Previous corresponding period - $A'000
Revenue	1,675,505	1,174,336
Other income	-	15,012
Expenses excluding finance costs (refer Note 3.1)	(1,617,602)	(1,139,709)
Finance costs	(20,399)	(13,748)
Share of net profits (losses) of associates (equity accounted)	2,520	922
Profit before income tax	**40,024**	**36,813**
Income tax expense	(11,412)	(11,026)
Net profit attributable to members	**28,612**	**25,787**

Notes to the consolidated income statement

3.1 Expenses (excluding finance costs)

Details of Expenses by nature	Current period $A'000	Previous corresponding period $A'000
Changes in inventories of finished goods and work in progress	66,547	8,851
Raw materials and consumables used	(1,501,995)	(1,016,692)
Employee expenses	(109,447)	(75,747)
Depreciation and amortisation expense	(8,018)	(5,743)
Other expenses from ordinary activities	(64,689)	(50,378)
Total Expenses	(1,617,602)	(1,139,709)

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
Net revenue/(expense) since the beginning of the reporting period resulting from deductions from the carrying amounts of assets :		
- amortisation of non-current assets	(532)	(405)
- depreciation of non-current assets	(7,486)	(5,338)
- impairment of non-current assets	-	-
- bad and doubtful debts	(424)	(381)

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	965	54,864
Receivables	69,079	42,886
Inventories	230,008	161,776
Other (deposits and prepayments)	1,107	3,751
Total current assets	**301,159**	**263,277**
Non-current assets		
Investments (equity accounted)	24,942	1,706
Derivative financial instruments	760	863
Available-for-sale financial assets	-	113
Property, plant and equipment	332,067	240,965
Intangibles	60,936	26,403
Total non-current assets	**418,705**	**270,050**
Total assets	**719,864**	**533,327**
Current liabilities		
Payables	48,689	32,985
Borrowings	188,217	122,738
Current tax liabilities	4,830	4,910
Provisions exc. tax liabilities	8,104	5,396

Other (unearned income)	343	-
Total current liabilities	**250,183**	**166,029**
Non-current liabilities		
Borrowings	133,849	104,600
Deferred tax liabilities	27,124	20,249
Provisions exc. tax liabilities	3,372	2,521
Other (Unearned Income)	1,792	450
Total non-current liabilities	**166,137**	**127,820**
Total liabilities	**416,320**	**293,849**
Net assets	**303,544**	**239,478**

Equity		
Contributed equity	135,812	106,264
Reserves	108,862	89,913
Retained profits	58,870	43,301
Total equity	**303,544**	**239,478**

5 Condensed Statement of Changes in Equity

	Current period $A'000	Previous corresponding period - $A'000
Opening Balance of Equity	239,478	161,039
Value of shares issued during the period	29,548	28,953
Net Profit attributable to members	28,612	25,787
Increase is asset revaluation reserve (after tax)	19,642	34,039
Movement in other reserves	(693)	(1,621)
Dividends Paid	(13,043)	(8,719)
Closing balance of equity	**303,544**	**239,478**

6 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)	1,665,445	1,286,279
Payments to suppliers and employees (inclusive of GST)	(1,598,322)	(1,250,349)
Receipts from insurance claim	-	2,297
Dividends received	1,457	848
Other dividends received	-	1
Interest received	866	748
Interest and other finance costs paid	(20,188)	(13,810)
Income taxes paid	(12,516)	(7,179)
Net cash provided by operating activities	**36,742**	**18,835**
Cash flows related to investing activities		
Payment for purchases of property, plant and equipment	(63,317)	(28,220)
Proceeds from sale of property, plant and equipment	-	44,864
Payment for shares in associated entities	(11,186)	(91)
Payment for acquisition of subsidiaries and businesses	(35,974)	(17,140)
Payment for acquisition of brand name	(132)	-
Net used in investing activities	**(110,609)**	**(587)**
Cash flows related to financing activities		
Proceeds from issues of securities (shares, options, etc.), net of capital raising costs	-	25,569
Proceeds from borrowings	25,000	13,000
Repayments of borrowings	-	-
Dividends paid	(5,032)	(6,447)
Net cash provided by financing activities	**19,968**	**32,122**
Net increase (decrease) in cash held	(53,899)	50,370
Cash at beginning of period	54,864	4,494
Cash at end of period	**965**	**54,864**

