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 year ended 31 December 2007.

Directors

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

Benjamin Wickham Macdonald, Nicholas George Politis, Antony James Love, Martin Andrew Ward and Peter William Henley.

Principal Activities

The principal continuing activities during the year of the consolidated entity consisted of the selling of new and used motor vehicles, the distribution of parts and accessories and the provision of service, finance, leasing and extended warranty for motor vehicles. The products and services supplied by the consolidated entity are associated with and are an integral part of the consolidated entity's motor vehicle dealership operations. There were no significant changes in the nature of the consolidated entity's activities during the year.

Consolidated Results

Year ended 31 December	**2007 $'000**	**2006 $'000**
Revenue from operations	**1,673,857**	**1,170,243**
Other revenue	1,648	4,093
Total revenue	**1,675,505**	**1,174,336**
EBITDA before profit on sale of properties & equity accounting	**65,921**	**40,370**
Share of associates profits (losses)	2,520	922
Profit on sale of properties	-	15,012
EBITDA	**68,441**	**56,304**
Depreciation and amortisation	(8,018)	(5,743)
EBIT	**60,423**	**50,561**
Finance Costs	(20,399)	(13,748)
PROFIT BEFORE TAX	**40,024**	**36,813**
Income Tax Expense	(11,412)	(11,026)
PROFIT AFTER TAX	**28,612**	**25,787**

Earnings Per Share (EPS)

	2007 Cents	**2006 Cents**
Earnings per share - basic	102.2	110.5
Earnings per share - diluted	101.0	108.2

Dividends - A.P. Eagers Limited

Dividends paid to members during the financial year were as follows:

Year ended 31 December	**2007 $'000**	**2006 $'000**
Final ordinary dividend for the year ended 31 December 2006 of 24 cents (2005 – 20 cents) per share paid on 21 May 2007	6,729	4,458
Interim ordinary dividend of 22 cents (2006 – 19 cents) per share paid on 24 September 2007	6,314	4,261

13,043	8,719

In addition to the above dividends, since the end of the financial year the directors have recommended the payment of a final fully franked ordinary dividend of 36 cents per share to be paid on 26 May 2008 out of retained profits at 31 December 2007.

Review of Operations

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

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

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

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

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

A.P. Eagers Franchised Automotive Retail operating segment contributed a profit before tax of $33.7 million compared to $20.4 million in 2006. The 2007 result represents a 15.4% after tax return on segment net assets.

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

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

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

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

EBITDA Interest Cover, before profit on sale of properties and equity accounting, improved to 3.2 times as at 31 December 2007 compared to 2.9 times at 31 December 2006.

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

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

million.

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

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

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

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

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

Likely Developments

Other than developments mentioned elsewhere in this report the Company continues to evaluate potential acquisition opportunities within the motor vehicle industry.

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report as the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Investments

The Company has a 19.4% investment (546,900 shares) in MTQ Insurance Services Limited (MTQ). The majority of shareholders in MTQ are motor vehicle dealers who use the company to provide consumer credit and gap insurance to purchasers of vehicles who buy from them on credit.

The Company has a 22.4% investment (5,397,810 shares) in publicly listed Adtrans Group Limited (ADG).

ADG operate motor vehicle dealerships in Adelaide, South Australia and truck dealerships in Adelaide, Melbourne and Sydney.

Significant Changes in the State of Affairs.

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:

a) An increase in contributed equity of $29,548,019 (from $106,264,147 to $135,812,166) as a result of the following:

    1) The issue of 94,464 ordinary shares at between $12.80 and $15.54 each issued free to eligible employees under the Company's Tax Exempt Employee Share Plan
    2) The issue of 65,345 ordinary shares at between $9.18 and $11.54 to Executives under the Company's Senior Executive Deferred Commission Plan.
    3) The issue of 631,581 ordinary shares at $10.31 per share as part payment for the acquisition of the Kloster Motor Group and associated land and buildings on 28 February 2007.
    4) The issue of 51,691 ordinary shares at $14.51 per share for the acquisition of Surfers City Holden

on 17 August 2007.

5) The issue of 613,221 ordinary shares at between $11.77 and $14.77 each under the Company's Dividend Reinvestment Plan.

6) The issue of 939,131 ordinary shares at $11.50 per share as part payment for the acquisition of an investment in the shares of Adtrans Group Limited.
7) The issue of 200,000 ordinary shares at $7.62 per share to the Chief Executive Officer under the Company's share incentive plan.

b) The acquisition of the following trading businesses for an aggregate amount of $36 million exclusive of share based payments.
   I. The Kloster Motor Group (Newcastle and Hunter Valley, NSW)
   II. Surfers City Holden (Southport, Queensland)

c) The purchase of various parcels of freehold land and buildings for an aggregate total of $45.7 million.

d) A cash outlay of $11.2 million as part payment for the acquisition of the investment in the shares of Adtrans Group Limited for a total shareholding of 22.4% as at 31 December 2007.

In the opinion of the Directors there were no other significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review not otherwise disclosed in this report or the consolidated accounts.

