29 August 2008

Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Half Yearly Report – Appendix 4D & Commentary

Net Profit Before Tax of $28.1 million for Half Year.

Interim Dividend of 22 cents per share.

A. P. Eagers Ltd (APE) is pleased to announce a profit before tax of $28.1 million for the half year ended 30 June 2008 as compared to $16.4 million for the half year ended 30 June 2007. The result includes a trading profit of $16.6 million compared to $16.4 million for the previous corresponding period. It also includes an $11.5 million benefit, net of costs, from a tax refund of GST on holdback payments.

Financial Highlights

- Revenue from operations increased by 14% compared to the corresponding period of 2007.
- EBITDA increased by 56% to $44.2 million, and EBIT increased by 61% to $40.8 million.
- A net benefit of $11.5 million before tax was recognised as a refund of GST on manufacturer holdback income.
- Trading results at EBITDA and EBIT level improved by 16% excluding the GST refund. EBIT margin to sales, excluding the GST refund, was 3.3%, compared to 3.2% in the corresponding period of 2007.
- Profit before tax increased by 71% compared to the previous corresponding period. Excluding the GST refund, profit before tax of $16.6 million was marginally higher reflecting the adverse impact of higher borrowings costs and a slowdown in retail activity in the last quarter.
- Cash flow from operations of $12.4 million, decreased by 29% compared to 2007, reflecting higher borrowing costs and increased working capital.

- Debt levels increased primarily as a result of funding the Bill Buckle Auto Group acquisition and seasonally higher vehicle inventories. EBITDA Interest Cover decreased to 2.6 times (excluding the GST refund) from 3.2 times at 31 December 2007. Borrowing costs increased by 43% to $12.6 million, reflecting an increase in overall borrowings to $424 million from $322 million as at 31 December 2007, and higher interest rates. Bank borrowings of $174 million are drawn from a commercial bill facility and are not subject to a short term repayment schedule. Bailment inventory finance of $250 million is secured by vehicle inventory and related receivables.
- A fully franked interim dividend of 22 cents per share (2007: 22 cents) has been declared and will be paid on 30 September 2008 to shareholders registered on 22 September 2008 (the Record Date).
- The company's dividend reinvestment plan (DRP) will be available in respect of the interim dividend. Shares will be allotted under the DRP at a 5% discount to the weighted average market price of APE shares traded on the ASX in the five trading days prior to and including the Record Date.

Operational Highlights

- The company acquired the Bill Buckle Auto Group and associated properties located on the Northern Beaches of Sydney.
- Higher interest rates, fuel and food costs, and a weakened stock market reduced household discretionary spending and triggered a slowdown in private retail vehicle demand. However, business demand has remained strong.
- The used car business performance was negatively impacted by reduced new car prices and a rapid fall in buyer interest for less fuel efficient vehicles. The company's stock turn, provisioning and valuation policies will ensure that the business adjusts quickly to the change in vehicle values.
- The company's commission based retail finance income increased substantially in the half year reflecting the increased competitiveness of the finance arrangements established by the company in late 2007. A.P. Eagers now facilitates finance offerings for its retail customers that are more attractive and highly competitive when compared to traditional bank lending for vehicle purchases.
- The difficult trading conditions experienced in the new and used car business in the half year were substantially offset by improved profitability of the parts and service business. The trading performance of the parts business improved, with revenue and margin improving by 12% and 21% respectively. The vehicle service business also performed strongly, growing revenue and margin by 32% and 40% respectively.
- Optimisation of property usage and operational integration continued with the relocation of the City Mitsubishi dealership to a combined Holden/ Mitsubishi site at Windsor, Brisbane, the relocation of the City Peugeot dealership to a site adjacent to Metro Ford in Fortitude Valley, Brisbane, and the addition of a Subaru franchise to the company's Torque Brendale location.