6.1 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 $8,011,217 (2006: $2,271,909) under the Dividend Reinvestment Plan settled by way of issue of 613,221 shares (2006: 321,028 shares)
(b)	The allotment of 94,464 shares (2006: 113,133) at a value of $1,269,638 (2006: $871,466) issued free to eligible employees under the employee tax exempt share plan (expensed through profit & loss)

6.2 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	965	864
Deposits at call	-	54,000
Bank overdraft		
Total cash at end of period	**965**	**54,864**

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

	Current Period $'000	Previous Corresponding Period $'000
Net profit after tax	28,612	25,787
Depreciation and amortisation	8,018	5,743
Profit on sale of property, plant & equipment	-	(15,012)
Share of losses (profits) of associates	(2,520)	(922)
Employee share scheme expensed	2,854	2,189
Dividends from associates	1,372	848
(Increase) decrease in assets:		
Receivables	(13,931)	3,654
Inventories	(29,510)	325
Prepayments	3,263	(2,117)

Deferred taxes	-	(488)
Increase (decrease) in liabilities:		
Creditors (including bailment finance)	38,465	(5,389)
Provisions	1,168	(70)
Taxes payable	(1,049)	4,287
Net cash inflow from operating activities	**36,742**	**18,835**

7 Dividends

7.1 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	26/05/08	36.0¢	36.0¢	Nil¢
		Previous year	21/05/07	24.0¢	24.0¢	Nil¢
	Interim dividend:	Current year	24/09/07	22.0¢	22.0¢	Nil¢
		Previous year	02/10/06	19.0¢	19.0¢	Nil¢

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

	Current year	Previous year
+Ordinary securities	58.0¢	43.0¢

8 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 15 May 2008

Any other disclosures in relation to dividends (distributions).

Final dividend payable on 26 May 2008

9 Consolidated retained profits

	Current period - $A'000	Previous corresponding period - $A'000
Retained profits at the beginning of the financial period	43,301	36,054
Net profit attributable to members	28,612	25,787
Net transfers from/(to) reserves	-	(9,821)
Dividends paid or payable	(13,043)	(8,719)
Retained profits at end of financial period	**58,870**	**43,301**

10 NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per +ordinary security	$8.38	$8.08

10.1 Control gained over entities N/A

Name of entity (or group of entities)	Kloster Motor Group
Date control gained	28 February 2007
	$ 000
Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities before tax during the period.	5,840 (10 months) (before tax and after charging internal rent and commercial rates.)
Profit(loss) from ordinary activities and extraordinary items before tax of the controlled entity (or group of entities) for the whole of the previous corresponding period.	6,695 (12 months) (before tax and after charging internal rent and commercial rates.)

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

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
Adtrans Group Limited	22.38%	-	1,457	Nil
M.T.Q. Insurance Services Limited	19.43%	19.43%	1,063	922

Group's aggregate share of associates' profits/(losses) (where material):	Current period $A'000	Previous corresponding period - $A'000
Profit/(loss) from ordinary activities after tax	2,520	922
Extraordinary items net of tax	-	-
Net profit/(loss)	2,520	922
Adjustments	-	-
Share of net profit/(loss) of associates	**2,520**	**922**

Significant Information

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 $19.6 million.

12. Commentary on results for the period

	2007	2006
- Basic earnings per share	**102.2 c**	**110.5 c**
- Diluted earnings per share	**101.0 c**	**108.2 c**
- Weighted average number of shares outstanding during the year used in the calculation of basic earnings per share	**28,008,711**	**23,326,937**
- Weighted average number of shares outstanding during the year used in the calculation of diluted earnings per share	**28,338,711**	**23,826,937**
- Number of shares on issue at the end of the financial year	**28,961,780**	**26,366,347**

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.

Sign here: (Company Secretary) Date: ......29 February 2008......................

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