Matters Subsequent to the End of the Financial Year.

Since the end of the Financial Year the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report or the consolidated financial statements that has arisen since 31 December 2007 that has significantly affected, or may significantly affect:

(a) the consolidated entity's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the consolidated entity's state of affairs in future financial years.

Environmental Regulation

The consolidated entity is subject to environmental regulation in respect of its property development and service centre operations as set out below.

Property Development
Planning approvals are required for property developments undertaken by the consolidated entity. These developments fall under the Queensland Environmental Protection Act 1994 and the Integrated Planning Act 1997. The relevant authorities are provided with appropriate details and to the best of the Directors' knowledge all developments have been undertaken in compliance with the requirements of the planning approvals.

Service Centres
The consolidated entity holds environmental licences for its service centres. These licences arise under the requirements of the Environmental Protection Act 1994, Environmental Protection (Interim Waste) Regulations 1996, Environment Protection (Water) Policy 1997, Environmental Protection (Noise) Policy 1997 and Environmental Protection (Air) Policy 1997.

Management continues to work with the local regulatory authority to achieve, where possible, best practice in environmental management so as to minimise risk to the environment, reduce waste and ensure compliance with regulatory requirements. There were no adverse environmental issues during the year.

Information on Directors

Details of directors' responsibilities, experience and relevant interest in ordinary shares of A.P. Eagers Limited at the date of this report are as follows:

Benjamin Wickham Macdonald AM, FAICD Chairman of the Board and a member of the Audit Committee.

Independent Non-Executive Director since January 1992. Company Director. Chairman of FKP Ltd and Reef Corporate Services Ltd. Mr Macdonald was Chairman of Queensland Cotton Holdings Limited (from December 1991 to December 2005).

Mr Macdonald has a relevant interest in 84,375 ordinary shares of A.P. Eagers Limited. (2006: 84,375)

Nicholas George Politis B.Com Director.

Non-Executive Director since May 2000. Motor Vehicle Dealer. Formerly a Director of the Bank of Cyprus (from August 2000 to June 2006). Executive Chairman of WFM Motors Pty Ltd and a substantial number of other proprietary limited companies.

Mr Politis has a relevant interest in 11,471,445 ordinary shares of A.P. Eagers Limited. (2006: 11,008,485)

Antony James Love B.Com, A.A.U.Q., F.A.P.I. FAICD Director and Chairman of the Audit Committee.

Independent Non-Executive Director since March 1994. Real Estate Agent. Managing Director of McGee Isles Love Pty Ltd. Director of Campbell Brothers Limited (appointed 1986) and Bank of Queensland Limited (appointed June 1995).

Mr Love has a relevant interest in 34,211 ordinary shares of A.P. Eagers Limited. (2006: 34,211)

Peter William Henley FAIM. Director and a member of the Audit Committee.

Non – Executive Director appointed 8 December 2006. Company Director. Director of RR Australia Limited (appointed May 2007) and United Financial Services Group Limited (appointed September 2007)

Mr Henley has a relevant interest in 8,170 shares of A.P. Eagers Limited (2006: 2,530).

Martin Andrew Ward BSc (Hons) FAICD Managing Director and Chief Executive Officer.

Executive Director appointed 6 March 2006. Motor Vehicle Dealer. Formally Chief Executive Officer of Ford Motor Company's Sydney Retail Joint Venture. Director of Adtrans Group Limited (appointed May 2007).

Mr Ward has a relevant interest in 227,323 shares of A.P. Eagers Limited (2006: 25,773) and has performance rights under the Share Incentive Plan referred to below in the Remuneration Report.

Company Secretaries

Dennis William Hull FCIS

Mr Hull is the Company Secretary having been appointed to the role in May 1985. He is a Fellow of the Institute of Chartered Secretaries in Australia, a former National Board member of the Institute and former Chairman of the Institute's Queensland Branch Council. Mr Hull commenced his employment with the Group in February 1983 and held the joint roles of Company Secretary and Chief Financial Officer until October 2001. He is responsible for the Company Secretarial, Investor Relations and Compliance functions of the Group.

Denis Gerard Stark LLB, B.Ec

Mr Stark holds a Bachelor of Laws and a Bachelor of Economics from the University of Queensland. He is admitted as a Solicitor in Queensland and Victoria and is an affiliate of Chartered Secretaries Australia. He was previously Company Secretary and Executive General Manager Legal of Queensland Cotton Holdings Limited where he was responsible for all company secretarial, legal and investor relations.

Mr Stark was appointed a Company Secretary on 1 February 2007 preparatory to assuming the role of Company Secretary from Mr Hull who is to retire at the end of July 2008.

Meetings of Directors

The number of meetings of the company's directors (including meetings of committees of directors) and the number of meetings attended by each director during the year ended 31 December 2007 were:

Director	Board Meetings		Audit Committee Meetings	
	Held	Attended	Held	Attended
B W Macdonald*	10	8	2	1
A J Love*	10	9	2	2
N G Politis	10	9	-	-
M A Ward	10	10	-	-
P W Henley*	10	10	2	2

*Audit committee members

Retirement, Election and Continuation in Office of Directors

Mr A J Love is the Director retiring by rotation in accordance with the Company's Constitution who, being eligible, offers himself for re-election.