Results Summary

Consolidated results

Half Year Ended 30 June 2008.	**2008**	**2007**	
	$'000	**$'000**	**Increase/(Decrease)**
Revenue from operations	895,714	788,102	14%
Other revenue	13,950	712	-
Total revenue	909,664	788,814	15%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	44,244	28,332	56%
Share of associates profits (losses)	790	850	(7)%
EBITDA after equity accounting.	45,034	29,182	54%
Depreciation and Amortisation	(4,280)	(3,899)	10%
Earnings before interest and tax (EBIT)	40,754	25,283	61%
Borrowing costs	(12,642)	(8,859)	43%
Profit before tax	28,112	16,424	71%
Income tax expense	(8,276)	(4,800)	72%
Profit after tax	19,836	11,624	71%
Earnings per share - basic	67.9 Cents	42.7 Cents	59%

Results Commentary

Sales revenue from operations was $896 million for the half year, an increase of 14% on 2007 ($788million). Revenue from existing operations increased by 2%, reflecting slowing new car demand and reduced used car revenue. The acquisition of the Bill Buckle Auto Group contributed $39 million to the increase in revenue.

Following a Federal Court decision in February 2008, the company lodged claims for GST paid on manufacturer holdback income. The gross value of the claim of $12.1 million is included in other revenue. The costs associated with the claim of $0.6 million are included in other expenses. A net benefit of $11.5 million before tax is included in profit results.

According to Federal Chamber of Automotive Industry statistics, Australian new motor vehicle sales for the period January to June 2008 increased by 3.5% on 2007. State by State performance varied significantly with the Queensland market declining by 0.7%, and New South Wales, Northern Territory and South Australia increasing by 2.2%, 10.2% and 8.0% respectively.

National passenger vehicle sales declined by 1.6%, but were more than offset by increases of 13.2%, 10.4% and 8.7% in SUV, light commercial and heavy commercial sales.

Whilst private buyer demand has been flat or declining in the eastern states, this has been offset in part by continued strong business demand. Government demand has also declined and there has been a significant shift in rental vehicle sales from Queensland to Victoria as a result of an increase in stamp duties in Queensland from 1 January 2008

Toyota extended its market leadership with sales of 127,440 units from January to June 2008, despite a 10.8% decline in passenger sales. Toyota's market share of 23.5% now exceeds the aggregate of the second and third largest market participants, and is driven by the strength of its SUV and light commercial products. Holden lost 2.1% to a market share of 12.4% in June 2008 compared to 14.5% for January to June 2007. Ford's sales declined 0.4% to a market share of 10.0%. Mazda and Volkswagen were the only other top 10 brands to gain significant market share, while Honda and Nissan lost market share in the January to June period.

A.P. Eagers half year new car sales increased by 15% to 18,082 units. On a same store basis (excluding Kloster Motor Group, Surfers City Holden and Bill Buckle Auto Group) new car sales units increased by 2.4%. New car retailing profitability reduced as a result of a slowdown in private buyer demand.

Used car sales increased by 16% to 7,965 units. On a same store basis used car sales increased by 8.2%. Rapid devaluation of vehicles in the large car market segment in the last quarter adversely affected used car business profitability. Strict provisioning and stock turnover policies will ensure a prompt return to normal trading.

The company's commission based retail finance income increased substantially in the half year reflecting the increased competitiveness of the finance arrangements established in late 2007.

Parts profit margins improved over 2007 levels due to the economy of scale benefits being realised.

Service revenue and margins improved substantially reflecting the continued growth of the national car parc, the number of vehicles less than 5 years old on Australian roads, and the ability of the company's service business to retain new car customers.

A.P. Eagers Franchised Automotive Retail operating segment contributed a profit before tax for the half year of $14.1 million compared to $13.7 million in 2007. The 2008 half year result represents an 11.3 % annualised after tax return on segment net assets compared with 13.1% in 2007.

Operational profit before tax from the Property operating segment was $4.5 million, representing an after tax return on net assets of 4.6% in 2008 compared with 5.3% in 2007.

Opportunities for extracting value from the Group's properties located in Brisbane city fringe areas continue to be pursued.

The acquisition of the Bill Buckle Auto Group included a "back to back" lease book which provides lease finance to selected customers. The interest rate exposure is fully hedged and the risk to the company is restricted to customer default rates. The default rates have historically been below comparable finance books. The present value of receivables of $29.7 million is shown separately in current assets and the matched loan facility of $28.7 million is shown separately in current liabilities. Company strategy is to utilise commission based finance arrangements and as such, the intention is to sell or wind down the lease book. The associated interest expense, liability and net assets have been excluded from borrowings, interest cover and gearing statistics, as the asset is classified as an asset held for sale.

