



# **PROSPECTUS**

## **Non renounceable Rights Issue**

Shareholders offer: 1 for 8 non-renounceable rights issue at \$7.00 per share to raise approximately \$19,600,000

(Prospectus also incorporates a placement of Shares at \$7.00 per share to raise approximately \$6,400,000)

Fully underwritten by  
ABN AMRO Morgans Corporate Limited ABN 32 010 539 607.

Last day for acceptance 22 September 2006.

This prospectus contains important information for you as a shareholder and requires your immediate attention. If you are in any doubt about its contents or course of action you need to take, you should consult your broker or professional advisor without delay.



**A.P. Eagers Limited**  
**A.B.N. 87 009 680 013**

**80 McLachlan Street**  
**FORTITUDE VALLEY QLD 4006**  
**Ph: (07) 3248 9455**  
**Fax: (07) 3248 9459**

25 August 2006

Dear Shareholder

Your directors are delighted to extend to you an opportunity to participate in this rights issue.

The Company is offering to existing Shareholders one fully paid ordinary share for every eight (8) shares already held. The issue price is \$7.00 per share, which represents a discount of approximately 5.5% to the closing market price of shares on ASX of \$7.41 on 24 August 2006, the last day the shares traded before the date of this prospectus. The offer is non-renounceable, which means that rights may not be traded on the Australian Stock Exchange or otherwise transferred by you if you do not wish to take up some or all of your entitlement.

Existing Shareholders who take up their full entitlement will be able to apply for Additional Shares at the same issue price, being \$7.00 per share from the pool of any unsubscribed shares. Whilst this ability to "top-up" your subscription is available to all existing Shareholders, in the event that all applications can not be met from this pool, the directors may in their discretion weight the allocation in favour of smaller applications first.

The rights issue and placement underwritten by ABN AMRO Morgans Corporate Limited will raise approximately \$26 million.

Included in the Prospectus is an advice to the Australian Stock Exchange (ASX) on the results for the half year ended 30 June 2006 released to ASX on 25 August 2006 listing the Company's financial and operational highlights relative to the first half's trading.

On 25 August 2006, your directors reported that EBITDA before profit on sale of property for the half year ended 30 June 2006 was up 8.3% on the corresponding period last year and forecast a record full year before tax profit of \$23 million (2005-\$20 million) and an after tax profit of \$16 million (2005 - \$13.9 million) subject to continued satisfactory trading conditions.

The profit for the June half year was generated from sales revenue of \$572.8 million, up \$37.9 million (7.1%) on the previous corresponding period last year.

Consolidated profit before tax for the June half year was \$12.07m inclusive of \$1.01 million property sale profit (2005 - \$13.41 million inclusive of \$2.70 million property sale profit).

This strong performance is a result of the Company's growth over recent years and reflects a buoyant economy, particularly in the Company's main operating region of South East Queensland. This growth represents a balanced mix of organic growth and targeted acquisitions.

The Company has declared an interim fully franked dividend of 19 cents per share, a 1.0 cent increase over the interim dividend paid last year. Subject to achieving the above full year profit forecast, your directors expect to be declaring an increased final dividend (2005 - 20 cents) on the capital base expanded by this rights issue and placement.

The interim dividend will be paid on 2 October 2006 based on shares held at 29 September 2006. The shares issued under this prospectus are not eligible for this interim dividend but will otherwise rank equally with all other ordinary shares and, in particular, will be eligible to receive the final dividend to be paid in respect of the year ending 31 December 2006.

The funds will be used for working capital and future acquisitions. Recent acquisitions have been in metropolitan Queensland and Darwin, where buoyant economies have created justification for business growth. The Company will continue to look for growth opportunities in the future.

The Board believes the equity raising will enhance the Company's financial base to take advantage of future strategic opportunities as they arise.

At or about the same time as this right issue, the Company will place a further 914,285 shares, raising approximately \$6,400,000, to institutional and sophisticated investors arranged by ABN AMRO Morgans Corporate Limited which the Company believes will improve the liquidity of its shares.

The shares issued under the placement will be at the same price and on the same conditions as the shares issued under the right issue.

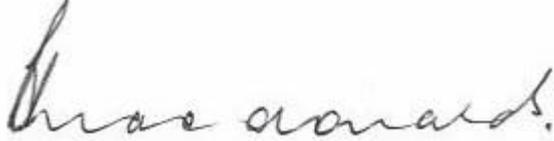
Each of the directors has committed in writing to the Company that they and their related parties will be subscribing for their full entitlement under the rights issue. Directors and their related parties under their control and associates will not be participating in the placement.