Remuneration Report

The remuneration report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Executive Employment Agreements
C. Details of remuneration

A. Principles used to determine the nature and amount of remuneration

The Board as a whole is responsible for recommending and reviewing remuneration arrangements for the Non-executive directors whilst the full Board (excluding the Managing Director / CEO) determines the reward framework for the Managing Director / CEO. In consultation with the Managing Director / CEO, the Board determines the reward framework for the Group's senior executives.

The broad approach by the Group to remuneration is to ensure that remuneration packages properly reflect individual's duties and responsibilities, are competitive in attracting, retaining and motivating staff of the highest quality and which are aligned to shareholders' interests.

The remuneration framework for the CEO and Senior Executives has been developed to provide, where appropriate, a high proportion of "at risk" remuneration designed to reflect competitive reward for contribution to growth in shareholder wealth.

The remuneration policies in place through to 31 December 2007 are considered to have contributed to the growth in the Group's profits and shareholder returns to that point in time.

Over the past five years the Group's after tax profit has increased from $10.5 million in FY2003 to $40 million in FY2007 as shown in the table below.

	31.12.07	31.12.06[(1)]	31.12.05[(2)]	31.12.04[(3)]	31.12.03
NPAT ($'000)	28,612	25,787	13,298	12,619	10,498

(1) Includes an after tax profit on sale of surplus property of $10.0 million.
(2) Restated on adoption of revised Accounting Standard AASB 139:Financial Instruments – Recognition and measurement.
(3) Restated to comply with Australian Equivalents to International Financial Reporting Standards (AIFRS).

In the same period the Company's share price has risen from $3.97 per share at 1 January 2003 to $15.95 per share at 31 December 2007 ($10.00 as at 31 December 2006).

Earnings per share and dividends paid during the past five years are as follows.

	31.12.07	31.12.06	31.12.05	31.12.04	31.12.03
Earnings per share (c)	102.2	65.5 [(1)]	61.0	61.6	54.9
Dividends per share (c)	58.0	43.0	38.0	36.0	33.0

Note [(1)] Excludes the gain on the sale of a property during the period. If the property sale gain is included the earnings per share figure would be 110.5 cents.

Non-Executive Directors

Non-executive directors are remunerated for their services by way of fees (and where applicable, superannuation) from the maximum amount approved by shareholders in general meeting for that purpose, currently $500,000 fixed at the Annual General meeting on 18 May 2007. Director's fees are currently $45,000 per annum ($60,000 per annum for directors appointed after 1 January 2006 who are not eligible to participate in the Directors Retirement Allowance Program). The Chairman receives $80,000 per annum.

Non-executive directors' fees are reviewed periodically by the board and are set after considering relevant market conditions and after taking into account the non-executives' expectations that they will receive an allowance on their retirement from office under a shareholder approved retirement program. Under that program retiring non-executive directors who have served for a period of not less than five years, may, at the discretion of the directors, receive a retiring allowance. The allowance cannot exceed the total directors fees paid to the director by the Company during the period of three years immediately preceding retirement, resignation or death.

Non-executive directors do not participate in any schemes designed for the remuneration of executives nor do they participate in any equity schemes. Effective 1 January 2006, the Board resolved to remove retirement allowances for non-executive directors appointed after that date in line with recent guidelines on non-executive directors' remuneration.

Executive Pay

The executive pay and reward framework has four components:

- Base pay and benefits;
- Other benefits such as superannuation;
- Short-term performance incentives; and
- Long-term performance incentives.

The combination of these components comprises the executives' total remuneration.

Base Pay

Base pay may be delivered as a combination of cash and superannuation salary sacrificed at the executive's discretion.

Executives are offered a competitive base pay set to reflect the market for a comparable role. Base pay for executives is reviewed annually to ensure the executives' pay is competitive with the market. An executive's pay is also reviewed on promotion.

Benefits

Executives receive benefits including the provision of fully maintained motor vehicles, personal health and fitness programs and in some instances health insurance.

Retirement Benefits

Retirement benefits are delivered under superannuation funds nominated by the individuals providing accumulation benefits. No lump sum defined benefits are provided. Senior executives may sacrifice a portion of their base pay to superannuation.

Short-tem Incentives

Incentive Pool

A short term incentive pool is available for allocation by the Board to non-commission based executives during annual review. Cash incentives are generally payable in December each year.

The short term incentive payment amounts are determined by the Board after considering individual's achievements and the assessed performance of the executive within their particular employment category. To help make this assessment the Board receives reports on performance from the Managing Director / Chief Executive Officer.

Commission Structure

With the exception of the Company Secretary, the Chief Financial Officer, the Chief Information Officer and the Human Resources Manager, all senior executives' remuneration is structured around business performance factors that are measurable, linked to the Company's business strategies and designed to improve shareholder value.