The additional bailment inventory finance associated with dealership acquisitions and debt funding of dealership and property acquisitions resulted in an overall increase in borrowings (excluding the lease book) to $424 million from $322 million as at 31 December 2007. Borrowing costs (excluding the lease book) increased by 43% to $12.6 million for the half year. The increase in overall borrowings of $102 million funded $61 million of vehicle inventory, $39 million of property, plant, equipment and business acquisitions, and $2 million of other working capital.

EBITDA Interest Cover decreased to 2.6 times as at 30 June 2008, compared to 3.2 times at 31 December 2007. The EBITDA Interest Cover ratio covenant contained in the company's commercial bill facility was reduced from 2.5 times to 2.25 times without an increase in borrowing costs.

Gearing (Debt/Debt + Equity), including bailment inventory financing increased to 56.8%, as compared to 51.5% as at 31 December 2007. 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 34.2% compared to 30.5% as at 31 December 2007.

Cash flow from Operations of $12.4 million compares to $17.5 million for the June 2007 half year, reflecting higher borrowing costs and increased working capital.

A.P. Eagers increased its strategic shareholding in Adtrans Group Limited from 22.4% to 25.2% at the end of June 2008. Adtrans equity accounted net profit after tax contribution for the first half of 2008 was $1.5 million, compared to $0.3 million in the previous corresponding half year.

The company's 19.4% interest in MTQ Insurance Services Limited provided an equity accounted loss after tax of $0.7 million, compared to a profit of $0.6 million in the previous corresponding half year. The profitability of MTQ's underwriting business improved significantly due to the achievement of additional revenue without addition to the organisation's fixed cost base, however significant losses were incurred on the valuation of MTQ's investment portfolio.

Net tangible assets were $8.37 per share compared to $8.38 per share as at 31 December 2007.

Earnings per share increased by 59% compared to the previous corresponding half year. However, excluding the GST refund, earnings per share declined by 6%.

Outlook

The broad based slowdown in Australian retail activity is likely to continue well into the second half and will impact new and used car profit performance. However, we believe new and used car performance is likely to improve mid way through the second half as the inventory value adjustment completes and more normal trading conditions return.

The growing number of vehicles on Australia's roads (i.e. the national car parc) will continue to support the profitability of the company's parts and service business, and the highly competitive finance arrangements the company has in place will support the new and used car business.

Strategically, the company is using the current period of more difficult external trading conditions to ensure the business is robust and well funded. Although the company is already well positioned within the industry, when the economic climate turns, the company intends to emerge in an even stronger position and ready to take advantage of opportunities that will emerge.

Having achieved a record half year profit inclusive of the GST refund, which is offset by current increased interest costs and slower trading conditions, the company forecasts a net profit before tax of $38 to $42 million for the full year ending 31 December 2008 (2007: $40.0 million). This is based on expectations of interest rate relief for consumers and a consequential increase in retail spending over the next few months.

This forecast result along with a strengthening balance sheet through the rationalisation of some underperforming assets is expected to position the company well for 2009 particularly in an improving interest rate environment.

Yours faithfully
A.P. Eagers Limited

Martin A Ward
Chief Executive Officer

Further information: Mr Martin Ward
Chief Executive Officer
Ph: (07) 3248 9455

For more information on A. P. Eagers Ltd, visit www.apeagers.com.au

Appendix 4D

Half year report

1. Company details

Name of entity

A.P.Eagers Limited

ABN or equivalent company reference	Half year ended ('current period')	Half year ended ('previous period')
87 009 680 013	30 June 2008	30 June 2007

2. Results for announcement to the market

$A'000's

2.1	Revenues from ordinary activities	up	15.3%	to	909,664
2.2	Profit (loss) from ordinary activities after tax attributable to members	Up	70.6%	to	19,836
2.3	Net profit (loss) for the period attributable to members	Up	70.6%	to	19,836

2.4 **Dividends**	Amount per security	Franked amount per security
Interim dividend declared	22.0¢	22.0¢

2.5 +Record date for determining entitlements to the dividend.

22 September 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.

Following a Federal Court decision in February 2008, the company lodged claims for GST incorrectly paid on manufacturer holdback income. The gross value of the claim of $12.1 million is included in other revenue . The costs associated with the claim of $0.6 million are included in other expenses. A net benefit of $11.5 million before tax is included in profit results.