Details of the rights issue and how to participate in it can be found in the prospectus. Shareholders who are in any doubt as to how they should respond to this offer should consult their broker or other professional adviser.

This Company has enjoyed very strong Shareholder support over many years. We look forward to your participation in the rights issue and your continued support.

Applications close on 22 September 2006, so I urge you to act promptly to accept the offer.

Yours sincerely

A handwritten signature in cursive script, appearing to read "Ben Macdonald".

Ben Macdonald  
Chairman

## **AP Eagers Limited ACN 009 680 013**

### **KEY DATES**

**2006**

Announcement of rights issue and lodgement of prospectus	25 August
Notice sent to Shareholders	28 August
Shares quoted ex rights	29 August
Record date	4 September
Prospectus despatched to Shareholders	8 September
<b>Closing date for acceptances (5.00 pm, Brisbane time)</b>	<b>22 September</b>
Despatch of holding statements	29 September
New shares expected to commence trading on ASX on a normal settlement basis	4 October

### **NOTICE**

The Company reserves the right to extend the closing date, close the issue earlier and refund application money without interest.

### **IMPORTANT NOTICES**

This prospectus is dated 25 August 2006. A copy of this prospectus was lodged with Australian Securities and Investment Commission ("ASIC") on 25 August 2006. ASIC takes no responsibility for the contents of this prospectus. No shares will be allotted on the basis of this prospectus later than 13 months after the date of the prospectus.

The Company is a continuous disclosing entity and therefore subject to regular reporting and disclosure obligations under the Corporations Act. Under those obligations, the Company is obliged to comply with all applicable continuous disclosure and periodic reporting requirements in the ASX Listing Rules.

Copies of documents lodged by the Company under these obligations may be obtained from, or inspected at, an office of ASX or on the website ([www.asx.com.au](http://www.asx.com.au)).

While acceptances remain open, the Company will provide, free of charge, to any person who asks for it, a copy of all or any of the following documents -

- the annual financial report for the Company for the year 2005
- the June half-year financial report for the Company for the half year dated 30 June 2006
- continuous disclosure notices lodged by the Company since lodgement of the 2005 annual financial report and before lodgement of this prospectus.

All requests for copies of the above documents should be addressed to the Company Secretary, PO Box 199 Fortitude Valley, Qld, 4006 or to [dhull@apeagers.com.au](mailto:dhull@apeagers.com.au).

This document is important and requires your immediate attention. It should be read in its entirety. If you are in any doubt about what to do, you should consult your stockbroker or other professional adviser without delay.

### **CORPORATE DIRECTORY**

Directors:	BW Macdonald (Chairman) AJ Love NG Politis MA Ward (Managing Director and Chief Executive Officer)
Secretary:	DW Hull, F.C.I.S
Auditor:	Horwath Sydney Partnership 1 Market Street Sydney NSW 2000
Underwriter:	ABN AMRO Morgans Corporate Limited Level 29, Riverside Centre 123 Eagle Street Brisbane QLD 4000
Solicitors:	Nicol Robinson Halletts Level 10, 175 Eagle Street Brisbane QLD 4000
Share Registry:	Computershare Investor Services Pty Ltd Level 19, CPA Building 307 Queen Street Brisbane QLD 4000 Tel: (07) 3237 2100 Fax: (07) 3229 9860
Registered Office:	80 McLachlan Street Fortitude Valley QLD 4006

## THE RIGHTS ISSUE

AP Eagers Limited ('Company') offers to each of its existing Shareholders one (1) fully paid ordinary share for every eight (8) shares already held by the Shareholder at the Record Date.

The issue price is \$7.00 per share and the issue will raise approximately \$19.6 million (before costs of the issue) through the issue of approximately 2,800,000 shares.

The issue is a non-renounceable rights issue. Rights may not be traded on Australian Stock Exchange Limited (ASX) nor otherwise transferred if you do not wish to take up some or all of the new shares to which you are entitled.

Instructions on the actions you can take to accept all or part of your rights or apply for additional shares are on the rights entitlement and acceptance form accompanying this prospectus.

Fractional entitlements will be rounded up. Your entitlement is shown in the personalised rights entitlement and acceptance form accompanying this prospectus.

If a rights entitlement and acceptance form does not accompany this prospectus, please contact the share registry on (07) 3237 2100.

## PLACEMENT ISSUE

A placement of a further approximately 914,285 fully paid ordinary shares at the sale price of \$7.00 will be raising approximately \$6,400,000.00.