Remuneration packages comprise base pay coupled with a commission structure set at a percentage of net profit before tax of a business unit or business group.

This structure delivered an average remuneration package with a base pay component of 39% and an "at-risk" component of 61% in 2007. (2006:45% and 55% respectively)

The A.P. Eagers Senior Executive Deferred Commission Plan

Primarily linked to the commission structure, the Senior Executive Deferred Commission Plan (SEDC) was established in December 2005. Under the terms of the plan, senior executives can elect to sacrifice a specified portion of their future commission / incentive payments in respect of a Specified Financial Year to participate in the plan.

Plan participants are allocated ordinary shares in A.P. Eagers Limited as soon as practicable after the end of each six month participation period. Shares are allocated at a discount to market and will be held by the A.P. Eagers Limited Share Plan Trust.

Disposal restrictions apply to the allocated shares with plan participants being entitled to all dividends and voting rights attached to the shares.

The purpose of the SEDC plan is to provide participants with an opportunity to share in the growth and value of the Company and to encourage them to improve the performance of the Company and its return to shareholders. It is now considered to be both a short and long term incentive plan with the applicable discount being set at 20%.

Tax Exempt Share Plan

In conjunction with the SEDC plan the Company also introduced a Tax Exempt Share Plan under which shares to a value of $1,000 may be granted to employees for no cash consideration. Employees who have been continuously employed by the Consolidated Entity for a period of at least one year are eligible to participate in the plan. Shares issued under the plan may not be sold until the earlier of three years after issue or cessation of employment. The maximum number of shares each participant receives is $1,000 divided by the market price of the shares on day of allocation.

The purpose of the plan is to provide eligible employees with an opportunity to share in the growth and value of the Company and to encourage them to improve the performance of the Company and its return to shareholders. It is believed that the plan will enable the Company to attract and retain skilled and experienced employees and provide them with the motivation to make the Company more successful. Performance hurdles based around Group earnings per share and profit per employee were introduced in 2007.

Long-term Incentives

This component of the remuneration structure focuses on corporate performance and the creation of shareholder value over a multi year period.

Share Incentive Plan (SIP)

The share incentive plan was established on 1 July 2005 to provide the incoming CEO with an entitlement to performance shares conditional upon the achievement of specified market linked performance targets. Participation in the Plan was extended to the General Manager Queensland and Northern Territory on 1 July 2007.

The plan is intended to comprise both the short-term and long-term incentive elements of the CEO's remuneration package and the long-term incentive element of the General Manager Queensland and Northern Territory's remuneration package
.

The performance targets under the SIP are based on the A.P. Eagers Total Shareholder Return (TSR).

TSR is the return to shareholders provided by growth in the share price plus reinvested dividends, expressed as a percentage of the investment over a specified performance period. In determining the participant's entitlement to shares the A.P. Eagers TSR result is compared to the TSR achieved by a peer group comprising the top 300 ASX Listed companies.

Relative TSR performance was chosen as an appropriate performance measure for the following reasons:

- It is a clearly defined and measurable indicator of the level of value created for shareholders over a specified period and therefore, when used as the basis for determining remuneration reward, provides a linkage between those rewards and shareholder wealth.
- As the value delivered to the participant is determined by the Company's level of relative performance, the effects of market cycles are minimised. Rewards are reduced or cease during periods of under-performance, even in a rising market. Conversely, superior performance is rewarded, even in a declining market.

The S & P / ASX 300 index was selected as the peer group as there was no other suitable comparative group. At the time of implementation of the SIP there was only one other listed retail motor industry related company.

The SIP provides for the granting of 500,000 performance rights to the Chief Executive Officer on the commencement of his employment with the Company on 1 July 2005. The General Manager Queensland and Northern Territory was granted 30,000 performance rights on 1 July 2007.

One fifth of the performance rights granted to the Chief Executive Officer will vest each year (i.e. 100,000 per annum on each anniversary of the start date) to the extent performance hurdles are met. Similarly one third of performance rights granted to the General Manager Queensland and Northern Territory will vest each year (i.e. 10,000 per annum on each anniversary of the start date) to the extent performance hurdles are met. Upon vesting the Performance Rights will be automatically exercised and the shares allocated to the participant. The shares will then be subject to a holding lock restricting disposal of the shares.

The Company's TSR must rank at or above the 51st percentile against the peer group for any vesting to be achieved. At the 51st percentile, 50% of the relevant performance rights vest; at the 75th percentile or above, 100% of the Performance Rights vest; there is straight line vesting between 50% and 100% where TSR performance is between the 51st and 75th percentile.

For each tranche of performance rights, TSR performance is measured initially over a 12 month period.

To the extent 100% vesting of a tranche is not achieved, TSR performance is re-tested 12 months later. Performance for each tranche is therefore measured over a 24 month period.

If 100% vesting of a tranche is still not achieved after the first re-test, the relevant performance period is again extended by one year and TSR performance re-tested on the next anniversary of the start date so that performance is measured over a 36 month period.

If after the second re-test, a tranche of Performance Rights is still not 100% vested, the remaining unvested portion will lapse.