3. NTA backing

	Current period	Previous corresponding Period
Net tangible asset backing per +ordinary security	$8.37	$7.64

4.1 Control gained over entities

Name of entity (or group of entities)	Bill Buckle Auto Group
Date control gained	1 April 2008
Contribution of such entities to the reporting entity's profit/ (loss) before tax, internal rent, internal interest and corporate charges from ordinary activities during the period (where material).	$'000 860 (3 Months)
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.	$'000 748 (6 Months)

4.2 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).	$

5 Dividends

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
	Interim dividend:	Current year	30/09/2008	22.0¢	22.0¢	Nil¢
		Previous year	24/09/2007	22.0¢	22.0¢	Nil¢

6 Dividend Reinvestment Plans

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

The A.P.Eagers Limited Dividend Reinvestment Plan

The last date(s) for receipt of election notices for the +dividend or distribution plans	5.00pm on 22 September 2008

7 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 $'000	Previous corresponding period $'000
MTA Insurance Limited	19.43%	19.43%	(668)	550
Adtrans Group Limited	25.24%	19.76%	1458	300

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	1,128	1,214
Income tax on ordinary activities	(338)	(364)
Profit/(loss) from ordinary activities after tax	790	850
Extraordinary items net of tax	-	-
Net profit/(loss)	790	850
Adjustments	-	-
Share of net profit/(loss) of associates and joint venture entities	790	850

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

Print name: .............D.G. Stark...

A. P. EAGERS LIMITED
DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of A. P. Eagers Limited and the entities it controlled at the end of, or during, the half year ended 30 June 2008.

Directors

The following persons were Directors of A. P. Eagers Limited during the whole of the half year and up to the date of this report:

B W Macdonald, N G Politis, A J Love, M A Ward and P W Henley.

Review of Operations and Results

The consolidated entity achieved a net profit after tax of $19.8 million for the half year ended 30 June 2008 (2007: $11.6 million). Further review of the consolidated entity's operations during the half year and the results of those operations are included in pages 1 to 6 of the announcement at the front of this document.

Dividend

A fully franked interim dividend of 22 cents per share (2007: 22 cents) has been declared and will be paid on 30 September 2008 to shareholders registered on 22 September 2008 (the Record Date).

The company's dividend reinvestment plan (DRP) will be available in respect of the interim dividend. Shares will be allotted under the DRP at a 5% discount to the weighted average market price of the company's shares traded on the ASX Limited in the five trading days prior to and including the Record Date.

Auditor's Independence Declaration

A copy of the Auditor's independence declaration under section 307C of the Corporations Act 2001 is attached.

Rounding of Amounts to Nearest Thousand Dollars

The company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

This report is made in accordance with a resolution of the Directors.

Martin A Ward
Director

Brisbane
29 August 2008

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

The Board of Directors
A. P. Eagers Limited
80 McLachlan Street
Fortitude Valley
Brisbane, Queensland 4006 Australia

29 August 2008

Dear Board Members

A. P. Eagers Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of A. P. Eagers Limited.

As lead audit partner for the review of the financial statements of A. P. Eagers Limited for the half-year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Michael S Kaplan
Partner
Chartered Accountants

A.P. Eagers Limited
ABN 87 009 680 013

Interim Financial Report

30 June 2008

A.P. EAGERS LIMITED

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 2 to 9 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001and other mandatory professional reporting requirements ; and

(ii) giving a true and fair view of the consolidated entity's financial position at 30 June 2008 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and

(b) there are reasonable grounds to believe that A.P. Eagers Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Martin Ward

Martin A Ward
Director

Brisbane - 29 August 2008

A.P. EAGERS LIMITED

Consolidated Income Statement
For the half-year ended 30 June 2008

			Half-year 2008 $'000	Half-year 2007 $'000
Sales revenue			895,714	788,102
Cost of sales			(763,997)	(679,777)
Gross profit			131,717	108,325
Other income	- GST refund (see note 2)	12,073		-
	- Other	1,877	13,950	712
Employee benefits expense			(62,273)	(50,523)
Borrowing expenses	- interest on lease book liability	(521)		-
	- other borrowing costs	(12,121)	(12,642)	(8,859)
Depreciation and amortisation expenses			(4,280)	(3,899)
Other expenses			(39,150)	(30,182)
Share of net profits of associate accounted for using the equity method			790	850
Profit before income tax			28,112	16,424
Income tax expense			(8,276)	(4,800)
Profit attributable to members of A.P. Eagers Limited			19,836	11,624

Earnings per share for profit attributable to the ordinary equity holders of the company

	2008	2007
Basic earnings per share (cents per share)	67.9	42.7
Diluted earnings per share (cents per share)	67.1	41.9

The above consolidated income statement should be read in conjunction with the accompanying notes.