The purpose of this issue is to expand the Company's share register with a view to increasing the liquidity of the stock. The placement is only available to institutional, sophisticated or professional investors arranged through ABN AMRO Morgans Corporate Limited.

No restrictions will be placed on the investors under the placement not to transfer their shares within twelve (12) months. The placement is also offered under the terms set out in this prospectus.

## ASX QUOTATION

The Company will apply for quotation on ASX of the shares offered under this prospectus.

If official quotation of those shares is not granted by ASX before the expiration of three (3) months after the date of this prospectus (or such longer period as may be allowed by the ASIC), the Company will not allot or issue any shares and will repay all application money within the time prescribed under the Corporations Act, without interest.

## TERMS OF THE ISSUE

### Accepting your share entitlement

The issue price is \$7.00 per share. Existing Shareholders may accept all or part of their rights.

To accept the shares offered under this rights issue you should -

- complete the rights entitlement and acceptance form accompanying this prospectus
- draw a cheque in Australian currency for the application money payable to **AP Eagers Limited - Application Account'**

- return the form and cheque to the Company's share registry -

Computershare Investor Services Pty Limited

Level 19	Postal address:
307 Queen Street	Reply Paid
Brisbane, QLD 4001	GPO Box 523
	Brisbane, QLD 4001

A reply-paid envelope is provided

Alternatively you can pay the application money using Bpay in accordance with the instructions on the rights entitlement and acceptance form accompanying this prospectus. If you do so, you do not need to complete and return the form.

The deadline for acceptances for the rights issue is 5.00 pm, Brisbane time, on **22 September 2006**.

By forwarding payment for more shares than your entitlement or more shares than you specify in your entitlement and acceptance form, you will be deemed to have applied for the maximum number of shares represented by the payment you have made.

Application monies will be held on trust for applicants until the issue of the new shares. Interest earned on application monies will be, and will remain, the property of the Company, whether or not the shares are issued.

### If Shareholders wish to take up all of their entitlement and apply for Additional Shares

Shareholders may, in addition to taking up all of their entitlement, apply for Additional Shares. Additional Shares will only be available where there is a shortfall between applications received or taken to have been received from Shareholders for their entitlement and the number of new shares proposed to be issued under the rights issue.

If you are applying for Additional Shares, you only need to submit one completed entitlement and acceptance form to the Company's share registry at the address above or make one Bpay payment. By applying for more shares than your entitlement without identifying that you are applying for Additional Shares, you will be making an application for the excess shares as Additional Shares. Your cheque, bank draft or Bpay payment should be for the full amount of your application being:

- the amount payable in relation to your entitlement; and
- the amount payable in relation to any Additional Shares for which you have applied.

The completed entitlement and acceptance form, together with your bank cheque or bank draft for the application monies (made payable to '**AP Eagers Limited - Application Account'**) or your Bpay payment, must be received by no later than 5.00 pm, Brisbane time, on **22 September 2006**.

Shareholders are assured their application for their entitlement can be met in full. If the number of Additional Shares applied for is less than that available from the shortfall, all Shareholders will be allocated the number of Additional Shares applied for in full. If more Additional Shares are applied for than are available from the shortfall

under the rights issue, the Company, in consultation with the underwriter, will scale back those applications in their absolute discretion and excess application monies will be refunded without interest. No Additional Shares will be issued which will result in a shareholder increasing its voting power above 20%.

There is no assurance that Shareholders will be allocated any Additional Shares and by applying for Additional Shares, you are bound to accept a lesser number of shares as determined by the Company, in consultation with the Underwriter.

Whilst this ability to “top-up” your subscription through Additional Shares is available to all existing Shareholders, in the event that all applications can not be met from this pool, the directors may in their discretion weight the allocation in favour of smaller top up facility applications first.

If there remains a shortfall after the allocation of additional shares, the underwriter will take up the shortfall in accordance with the underwriting agreement.

## Shares

The shares issued under this prospectus both for the rights issue and the placement are ordinary shares in the Company. **The shares issued under this prospectus will not be entitled to the interim dividend declared for the Company's half year ended on 30 June 2006.** Once issued, they will otherwise rank equally with the shares currently on issue and, in particular, will be fully entitled to any final dividend declared for the financial year ending 31 December 2006.

## Underwriting

The rights issue and the placement issue are underwritten by ABN AMRO Morgans Corporate Limited (the underwriter) subject to the underwriting agreement (see the Additional Information section of this prospectus).