It is important to note that the Chief Executive Officer's base pay was set and fixed at a level considerably lower than could be commanded for a comparable position and that his "at risk" earnings are demonstrably linked to the creation of shareholder value. Accordingly it is considered appropriate that re-testing for vesting purposes, as described above, be permitted to allow for market reaction to longer term strategic initiatives. In the current period, 52% of the Chief Executive Officer's and 14% of the General Manager Queensland and Northern Territory pay is made up of this incentive.

The number of performance rights granted by A.P. Eagers Limited as the issuing entity are as follows:

Chief Executive Officer

Grant date	No. of performance rights granted	End of performance period	Expiry date	Fair value of each performance right
1 July 2005	100,000 Vested	30 June 2006	1 July 2008	$4.78
1 July 2005	100,000 Vested	30 June 2007	1 July 2009	$4.92
1 July 2005	100,000	30 June 2008	1 July 2010	$4.68
1 July 2005	100,000	30 June 2009	1 July 2011	$4.46
1 July 2005	100,000	30 June 2010	1 July 2012	$4.25

200,000 performance rights have vested as at the date of this report.

Vesting of the first two tranches of performance rights granted to the CEO occurred through the achievement of the performance hurdles under the Share Incentive Plan.

The first tranche of 100,000 performance rights vested after retesting over the two year period 1 July 2005 to 30 June 2007. A.P. Eagers limited's TSR for the period was 106.32%, ranking the Company at 61 out of the ASX top 300 listed companies at a percentile rating of 76.65.

The second tranche of 100,000 performance rights measured over the period 1 July 2006 to 30 June 2007 vested on a TSR of 97.82%, ranking the Company at 23 out of the ASX top 300 listed companies at a percentile rating of 91.94.

General Manager Queensland and Northern Territory

Grant date	No. of performance rights granted	End of performance period	Expiry date	Fair value of each performance right
1 July 2007	10,000	30 June 2008	1 July 2010	$10.65
1 July 2007	10,000	30 June 2009	1 July 2011	$10.31
1 July 2007	10,000	30 June 2010	1 July 2012	$9.99

No performance rights have vested as at the date of this report.

B. Executive Employment Agreements

Group Executive
The following arrangements apply to all executives (excluding the CEO) whose remuneration is disclosed in the "Details of Remuneration" section of this report.

Group Executives are employed under standard employment agreements which are commonly used for senior employees throughout the Group. The agreements do not have a finite term and do not contain any termination payment arrangements. The agreements can be terminated by either the employer or employee giving notice within a range of four to twelve weeks.

The Board has discretion to extend the termination period for an executive as considered appropriate and to make further payments upon the termination of an executive should circumstances warrant it.

Chief Executive Officer
The Chief Executive Officer's terms and conditions differ from those applying to other executives to the extent that:

- Mr Ward's "at risk" remuneration is as described under the Share Incentive Plan (SIP);
- Mr Ward's employment may only be terminated if he is unable to satisfactorily perform his duties due to illness, injury or accident for a period of 6 months or for cause. In the event that Mr Ward's employment is terminated, other than for cause, then Mr Ward is entitled to a termination benefit equivalent to two times his annual remuneration amount current at time of termination.
- Mr Ward may terminate the agreement at any time by giving the Company six months notice of termination unless otherwise agreed between the Company and Mr Ward.

C. Details of Remuneration (Audited)

Details of remuneration of the directors and the key management personnel (as defined in AASB 124 "Related Party Disclosures") of A.P. Eagers Limited are set out in the following tables.

The key management personnel of A.P. Eagers Limited include the below listed directors. The key management personnel of the consolidated entity include both the below listed directors and executive officers who have authority and responsibility for planning, directing and controlling the activities of the group. The specified executives are the same as the 5 highest remunerated executives.

The directors and key management personnel are remunerated by the Group's subsidiaries.

	Primary			Post employment		Share Based Payments (ii)	Total	Performance related percentage
2007	Salary & fees	Bonus & commissions	Non monetary and other benefits (iii)	Superannuation benefits	Directors Retiring Allowance accrual (i)			
	$	$	$	$	$	$	$	%
Directors								
B W Macdonald *Chairman*	80,000	-	812	-	15,000	-	95,812	-
M A Ward *Managing Director*	459,440	100,000	52,325	40,560	-	502,216	1,154,541	52
A J Love *(Non Executive Director)*	45,000	-	812	4,050	5,000	-	54,862	-
N G Politis *(Non Executive Director)*	45,000	-	812	4,050	5,000	-	54,862	-
P W Henley *(Non Executive Director)*	60,000	-	812	5,400	-	-	66,212	-
	689,440	100,000	55,573	54,060	25,000	502,216	1,426,289	
Executives								
D W Hull *Company Secretary*	212,750	55,000	55,702	100,000	-	-	423,452	13
G I Walker *Chief Information Officer*	172,000	38,500	68,245	21,500	-	-	300,245	13
K T Thornton *General Manager Qld & NT*	140,000	255,141	58,372	12,600	-	75,585	541,698	61
M Raywood *Group HR Manager*	91,666	39,000	38,506	43,675		-	212,847	18
S Best (iv) *Chief Financial Officer*	50,205	19,975	12,429	4,502		-	87,111	23
	666,621	407,616	233,254	182,277	-	75,585	1,565,353	

(i) Accrued but not paid until retirement.