A.P. EAGERS LIMITED

Consolidated Balance Sheet
As at 30 June 2008

	30 June 2008	31 December 2007
	$'000	$'000
Current Assets		
Cash and cash equivalents	6,058	965
Trade and other receivables	90,419	69,079
Inventories	287,524	230,008
Other	1,869	1,107
	385,870	301,159
Asset held for resale - Leasebook	29,744	-
Total Current Assets	415,614	301,159
Non-Current Assets		
Investments accounted for using the equity method	27,938	24,942
Derivative financial instruments	597	760
Property, plant and equipment	358,907	332,067
Intangible assets	74,197	60,936
Total Non-Current Assets	461,639	418,705
Total Assets	877,253	719,864
Current Liabilities		
Trade and other payables	53,857	48,689
Borrowings - Bailment	250,028	188,217
Current tax liabilities	6,694	4,830
Provisions	9,436	8,104
Other	145	343
	320,160	250,183
Liabilities directly associated with current assets classfied as held for resale	28,706	-
Total Current Liabilities	348,866	250,183
Non-Current Liabilities		
Borrowings - Other	173,674	133,849
Deferred tax liabilities	26,855	27,124
Provisions	3,852	3,372
Other	1,592	1,792
Total Non-Current Liabilities	205,973	166,137
Total Liabilities	554,839	416,320
Net Assets	322,414	303,544
Equity		
Contributed equity	145,598	135,812
Reserves	108,656	108,862
Retained profits	68,160	58,870
Total Equity	322,414	303,544

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

A.P. EAGERS LIMITED

Consolidated Statement of Changes in Equity
For the half-year ended 30 June 2008

	Half-year 2008 $'000	Half-year 2007 $'000
Total equity at the beginning of the half-year	303,544	239,478
Profit for the half-year	19,836	11,624
Adjustment to market value of derivative financial instrument	(114)	(72)
Total recognised income for the half-year attributable to members of A.P.Eagers Limited	19,722	11,552
Transactions with equity holders in their capacity as equity holders:		
Contribution of equity	9,786	22,634
Dividends paid (note 3)	(10,546)	(6,730)
Employee share schemes	(92)	206
	(852)	16,110
Total equity at the end of the half-year	322,414	267,140

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

A.P. EAGERS LIMITED

Consolidated Cash Flow Statement
For the half-year ended 30 June 2008

	Half-year 2008 $'000	Half-year 2007 $'000
Cash flows from operating activities		
Receipts from customers	971,883	851,497
Payments to suppliers and employees	(942,051)	(818,494)
	29,832	33,003
Dividends received	513	441
Interest received	1,010	595
Borrowing costs paid	(11,988)	(9,094)
Income taxes paid	(7,004)	(7,490)
Net cash inflow from operating activities	12,363	17,455
Cash flows from investing activities		
Payment for purchase of business	-	-
Payment for shares in an associate	(513)	(7,687)
Payment for shares in subsidiaries net of cash acquired (including payment for land and buildings occupied by subsidiaries acquired)	(32,436)	(58,983)
Proceeds from sale of property, plant and equipment	459	-
Payments for property, plant and equipment	(6,314)	(11,357)
Net cash (outflow) from investing activities	(38,804)	(78,027)
Cash flows from financing activities		
Proceeds from borrowings	39,900	20,000
Repayment of borrowings	(3,066)	(1,756)
Dividends paid	(5,300)	(2,613)
Net cash inflow (outflow) from financing activities	31,534	15,631
Net increase (decrease) in cash and cash equivalents	5,093	(44,941)
Cash and cash equivalents at the beginning of the half-year	965	54,864
Cash and cash equivalents at the end of the half-year	6,058	9,923

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

1. Basis of preparation of half-year financial report

This general purpose financial report for the interim half-year reporting period ended 30 June 2008 has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Act 2001
This interim financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2007 and any public announcements made by A. P. Eagers Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

The company has early adopted the revised accounting standard AASB 123 'Borrowing Costs" with effect from 1 January 2007. As a result, borrowing costs amounting to $388,000 were capitalised to qualifying land and buildings in the current period. There was no material financial impact to the corresponding prior period from the adoption of this revised standard.