## Overseas Shareholders

The rights issue offer of shares in this prospectus will only be made to Shareholders with registered addresses in Australia and New Zealand. The offer of shares in this prospectus does not constitute an offer in any place where it would be unlawful for such an offer to be made.

In making the rights issue offer of shares to Shareholders in New Zealand, the company is relying on the Securities Act (Overseas Companies) Exemptions Notice 2002 (NZ) by virtue of which this Prospectus is not required to be registered in New Zealand.

The Placement issue will only be made in Australia.

Shareholders holding shares on behalf of persons who are resident overseas are responsible for ensuring that taking up their entitlement does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed entitlement and acceptance form or your payment will be a representation by you that there has been no breach of such regulations. Shareholders who are nominees are therefore advised to seek independent advice as to how they should proceed.

## Applications - Placement

Applications for shares under the placement are being managed by ABN AMRO Morgans Corporate Limited. Separate instructions will be provided to applicants. Applicants in the placement are not eligible to apply for top up shares through the rights issue.

## EFFECT OF THE ISSUE

### Proceeds

The Company will use the total proceeds of the placement and the rights issue as follows:

• Working Capital and the funding for future expansion	\$25,580,000
• Costs of the issue (including underwriter's fees)	\$420,000
Total funds raised (approximate)	<u>\$26,000,000</u>

### Effect of Rights Issue

The rights issue is a pro rata issue to Shareholders. Shareholders who take up their full rights entitlement will not have their percentage shareholdings in the Company diluted by the rights issue. Shares which are not taken up will be available to other Shareholders who apply for Additional Shares under this rights issue and any remaining shares will then be available to the underwriter who may offer those shares to investors other than existing Shareholders.

The percentage shareholdings of Shareholders who do not exercise all or part of their rights, will be diluted.

### Effect of placement

The placement will not be offered to all Shareholders. Some dilution of Shareholders interests will occur as a result of the Placement.

### Effect on Issued Capital and Balance Sheet

	Numbers of shares
Issued capital before the rights issue - fully paid ordinary shares	22,424,000
Fully paid ordinary shares to be issued under this rights issue*	2,800,000
Fully paid ordinary shares to be issued under the placement	914,285
<b>Issued capital after the rights issue*</b>	<u>26,138,285</u>

\*These figures are estimates. The exact figures cannot be calculated until after entitlements are determined following the record date.

The Company offers its Shareholders the opportunity to invest in a dividend reinvestment plan and the next interim dividend is expected to be paid on 2 October 2006, and further shares may be issued.

The pro forma condensed consolidated balance sheet of AP Eagers Limited and its Controlled Entities below is extracted from its reviewed condensed consolidated financial report for the six (6) month period ended 30 June 2006. It is adjusted to show the receipt of the issue proceeds and payment of issue costs as if they had occurred on 30 June 2006.

**AP Eagers Limited  
and its Controlled Entities  
Condensed Consolidated Balance Sheet as at 30  
June 2006**

	Consolidated Actual \$000	Adj	Consolidated Pro- forma \$000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8,806	25,580	34, 386
Trade and other receivables	50,204		50,204
Inventories	164,842		164,842
Other	705		705
<b>TOTAL CURRENT ASSETS</b>	<b>224,557</b>	<b>25,580</b>	<b>250,137</b>
<b>NON-CURRENT ASSETS</b>			
Available for sale financial assets	6,673		6,673
Property, plant & equipment	191,647		191,647
Intangible assets	24,042		24,042
<b>TOTAL NON-CURRENT ASSETS</b>	<b>222,362</b>		<b>222,362</b>
<b>TOTAL ASSETS</b>	<b>446,919</b>	<b>25,580</b>	<b>472,499</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	30,305		30,305
Interest bearing liabilities	137,796		137,796
Current tax liabilities	1,530		1,530
Provisions	4,971		4,971
Other	4,335		4,335
<b>TOTAL CURRENT LIABILITIES</b>	<b>178,937</b>		<b>178,937</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	91,600		91,600
Deferred tax liabilities	6,407		6,407
Provisions	2,744		2,744
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>100,751</b>		<b>100,751</b>
<b>TOTAL LIABILITIES</b>	<b>279,688</b>		<b>279,688</b>
<b>NET ASSETS</b>	<b>167,231</b>	<b>25,580</b>	<b>192,811</b>
<b>EQUITY</b>			
Issued capital	78,890	25,580	104,470
Reserves	45,864		45,864
Retained earnings	42,477		42,477
<b>TOTAL EQUITY</b>	<b>167,231</b>	<b>25,580</b>	<b>192,811</b>

**Comment - Full Year to 31 December 2006**

The directors forecast a before tax profit of \$23 million and an after tax profit of \$16 million for the full year ended 31 December 2006 subject to continued satisfactory trading conditions. The after tax forecast is an increase of \$2.1 million or 15.1% over the previous year. Subject to achieving the above full year profit forecast, your directors expect to be declaring an increased fully franked final dividend (2005 – 20 cents) on the capital base expanded by this rights issue and placement.