(ii) Performance rights granted to specific executives under the Share Incentive Plan are valued using a Monte Carlo simulation which can be viewed as an extension of the Black-Scholes valuation framework. That portion of the performance rights attributable to the year ended 31 December 2007, has been expensed in the income statement in conformity with AASB 2. It should be noted that whilst the predetermined value of the performance rights have been expensed in the Company's financial statements and reflected in the recipients remuneration, at the date of this report only 200,000 shares have been issued to Mr Ward and none to Mr Thornton. The actual issue of shares in respect of the performance rights is subject to the achievement of the performance hurdles previously detailed in this report.

(iii) Includes benefits such as the provision of motor vehicles, insurance policy costs and the movement in the individual's provision for employee entitlements.

(iv) Appointed 10 October 2007.

	Primary			Post employment		Share Based Payments (ii)	Termination Benefits	Total	Performance related percentage
2006	Salary & fees	Bonus & commissions	Non monetary and other benefits (iii)	Superannuation benefits	Directors Retiring Allowance accrual (i)				
	$	$	$	$	$	$	$	$	%
Directors									
B W Macdonald *Chairman*	80,000	-	650	-	15,000	-	-	95,650	-
M A Ward (iv) *Managing Director*	459,440	100,000	58,114	40,560	-	841,383	-	1,499,497	56
D A Aitken (v) (Non-Executive Director)	11,250	-	162	1,012	41,250	-	-	53,674	-
A J Love (Non Executive Director)	45,000	-	650	4,050	5,000	-	-	54,700	-
N G Politis (Non Executive Director)	45,000	-	650	4,050	5,000	-	-	54,700	-
P W Henley (vi) (Non Executive Director)	3,692	-	54	332	-	-	-	4,078	-
	644,382	100,000	60,280	50,004	66,250	841,383	-	1,762,299	
Executives									
D W Hull *Company Secretary*	192,300	80,000	133,233	100,200	-	-	-	505,733	16
G I Walker *Chief Financial Officer*	162,000	50,000	66,951	20,250	-	-	-	299,201	17
K T Thornton *General Manager Operations – Vehicles*	125,000	230,000	47,782	11,250	-	-	-	414,032	56
	479,300	360,000	247,966	131,700	-	-	-	1,218,966	

(i) Accrued but not paid until retirement.

(ii) Performance rights granted to the CEO under the Share Incentive Plan are valued using a Monte Carlo simulation which can be viewed as an extension of the Black-Scholes valuation framework. The portion of the performance rights attributable to the year ended 31 December 2006 of $841,383, though not yet vested, has been expensed in the income statement in conformity with AASB 2. It should be noted that whilst the value of the performance rights have been expensed in the Company's financial statements and reflected in Mr Ward's remuneration, at the date of this report no shares have been issued to Mr Ward and he has not received any monetary payment in respect of them. The actual issue of shares in respect of the performance rights is subject to the achievement of the performance hurdles previously detailed in this report.

(iii) Includes benefits such as the provision of motor vehicles, insurance policy costs and the movement in the individual's provision for employee entitlements.

(iv) Appointed as a director on 6 March 2006. Remuneration reflected above is for the period 1 January 2006 to 31 December 2006.

(v) Retired as a Director on 31 March 2006.

(vi) Appointed as a director on 8 December 2006.

Shares Under Option

There are no shares under option.

Indemnification and Insurance of Officers and Auditors

Indemnification of Officers

The Company's constitution provides that every Director Manager or officer of the Company or any person employed by the Company as auditor shall be indemnified out of the funds of the Company against all liability incurred by him as such Director Manager officer or auditor in defending any proceedings whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 535 of the Statute in which relief is granted to him by the Court.

The constitution further provides that no Director Manager Secretary or other officer of the Company shall be liable for the acts receipts neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or
damage arising from the bankruptcy insolvency or tortious act of any person with whom any moneys securities or effects shall be deposited or left or for any other loss damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happen through his own negligence wilful default breach of duty or breach of trust.

Insurance of Officers

During the financial year the Company paid insurance premiums in respect of a Directors and Officers Liability insurance contract. The contract insures each person who is or has been a director or executive officer of the company against certain liabilities arising in the course of their duties to the Company and its controlled entities. The directors have not disclosed details of the nature of the liabilities covered or the amount of the premium paid in respect of the insurance contract as such disclosure is prohibited under the terms of the contract.

Non-Audit Services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and for the consolidated entity are important.

Details of the amounts paid or payable to DTT NSW (formerly Horwath Sydney Partnership), being the auditor of the consolidated entity, for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons.

- All non audit services have been reviewed by the audit committee to ensure they do not impact the partiality and objectivity of the auditor.

