13 May 2005

A. P. EAGERS LIMITED
CHAIRMAN'S ADDRESS TO THE
ANNUAL GENERAL MEETING
HELD ON FRIDAY 13 MAY 2005

Ladies and Gentlemen,

The buoyant motor vehicle industry during 2004 and benefits flowing from the Group's ongoing rationalisation and expansion program assisted your company in producing yet another record profit result.

On turnover of $911 million the net profit before tax of $17.23 million was up 13.2% on 2003 enabling the payment of an annual fully franked dividend of 36 cents per share, an increase of 3 cents per share or 9.1% over 2003. You will shortly be called upon to approve the payment of the recommended final dividend of 19 cents per share which is payable next Monday the 16th of May.

In my address to you today I will concentrate more on the strategic direction we propose to take the company and will leave trading and market issues to our Managing Director Mr Ken Macdonald who will speak on those issues at the conclusion of my address.

The Company has many long term loyal shareholders who we believe have been justly rewarded over the past few years both in terms of dividend flow and capital appreciation. They will no doubt recognise that to maintain the Company's strong industry position it is necessary to have dealerships located on strategically visible and functional properties.

To this end your Board has actively sought and acquired over the past two years a number of such properties that will enable the Group to attract additional franchised operations and provide opportunities for future rationalisation and efficiency gains.

Of particular note are the properties bounded by Breakfast Creek Road, Durong, Ross and Edmond Streets at Newstead. With a combined area of 19,356 square metres.

This site was acquired in two stages, the second stage coming with the acquisition of the City Automotive Group business that was approved by shareholders at the last Annual General Meeting. May I say that that acquisition from our major shareholder, WFM Motors Pty Ltd, has been extremely successful and its current performance has exceeded our initial expectations.

The development of the site is of particular importance to the Group. It is a very strategically positioned and valuable property that we will likely develop through a joint venture partnership. The development will probably include both commercial and highrise residential elements incorporating our existing motor vehicle franchised operations of Subaru, Peugeot and Mitsubishi fronting Breakfast Creek Road.

A further exciting development is planned at Mango Hill Northlakes where we are committed to the acquisition of land for the imminent construction of new facilities for Torque Toyota and Torque Ford who currently operate from facilities at Redcliffe and for the Group's third Honda franchise as reported by our Managing Director last year.

Mango Hill and the surrounding area is a rapidly expanding residential and retail precinct that will provide an opportunity for the Group to take advantage of the strong population growth and demographic shift that is occurring in many areas of South East Queensland. This and other similar developments are likely to offer the Group further opportunities to expand in the future.

We have previously stated our intention to expand the business through regional and interstate acquisitions. As reported on 5 April 2005 we were extremely pleased to announce our first interstate move with the acquisition of the Northern Territory dealership Bridge Toyota in Darwin and Palmerston. Bridge Toyota is a profitable business and an excellent acquisition around which to develop the Group's expansion plans interstate. Like the City Automotive Group acquisition in July last year, Bridge is expected to be immediately earnings per share positive.

The Board is mindful of the extent and quality of the Group's existing portfolio of dealerships in the Brisbane metropolitan area and the limited opportunities to further expand into this our traditional market base. It is therefore essential to continue to seek opportunities in other strategic markets, in particular the Board recognises the importance of the Gold and Tweed Coasts along with the Sunshine Coast as areas for future expansion.

As you are aware, Directors had previously indicated that we expected to dispose of surplus property generating approximately $16 million. The main component of this sum will come from the pending settlement of the sale of our surplus land at Upper Mt Gravatt for $9.6 million whilst other properties at Strathpine and Caboolture have been sold for a further $3.0 million. The net effect of these property sales will result in a capital profit of approximately $2.8 million which is expected to be reflected in the half year accounts to 30 June 2005.