All other accounting policies adopted are consistent with those of the previous year and corresponding interim reporting period.

2 Other Income - GST refund

In a judgement made on 28 February 2008 the Federal Court ruled in favour of a motor vehicle dealer to require the Australian Taxation Office (ATO) to refund GST in relation to payments received from Motor Vehicle Distributors called "holdback payments" from 1 July 2000 when the GST was introduced to 30 June 2005. The ruling enables the majority of motor vehicle dealers to lodge claims on the ATO for overpaid GST on holdback payments. The ATO issued a Decision Impact Statement on the case on the 6 May 2008 and 13 June 2008 which confirmed that the Commissioner of Taxation accepts the view of the Federal Court and will not appeal the decision. Furthermore the Statement advises that motor dealers are entitled to seek to recover any GST paid on holdback. Following the Decision Impact Statement the Company prepared and submitted claims for the recovery of GST paid on holdback amounting to $12,073,135 of which $7,555,071 has been refunded by ATO in July 2008 and the balance of $4,518,064 is expected to be refunded in due course.

At 30 June 2008, the Company accrued in its accounts $12,073,135 as receivable from the ATO and at the same time accrued $603,6 as payables for fees incurred in handling the claim.

The income statement impact of the GST refund is a follows:

	$'000
GST refund claim	12,073
Claim expenses	(604)
	11,469
Tax expense	(3,441)
Net after tax	8,028

3 Segment information

Primary reporting - Business segment

Half-year 2008	Automotive Franchised Retailing $'000	Property $'000	Eliminations $'000	Consolidated $'000
Sales to external customers	895,714	265		895,979
Inter-segment sales		13,383	(13,383)	-
Total sales revenue	895,714	13,648	(13,383)	895,979
Other Revenue	1,395	-	-	1,395
Unallocated revenue	-	-	-	12,290
TOTAL REVENUE	897,109	13,648	(13,383)	909,664
SEGMENT RESULT				
Operating Profit	20,409	10,043	-	30,452
External Interest Expense Allocation	(7,062)	(5,580)	-	(12,642)
OPERATING CONTRIBUTION	13,347	4,463	-	17,810
Share of net profit of equity accounted investments	790	-	-	790
SEGMENT PROFIT	14,137	4,463	-	18,600
Unallocated GST refund (net after claim expenses) - see note 2				11,469
Unallocated corporate expenses				(1,957)
				28,112
Income tax expense				(8,276)
NET PROFIT				19,836

3 Segment information (continued)

Primary reporting - Business segment (continued)

Half-year 2007	Automotive Franchised Retailing $'000	Property $'000	Eliminations $'000	Consolidated $'000
Sales to external customers	788,102	135	-	788,237
Inter-segment sales	-	11,157	(11,157)	-
Total sales revenue	788,102	11,292	(11,157)	788,237
Other Revenue	181	-	-	181
Unallocated revenue	-	-	-	396
TOTAL REVENUE	788,283	11,292	(11,157)	788,814
SEGMENT RESULT				
Operating Profit	18,319	7,924	-	26,243
External Interest Expense Allocation	(5,441)	(3,418)	-	(8,859)
OPERATING CONTRIBUTION	12,878	4,506	-	17,384
Share of net profit of equity accounted investments	850	-	-	850
SEGMENT PROFIT	13,728	4,506	-	18,234
Unallocated corporate expenses				(1,810)
				16,424
Income tax expense				(4,800)
NET PROFIT				11,624

4 Dividends

	Half-year 2008 $'000	Half-year 2007 $'000
Ordinary shares		
Dividends provided for or paid during the half-year	10,546	6,730
Dividends not recognised at the end of the half-year		
Since the end of the half-year the directors have declared the payment of an interim dividend of 22 cents (2007 - 22 cents) per fully paid ordinary share, fully franked based on tax paid at 30%. The aggregate amount of the interim dividend expected to be paid on 30 September 2008 out of retained profits at the end of the half-year, but not recognised as a liability, is	6,565	6,302