- None of the services undermine the general principles relating to audit independence as set out in Professional Statement F1, including reviewing or auditing the auditors own work, acting in a management or a decision making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

A copy of the Auditor's Independence Declaration as required under section 307c of the Corporations Act 2001 is set out on the page following this report

	Consolidated 2007 $	2006 $
During the year the following fees were paid or payable for services provided by the auditor of the consolidated entity.		
Assurance services		
1. Audit services		
Audit and review of financial reports and other audit work	338,500	268,500
2. Other assurance services		
AIFRS and other technical advisory services	7,675	91,464
Due diligence services	137,985	5,785
	145,660	97,249
Taxation services		
Tax compliance services, including review of company income tax returns	21,050	23,550
Advisory services		
E-profit focus reviews – benchmarking and comparison of value chain / processes against best practice	77,015	37,072

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.

Auditor

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the Corporations Act 2001.

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

Martin A Ward
Director

Brisbane, 28 March 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 QLD 4006

28 March 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 audit of the financial statements of A.P. Eagers Limited for the financial year ended 31 December 2007, 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 audit; and

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

Yours sincerely
Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

Deloitte.

Deloitte Touche Tohmatsu (Audit)
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 Report to the Members of A.P. Eagers Limited

Report on the Financial Report and AASB 124 Compensation Disclosures in the Directors' Report

We have audited the accompanying financial report of A.P. Eagers Limited, which comprises the balance sheet as at 31 December 2007, and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 2 to 41.

We have also audited the compensation disclosures contained in the directors' report. As permitted by the *Corporations Regulations 2001*, the company has disclosed information about the compensation of key management personnel ("compensation disclosures") as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard AASB 124 *Related Party Disclosures* ("AASB 124"), under the heading "remuneration report" on pages 7 to 14 of the directors' report, and not in the financial report.

Directors' Responsibility for the Financial Report and the AASB 124 Compensation Disclosures Contained in the Directors' Report

The directors of the company are responsible for the preparation and fair presentation of the 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 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. The directors are also responsible for the compensation disclosures contained in the directors' report. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

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Auditor's Responsibility

Our responsibility is to express an opinion on the financial report and compensation disclosures contained in the directors' report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and the compensation disclosures comply with AASB 124.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the compensation disclosures contained in the directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the compensation disclosures contained in the directors' report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the compensation disclosures contained in the directors' report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the compensation disclosures contained in the directors' report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Auditor's Independence Declaration

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

Auditor's Opinion on the Financial Report

In our opinion:

a) the financial report of A.P. Eagers Limited is in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2007 and of their performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

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b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Auditor's Opinion on the AASB 124 Compensation Disclosures Contained in the Directors' Report

In our opinion, the compensation disclosures that are contained on pages 7-14 under the heading 'remuneration report' of the directors' report, comply with paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard AASB 124 *Related Party Disclosures*.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants
Sydney, 28 March 2008

A. P. EAGERS LIMITED

ABN 87 009 680 013

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

A.P. EAGERS LIMITED

DIRECTORS' DECLARATION

The directors declare that :

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company and the consolidated entity; and

(c) the directors have been given the declarations required by s.295A of the Corporations Act 2001

At the date of this declaration, the company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the company and the companies to which the ASIC Class Order applies, as detailed in Note 32(b) to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

Martin Ward

M A Ward
Director

28 March 2008

A.P. EAGERS LIMITED

INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

		CONSOLIDATED		PARENT ENTITY	
	Note	**2007**	**2006**	**2007**	**2006**
		$'000	**$'000**	**$'000**	**$'000**
Revenue	3	1,675,505	1,174,336	19,773	15,000
Other income	4	-	15,012	-	-
Changes in inventories of finished goods and work in progress		66,547	8,851	-	-
Raw materials and consumables used		(1,501,995)	(1,016,692)	-	-
Employee benefits expense		(109,447)	(75,747)	-	-
Finance costs	5	(20,399)	(13,748)	-	-
Depreciation and amortisation expense	5	(8,018)	(5,743)	-	-
Other expenses		(64,689)	(50,378)	-	-
Share of net profits of associates accounted for using the equity method	42(c)	2,520	922	-	-
Profit before tax	5	40,024	36,813	19,773	15,000
Income tax expense	6	(11,412)	(11,026)	-	-
Profit for the year	29(b)	28,612	25,787	19,773	15,000
		Cents	Cents		
Earnings per share:					
Basic earnings per share	39	102.2	110.5		
Diluted earnings per share	39	101.0	108.2		

The above Income Statements are to be read in conjunction with the accompanying notes.