The ability of the Board to grow the Company and to continue to add value at the same time is dependant on a number of factors, not the least of which is the need to fund such future growth. There is an ongoing demand for funds to acquire, develop and rationalise new businesses. More recently the Group has been able to fund much of this growth through strong cash flow, a well supported dividend reinvestment plan and bank borrowings without the need to raise further equity, however, the Board is currently reviewing a form of capital raising in which our loyal shareholders can participate and continue to take an active role in the future development of the Group. We will provide shareholders with more detailed information in this regard in the coming months.

In closing, on behalf of the Board of Directors I would like to thank management and staff for their efforts in what has been another highly rewarding year for the Group.

I will now hand you over to our Managing Director, Ken Macdonald to cover trading issues and market trends.

B W Macdonald
Chairman

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MANAGING DIRECTOR'S ADDRESS TO THE
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Thank you Ben and good morning ladies and gentlemen.

2004 was indeed another bumper year for motor dealers and the motor industry with strong employment growth driving domestic consumer spending, interest rates remaining low and vehicle manufacturers pushing for higher volumes and market share. All these combined to propel the national new vehicle market to an all time record of 955,229 units. In all, there were no market forces evident to suppress demand for motor vehicles and as a result the Australian Automotive Industry achieved its third year of consecutive record sales.

Once again Toyota achieved market dominance with 201,737 units and a market share of 21.1%. This was the first time a manufacturer had achieved a volume in excess of 200,000 units in Australia. Just as significant was the fact that Toyota achieved this without any new major model releases to the market.

Holden was once more consigned to second place with a market share of 18.6%, comfortably ahead of Ford who achieved their highest volume since 1995 and a market share improving to 14.2%. There is no doubt that the new Territory has been a great success for Ford and this, together with a vastly improved model line-up has re-ignited confidence in the Ford Brand. The top three brands achieved a combined market share of almost 54%. Mitsubishi's market share and volume collapsed, falling almost 22% to 56,967 units amid fears about its future as a manufacturer both locally and overseas. Its market share had fallen from 8% in 2003 to 6% in 2004 and it had been replaced by Nissan as the number 4 manufacturer in Australia. However following a highly successful marketing campaign built around a 5 year new car warranty, Mitsubishi has rebounded strongly and regained considerable market share. March this year was an outstanding month for Mitsubishi where it recorded significant growth of 26% driven by double digit year on year increases in volume in all industry segments and clearly has been able to regain consumer confidence.

Strong performances were achieved by Mazda, Honda and Subaru which all achieved record volumes in a market that saw 28 of the 56 marques represented producing all time record unit sales, clearly highlighting the competitiveness and strength of the market which is no longer dominated by just a few marques.

Other brands held by the Group that achieved record volume in 2004 included Kia and Porsche, while both the Jaguar and Land Rover brands saw their volumes fall by 29.2% and 19.4% respectively, Peugeot was down 4.2%, Volkswagen 13% while Volvo improved its year on year performance by 4.1%.

MG-Rover saw its volume fall by 14.9% and is clearly a marque with little or no future since the recent closure of its UK operations. The Group's financial exposure to this brand is minimal. I would like to assure our MG-Rover customers that despite the fact that the Australian distributor has been placed under administration, we will continue to provide parts and service at our dealership in Fortitude Valley for as long as this is possible or alternatively assist them as best we can if they choose to consider switching to another of our brands.

Group new vehicle sales were up by 10% to 20,620 units resulting in total dealership operating contribution increasing by $1.1M to $20.6M while the net profit before tax / turnover ratio improved from 1.8% in 2003 to 1.9% in 2004.

Group profit before tax was a record $17.23M up 13.2% on the previous year's result despite having to provide a one-off accrual of $930,000 in employee leave entitlements following a decision by the Industrial Court in an unrelated case.

Toyota remained the Group's most profitable franchise in 2004 with strong performances achieved by Southside Toyota as well as Torque / Strathpine Toyota.

Eagers Holden – Newstead improved on its previous year's profit while Eagers Holden – Windsor produced a disappointing result with the dealership showing a loss for the year and management's focus will be directed at turning this around in 2005.