**Terms of Ordinary Shares**

The following is a summary (though not an exhaustive or definitive statement) of the rights, privileges and restrictions which currently attach to ordinary shares and which will attach to the shares being issued under this prospectus. Full details of the rights attaching to shares are set out in the Company's constitution, a copy of which is available for inspection at the Company's office at 80 McLachlan Street, Fortitude Valley, Queensland during normal office hours:

- Each shareholder is entitled to receive notice of and attend personally, by proxy, attorney or representative, any general meeting of the Company.
- Each shareholder has one vote on a show of hands and one vote per share on a poll for each fully paid share held. For any partly paid shares, each shareholder is entitled to a number of votes which is proportionate to what has been paid..
- Holders of ordinary shares are entitled to receive dividends, if declared. Dividends on partly paid shares will only be payable on what has been paid up. The directors may declare interim dividends and fix the time of payment. Final dividends are required under the Company's constitution to be declared by Shareholders in general meeting but the amount is unable to exceed what has been recommended by the directors.
- Subject to the terms and conditions on which the shares have been issued, and to the priorities for distribution set out in the constitution, any surplus assets are to be distributed among members on a winding up which will be distributed in proportion to the amounts paid up on the shares held by them.
- Subject to the constitution, the Corporations Act and the ASX Listing Rules, ordinary shares are transferable.
- The directors may, subject to the provisions of the constitution, the Corporations Act and the ASX Listing Rules, allot, or otherwise dispose of, shares in the Company as the directors think fit.
- Shareholders may from time to time, by special resolution, vary the rights conferred on holders of any of the issued shares.

**Underwriting Agreement**

The Company has entered into an underwriting agreement with ABN AMRO Morgans Corporate Limited, the underwriter. The underwriter is entitled management fees and underwriting fees for the rights issue and the

placement, less a rebate to the Company of the underwriting fees for directors and associates who accept their rights, expected to a total \$364,000.

If there is a shortfall in acceptances, the underwriter must, subject to the underwriting agreement, deliver to the Company by 2pm on Thursday 28 September 2006, applications for shares not taken up by holders of the rights or issued to Shareholders who apply for additional shares under this prospectus. The underwriter may appoint sub-underwriters to sub-underwrite the issue.

The underwriter is responsible for paying all issue sub-underwriting commissions, handling fees, brokerage and stamping charges payable by the underwriter. The underwriter will pay to brokers a stamping fee of 1.0% (capped at \$250 per individual application) on entitlement forms bearing their broker stamp.

The Company has made a number of representations and warranties to the underwriter including that this prospectus complies with the requirements of the Corporations Act. The Company has indemnified the underwriter and its officers, employees, related bodies corporate and advisors against losses caused to the underwriter.

The underwriter may terminate the agreement and be released from its obligations on the happening of any of the events listed below. In relation to events numbered 1 – 14 or 19, the underwriter must first determine that the event has or is likely to have an adverse effect on the success of the offer or could result in the underwriter becoming liable under any law or regulations.

1. **(Lodgement of Prospectus)** the Company fails to lodge the Prospectus with ASIC by the lodgement date except where the sole reason for failing to lodge is an act or omission of the underwriter
2. **(ASX Indices fall)** The All Ordinaries Index is, for three consecutive business days, at a level which is 90% or less than the level at the close of trading on the date before the underwriting agreement.
3. **(Change in law)** Any of the following occurs which does or is likely to prohibit, restrict or regulate or otherwise have an adverse effect on the success of the offer:
  - (a) the introduction by the relevant government of legislation into the parliament of the Commonwealth of Australia or of any State or Territory of Australia;
  - (b) the public announcement of prospective legislation or policy by the Federal Government or the Government of any State or Territory; or
  - (c) the adoption or announcement by ASIC or its delegates of a proposal to adopt any regulations or policy.
4. **(Quotation Approval)** quotation of the shares are not approved, is refused or not granted, other than subject to customary conditions, on or before the required date, or if granted, such approval is subsequently withdrawn, qualified or withheld before the allotment and issue of all the shares on offer.
5. **(Insolvency event)** An insolvency event occurs with respect to the Company or a related body corporate.