5 Equity securities issued

Issues of ordinary shares during the half-year	Half-year 2008 Shares	Half-year 2007 Shares	Half-year 2008 $'000	Half-year 2007 $'000
Senior Executive Deferred Commision plan	61,242	30,463	719	279
Purchase of shares in a subsidiary	202,566	631,581	2,836	6,512
Purchase of shares in an associate	-	939,131	-	10,800
Employee share plan *	68,379	72,384	985	927
Dividend reinvestment plan issues	383,711	349,578	5,246	4,116
	715,898	2,023,137	9,786	22,634

* Issued free to eligible employees but expensed in income statement in accordance with Australian Accounting Standard AASB2: *Share-based Payment*

6 Business combinations

Half-year 2008

On 31 March 2008 the Group acquired 100% of the shares in Bill Buckle Holdings Pty Ltd trading as Bill Buckle Auto Group concurrently with the purchase from the vendors of the land and buildings from which the operations are conducted.
The Bill Buckle Auto Group is the largest motor dealership group in Northern beaches of Sydney with the state of art facilities. They operate Toyota, Subaru, Audi and Volkswagen franchises.
The acquired businesses contributed revenue of $40 million and profit before tax, internal rental, corporate charges and internal interest of $ 860 thousand for the period 1 April 2008 to 30 June 2008.
If the acquisition had occurred on 1 January 2008, the consolidated entity's revenue and profit before tax for the half-year ended 30 June 2008 would have been $ 950 million and $28.4 million respectively.

		$'000
The details of acquisition are as follows:		
Purchase consideration:		
Cash paid		33,106
Direct costs relating to acquisition		1,487
		34,593
Less: cash acquired		(2,157)
		32,436
Issue of shares		2,836
		35,272
Fair value of net identifiable assets acquired:		
Leasebook receivables	30,875	
Other receivables	7,251	
Inventories	18,389	
Property, plant & equipment	24,500	
Deferred tax assets	803	
Leasebook finance	(29,732)	
Creditors and borrowings	(30,036)	22,050
Total intangibles including goodwill		13,222

The allocation between identifiable intangibles and goodwill has not been determined at reporting date.

Half-year 2007

On 28 February 2007 the Group acquired 100% of the shares in Peter Dunn Investments Pty Ltd, Peter Robinson Investments Pty Ltd and Trevor Reading Investments Pty Ltd which collectively owned 100% of the shares in PPT Investments Pty Ltd trading as the Kloster Group in Newcastle and the Hunter Valley region of New South Wales.
At the same time the Group also acquired from the vendors the land and buildings from which the operations are conducted.
The Kloster Group is the premier motor dealership group in Newcastle and the Hunter Valley region with impressive facilities in the best locations. They have exclusive representation for BMW/Mini, Chrysler Jeep and Dodge, Ford, Honda, Hyundai, Mitsubishi, Nissan, Suzuki and VW within Newcastle along with additional representation for Ford and Hyundai in a number of regional centres in the Hunter Valley.
The acquired businesses contributed revenue of $108.8 million and profit before tax and internal rent of $2.9 million for the period 28 February 2007 to 30 June 2007. If the acquisition had occurred on 1 January 2007, the consolidated entity's revenue and profit before tax for the half-year ended 30 June 2007 would have been $843 million and $17.2 million respectively.

The details of acquisition are as follows:		
Purchase consideration:		
Cash paid		57,395
Direct costs relating to acquisition		2,394
		59,789
Less: cash acquired		(806)
		58,983
Issue of shares		6,512
		65,495
Fair value of net identifiable assets acquired:		
Receivables	12,616	
Inventories	41,139	
Property, plant & equipment	39,492	
Deferred tax assets	1,193	
Creditors and borrowings	(52,732)	41,708
Total intangibles including goodwill		23,787

7 Contingent liabilities

There has been no change in contingent liabilities since the last annual reporting date.

8 Subsequent events

Since the end of the financial year no matters or circumstances not otherwise dealt with in this report has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1219 Australia

DX: 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

Independent Auditor's Review Report to the Members of A.P. Eagers Limited

We have reviewed the accompanying half-year financial report of A.P. Eagers Limited (the consolidated entity), which comprises the balance sheet as at 30 June 2008, and the income statement, cash flow statement, statement of changes in equity, for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the A.P. Eagers Limited and the entities it controlled at the end of the half-year or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of AP Eagers Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of A.P. Eagers Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2008 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

MICHAEL KAPLAN
Partner
Chartered Accountants
Sydney, 29 August 2008