Metro Ford's result not only underlined the tough conditions in the used car market but also the need to have a volume used car operation to spread its increased cost base, while the Parts Distribution Centre achieved a strong profit improvement compared to the previous year and was the highlight of Metro Ford's result. Southside Ford failed to achieve budget and its profit was below expectation while Torque Ford continued to improve its level of profitability.

Both the recently acquired City Automotive Group and Westpoint Subaru traded profitably, in particular City Automotive Group, which produced a strong profit despite Mitsubishi's well publicised difficulties. Eagers Mazda recorded a 23% lift in profit, while Eagers Kia's result was below expectations despite Kia's strong performance which saw its national volume increase by 42% to 24,454 units. This is the first time that Kia has entered the top 10 volume marques in Australia. Southside Honda and Land Rover traded strongly with profit up almost 40% over 2003 on the back of another great year for the Honda Brand. Austral Honda / VW / MG-Rover maintained its profitability levels again largely as a result of Honda's performance while VW failed to achieve its national volume targets with a 13% fall to 10,754 units.

The Austral Volvo, Land Rover and Jaguar dealerships struggled in what was another disappointing year for Ford's Premier Automotive Group marques while the prestige Austral Porsche dealership also found market conditions in the luxury segment to be more competitive between competing brands.

Turning to the outlook for 2005, current data suggests that the Australian automotive industry will see another record year to better last year's volume of 955,229 units.

With the tariff reduction and the commencement of free trade agreements with the US and Thailand helping to drive volume, the total new vehicle market for the March quarter was up 4.5% to 237,000 units compared to 2004 and while April's result was down on March the expectation of the industry achieving 1,000,000 units in 2005 is still realistic. Oil prices are expected to force a shift in market segments as consumers are already moving away from models that are considered to be "gas guzzlers", particularly the SUV segment, into smaller and more economic models with lower price tags. Interest rates will continue to create uncertainty in the minds of consumers but are not expected to dampen the overall momentum of vehicle sales, although margins are expected to remain under pressure.

Unaudited trading results for the first quarter saw Group turnover increase by 13.5% to $248M compared to the first quarter in 2004 while Group profit before tax was up 12.3% to $4.4M. The acquisition of Bridge Toyota was settled on 6 May 2005 and is expected to have a positive impact on dealership operating profit this year.

Progress on planned facility development projects is continuing, however, with significant cost pressures on building materials and labour, aligned with a shortage of tradespeople, scheduled completion dates have been put back.

Southside Toyota's new facilities at Upper Mt Gravatt are now expected to be completed in November this year, while the Mango Hill project on Brisbane's Northside is not expected to commence at least before next month due to an unexpected extension in settlement resulting from delays by the developer in completing earthworks and providing services to the site as well as our own delays in obtaining the relevant development approvals. However in addition to Ford and Toyota being represented on the site, Honda have recently signed off plans for the Group's third Honda franchise being included as part of this exciting development.

Work on the new Toyota dealership at Brendale has also been put back to a scheduled commencement date of July 1, 2005 with completion expected by mid February 2006.

In addition the Group is looking to find a real estate solution for the Subaru franchise in the Western suburbs and continues to work with Ford Motor Company on planned upgrades to Southside Ford at Woolloongabba and Torque Ford at Brendale.

Unused facilities at 1388 Logan Road, Mt Gravatt will shortly be upgraded and will house the Group's Southside sales showrooms for Volvo and Land Rover.

Storage of new vehicle stock is becoming a major concern for the Group along with suitable pre-delivery facilities and management is looking to establish further storage and pre-delivery facilities capable of handling the logistics of dealing with the Group's growing volume of new vehicle throughput.

In the meantime the Group continues to review its property portfolio with surplus real estate being sold or planned for sale.

With a satisfactory start to the year, Bridge Toyota now on board, City Automotive Group fully integrated and producing strong results and with buoyant industry conditions expected to continue, I am anticipating a strong first half result bolstered by profits from surplus property sales and an expected special dividend from the Group's well performing investment in the MTQ Insurance Group.

K W Macdonald
Managing Director