6. **(Default)** Any representation or warranty contained in the underwriting agreement is not true or correct when given or if there is another breach which is either incapable of remedy or is not remedied within five (5) business days after it occurs.
7. **(Failure to comply)** The Company or any related body corporate fails to comply with any of the following:
  - (a) a clause of its constitution;
  - (b) any other applicable law/regulation; or
  - (c) any policy, order or guideline of ASIC or any other governmental agency; or
  - (d) any material agreement entered into by it.
8. **(Capital structure)** The Company or a related body corporate alters its capital structure without the prior written consent of the underwriter.
9. **(Financial assistance)** The Company or a related body corporate seeks the approval of Shareholders under section 260B of the Corporations Act, without the prior written consent of the underwriter.
10. **(Business)** The Company or a related body corporate:
  - (a) disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property; or
  - (b) ceases or threatens to cease to carry on business, in either case without the prior written consent of the underwriter.
11. **(Hostilities)** There is an outbreak of hostilities (whether or not war has been declared) not presently existing, a major escalation in existing hostilities, or a terrorist act is perpetrated or any diplomatic, military, commercial or political establishment occurs involving any one or more of the following:
  - (a) Australia;
  - (b) the United Kingdom;
  - (c) the United States of America;
  - (d) the Peoples Republic of China; or
  - (e) any member country of the Organisation of Petrol Exporting Countries
12. **(Financial position)** A materially adverse change, or development involving a prospective materially adverse change, occurs in the financial or trading position of the Company or a related body corporate.
13. **(Prospectus)** Without limiting any other paragraph:
  - (a) there is a material omission from the prospectus;
  - (b) the prospectus contains a misleading or deceptive statement;
  - (c) a statement in the prospectus becomes misleading or deceptive;
  - (d) the prospectus does not comply with section 713 of the Corporations Act; or
  - (e) a matter referred to in section 719 of the Corporations Act occurs in respect of the prospectus.

14. **(Corporations Act)** Without limiting any other paragraph:

- (a) ASIC applies for an order under Part 9.5 of the Corporations Act in relation to the prospectus or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Prospectus;
- (b) a person gives a notice under section 730 of the Corporations Act in relation to the prospectus;
- (c) ASIC issues an order under section 739 of the Corporations Act;
- (d) Any person gives notice under section 733(3) of the Corporations Act or any person who consented to being named in the prospectus withdraws that consent; or
- (e) The Company or related entity issues a public statement that the prospectus is misleading or deceptive, or a matter required by the Corporations Act is omitted from the prospectus.

15. **(Withdrawal of prospectus)** the Company withdraws either the prospectus or the offer.

16. **(Supplementary prospectus)** The Company lodges a supplementary or a replacement prospectus or fails to lodge same in certain circumstances, in a form acceptable to the underwriter.

17. **(Indictable offence)** A director of the Company is charged with an indictable offence, legal proceedings are commenced against the Company or any director or any director is disqualified from managing a corporation under the Corporations Act.

18. **(Listing Rules)** The Company commits a material breach of the ASX Listing Rules.

19. **(Withdrawal of applications)** Any circumstance arises after lodgement of the prospectus that results in the Company being required to either repay the money received from applicants or offer applicants an opportunity to withdraw their applications or acceptances for shares.

A copy of the underwriting agreement may be inspected at the Company's office at 80 McLachlan Street, Fortitude Valley, Queensland.

### Directors' Interests

The nature and extent of the interest (if any) that any of the directors holds, or held at any time during the last 2 years in:

- (a) the formation or promotion of the Company;
- (b) property acquired or to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the rights issue; or
- (c) the rights issue,

is set out below.

The amount that anyone has paid or agreed to pay, or the nature and value of any benefit anyone has given or agreed to give:

- (a) to a director to induce them to become, or to qualify as, a director of the Company; and
- (b) for services provided by a director in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the rights issue,

is set out below.

The directors and their related parties have interests in AP Eagers Limited shares (including interests of less than 100%) as follows –

Name	Number of Securities	Percentage Of Rights Accepted
BW Macdonald	75,000 shares	100%
MA Ward	18,386 shares	100%
AJ Love	24,000 shares	100% <sup>#</sup>
NG Politis*	9,692,801 shares	100%

\*WFM Motors Pty Ltd is a related party to Mr Politis.

<sup>#</sup> of those in his control

Each of your directors has committed in writing that they will be subscribing for their full entitlement under the rights issue. Each director has confirmed that its related parties and associates will subscribe for their full entitlement, except Mr Love who indicates only those rights under his direct control will be exercised.

Mr Ward has been granted a right to additional shares under a share incentive plan which vests in 5 tranches subject to the satisfaction of performance hurdles over 5 years from 1 July 2005.

Mr Aitken retired as a director in the first half of this year and received a retirement allowance of \$121,250.

For the current financial year ending 31 December 2006, the non-executive directors are expected to receive directors' fees and superannuation contributions of up to \$227,150 in total.

A director may be paid fees or other amounts as the directors determine where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. A director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Mr Love is a director of McGee Isles Love Pty Ltd which provides professional services to the Company in the ordinary course of business on normal commercial terms.

Mr Politis is a director and shareholder of a number of companies involved in the motor industry with whom the Company transacts business. These transactions are primarily the sale and purchase of spare parts and accessories and are carried out under terms and conditions no more favourable than an arm's length transaction.

## ADDITIONAL INFORMATION

### The Company as a disclosing entity

AP Eagers Limited is a disclosing entity under the *Corporations Act*. It is subject to regular reporting and disclosure obligations under both the *Corporations Act* and the ASX listing rules.

- Those obligations include being required to notify ASX immediately of any information concerning the Company which it is, or becomes, aware of, and which a reasonable person would expect to have a material effect on the price or value of the Company's securities.

In accordance with section 713(4) of the *Corporations Act*, during the period that the issue remains open, the Company will provide, on request by any person, free of charge, a copy of:

- The annual financial report most recently lodged with ASIC;
- The half year financial report lodged with ASIC after the lodgement of the annual financial report and before this prospectus; and
- Any continuous disclosure notices given by the body after lodgement of that annual report and before the lodgement of the prospectus with ASIC.

### Consents and Responsibility Statements

The following parties have consented to be named in this prospectus in the capacities described:

Name	Capacity
ABN AMRO Morgans Corporate Limited	Underwriter
Computershare Investor Services Pty Limited	Share Registry
Horwath Sydney Partnership	Auditors
Nicol Robinson Halletts	Solicitors

Except as set out below, each of ABN AMRO Morgans Corporate Limited, Computershare Investor Services Pty Limited, Horwath Sydney Partnership and Nicol Robinson Halletts to the maximum extent permitted by law, expressly disclaims and takes no responsibility for, any part of the Prospectus, other than the reference to its name and has not caused or authorised the issue of any part of this prospectus.

Nicol Robinson Halletts has provided legal advice to the Company in relation to the issue and has been responsible for preparing the summary of the terms of the ordinary offer and the underwriting agreement contained in this prospectus and consents to its inclusion.

Horwath Sydney Partnership has consented to the inclusion in this prospectus of references to its review of the Company's condensed consolidated financial report for the half year ended 30 June 2006.

Computershare Investor Services has had no involvement in the preparation of any part of this prospectus other than the application form and recording of its name as share registry for the Company. Computershare Investor Services has not caused or authorised the issue of this prospectus.

### Interests of Named Advisers

The nature and extent of the interest (if any) that any of the advisers listed below holds, or held at any time during the last two years in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the rights issue,

is set out below.

The amount that anyone has paid or agreed to pay, or the nature and value of any benefit anyone has given or agreed to give for services provided by an adviser listed below in connection with:

- (a) the formation or promotion of the Company; or
- (b) the rights issue,

is set out below.

Name	Interest
ABN AMRO Morgans Corporate Limited	Underwriting & Management fees – \$364,000 (GST exclusive)
Nicol Robinson Halletts	Approximate Legal fees –\$27,000 (GST exclusive)
Horwath Sydney Partnership	Approximate Accounting fees – \$5,000 (GST exclusive)
Computershare	Approximate Share registry and printing and postage costs – \$17,000 (GST exclusive)



25 August 2006

The Companies Announcements Office  
Australian Stock Exchange Limited  
Level 10  
20 Bond Street  
**SYDNEY NSW 2000**

Dear Sirs

**A.P. EAGERS REPORTS STRONG HALF YEAR TRADING AND FORECASTS RECORD FULL YEAR PROFIT**

The Directors of A.P. Eagers Limited are pleased to report that the Group's EBITDA for the half year ended 30 June 2006 before profit on sale of property was up 8.3% on the corresponding period last year and forecast a record full year before tax profit of \$23 million (2005 - \$20 million) and an after tax profit of \$16 million (2005 - \$13.9 million) subject to continued satisfactory trading conditions.

**FINANCIAL HIGHLIGHTS**

- Dealership trading performance up 12.6%
- EBITDA (excluding property sale profit) up 8.3% to \$20.2 million
- Interim fully franked dividend of 19.0 cents per share declared (2005 - 18.0 cents) payable on 2 October 2006
- Net tangible assets per share \$6.40 (2005 - \$6.18)
- 877 Eligible employees allocated \$1,000 worth of free shares under the Employee Share Scheme (benefit of \$872,000 fully expensed in first half result)

**OPERATIONAL HIGHLIGHTS**

- Acquired Bayside Honda and Kia dealership in February 2006 – trading above expectation
- Acquired Brisbane Motor Auctions in March 2006 – trading above expectation
- Frost Motor Group Darwin acquisition completed 14 August 2006 – expected to be earning accretive in year one
- \$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 on track for progressive completion late 2006 and early 2007

**COMMENTARY**

Consolidated profit before tax for the half year ended 30 June 2006 was \$12.065 million inclusive of \$1.011 million property sale profit. (2005 - \$13.405 million inclusive of \$2.698 million property sale profit).

Consolidated profit after tax was \$8.445 million (2005 - \$9.408 million).

The result was achieved after fully 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. Second half results will not bear such a charge.

Group sales revenue for the period was \$572.8 million, up \$37.9 million on the previous corresponding period.

New vehicles sales of 11,624 units for the six months were 896 units lower than in 2005 reflecting lower sales to government and rental car fleets. Higher margin retail unit sales increased from 57.3% of total unit sales to 64%.

Despite the economic pressure faced by the Industry through increased petrol prices and interest rate rises, overall operating margin has been improved with the Group's used vehicle segment benefiting substantially from productivity initiatives introduced during the period. The division also benefited from the recently acquired auction house, Brisbane Motor Auctions, now operating from improved facilities on a 5.2 hectare site at Pinkenba which is also being developed as the Group's major pre-delivery centre for its Central and South Brisbane operations.

Construction of a new impressive facility for Torque Toyota and a new (factory allocated) Torque Kia franchise at Brendale was completed and opened mid August 2006 whilst the equally exciting facilities for Torque Toyota, Torque Ford and Torque Honda (new factory allocated franchise) at North Lakes are progressing well for staged completion late 2006 and early 2007.

As previously advised, the Group's substantial property portfolio will be independently valued at the end of 2006 in line with the Group's policy of showing land and buildings at fair value, based on annual assessment by the Directors supported by periodic, but at least triennial valuations by external independent valuers. Land and buildings were last independently valued on 31 December 2003.

The acquisition of the Frost Motor Group in Darwin on 14 August 2006 cements the Group's foothold on the Darwin motor vehicle retail market following its acquisition of Bridge Toyota in May last year. The Frost Ford franchise has been renamed Hidden Valley Ford whilst the other dealership franchises; Subaru, Porsche and Proton will operate under the Stuart Motor Group banner. This acquisition enables the Group to operate its Darwin businesses as a cluster group which provides additional operational benefits.

In line with its previously stated policy, the Group continues to actively assess growth opportunities and is pleased to announce a capital raising by way of a fully underwritten, non-renounceable one for eight rights issue with top-up facility to raise \$19.6 million. In conjunction with the rights issue the Company will also make an underwritten placement of \$6.4 million to raise in total \$26 million. A prospectus covering both raisings will today be lodged with the Australian Securities and Investments Commission (ASIC).

Yours faithfully  
**A.P. Eagers Limited**

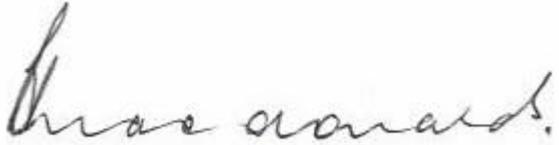


**Martin A Ward**  
**Chief Executive Officer**

For further information please contact Mr Martin Ward on (07) 3248 9455

**DIRECTORS AUTHORISATION**

This Prospectus is issued by AP Eagers Limited and its issue has been authorised by a resolution of the Directors. In accordance with section 720 of the Corporations Act, each Director has consented in writing to the lodgement of this Prospectus.



.....  
Ben Macdonald  
Chairman  
25 August 2006

Signed for and on behalf of AP Eagers Limited in accordance with section 351 of the Corporations Act