A.P. EAGERS LIMITED

BALANCE SHEETS
AS AT 31 DECEMBER 2007

		CONSOLIDATED		PARENT ENTITY	
	Note	**2007**	**2006**	**2007**	**2006**
		$'000	**$'000**	**$'000**	**$'000**
Current Assets					
Cash and cash equivalents	8	965	54,864	-	-
Trade and other receivables	9	69,079	42,886	-	-
Inventories	10	230,008	161,776	-	-
Other current assets	11	1,107	3,751	-	-
Total Current Assets		301,159	263,277	-	-
Non-Current Assets					
Receivables	12	-	-	88,400	104,993
Investments accounted for using the equity method	13(a)	24,942	1,706	-	-
Available-for-sale financial assets	13(b)	-	113	22,077	91
Derivative financial instruments	14	760	863	-	-
Other financial assets	13(c)	-	-	64,428	34,244
Property, plant and equipment	15	332,067	240,965	-	-
Deferred tax assets	16	-	-	-	-
Intangible assets	17	60,936	26,403	-	-
Total Non-Current Assets		418,705	270,050	174,905	139,328
Total Assets		719,864	533,327	174,905	139,328
Current Liabilities					
Trade and other payables	18	48,689	32,985	-	-
Borrowings	19	188,217	122,738	-	-
Current tax liabilities	20	4,830	4,910	4,830	4,910
Provisions	21	8,104	5,396	-	-
Other	22	343	-	-	-
Total Current Liabilities		250,183	166,029	4,830	4,910
Non-Current Liabilities					
Borrowings	23	133,849	104,600	-	-
Deferred tax liabilities	24	27,124	20,249	722	722
Provisions	25	3,372	2,521	-	-
Other	26	1,792	450	-	-
Total Non-Current Liabilities		166,137	127,820	722	722
Total Liabilities		416,320	293,849	5,552	5,632
Net Assets		303,544	239,478	169,353	133,696
Equity					
Contributed equity	28(a)	135,812	106,264	135,812	106,264
Reserves	29(a)	108,862	89,913	2,559	3,180
Retained earnings	29(b)	58,870	43,301	30,982	24,252
Total Equity		303,544	239,478	169,353	133,696

The above Balance Sheets are to be read in conjunction with the accompanying notes.

A.P. EAGERS LIMITED

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007

		CONSOLIDATED		PARENT ENTITY	
	Note	**2007**	**2006**	**2007**	**2006**
		$'000	**$'000**	**$'000**	**$'000**
Total equity at the beginning of the financial year		239,478	161,039	133,696	97,385
Gain on revaluation of land and buildings, net of tax		19,642	34,039	-	-
Reversal of available-for-sale financial asset reserve	29(a)	-	(3,539)	-	-
Changes in the fair value of cashflow hedge, net of tax		(72)	604	-	-
Reduction in tax payable on sale of revalued properties		-	237	-	-
Net income recognised directly in equity		19,570	31,341	-	-
Profit for the year		28,612	25,787	19,773	15,000
Total recognised income and expense		48,182	57,128	19,773	15,000
Employee share expense credited to reserve	29(a)	(621)	1,077	(621)	1,077
Transactions with equity holders in their capacity as equity holders:					
Contribution of equity, net of transaction costs		29,548	28,953	29,548	28,953
Dividends paid	7	(13,043)	(8,719)	(13,043)	(8,719)
		15,884	21,311	15,884	21,311
Total equity at the end of the year		303,544	239,478	169,353	133,696

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

A.P. EAGERS LIMITED

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

		CONSOLIDATED		PARENT ENTITY	
	Note	**2007**	**2006**	**2007**	**2006**
		$'000	**$'000**	**$'000**	**$'000**
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		1,830,159	1,286,279	-	-
Payments to suppliers and employees (inclusive of goods and services tax)		(1,763,036)	(1,250,349)	-	-
Cash generated from operations		67,123	35,930	-	-
Receipt from insurance claim		-	2,297	-	-
Dividends received		1,457	849	-	-
Interest received		866	748	-	-
Interest and other finance costs paid		(20,188)	(13,810)	-	-
Income taxes paid		(12,516)	(7,179)	-	-
Net cash provided by operating activities	40	36,742	18,835	-	-
Cash flows from investing activities					
Payments for shares in associated entities		(11,186)	(91)		
Payment for acquisition of subsidiaries and businesses	31(a)	(35,974)	(17,140)	-	-
Payment for acquisition of brand name		(132)	-	-	-
Payments for property, plant and equipment		(63,317)	(28,220)	-	-
Proceeds from sale of property, plant and equipment		-	44,864	-	-
Net cash used in investing activities		(110,609)	(587)	-	-
Cash flows from financing activities					
Proceeds from issue of shares, net of capital raising costs		-	25,569	-	-
Proceeds from borrowings		25,000	13,000	-	-
Repayment of borrowings		-	-	-	-
Dividends paid	7	(5,032)	(6,447)	-	-
Net cash provided by financing activities		19,968	32,122	-	-
Net (decrease)/ increase in cash and cash equivalents held		(53,899)	50,370	-	-
Cash and cash equivalents at the beginning of the financial year		54,864	4,494	-	-
Cash and cash equivalents at the end of the financial year	8	965	54,864	-	-

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General Information and basis of preparation

The financial report covers the Group (consolidated entity) of A.P. Eagers Limited and its subsidiaries (consolidated financial statements) and A.P. Eagers Limited as an individual parent entity (parent entity financial statements). A.P. Eagers Limited is a publicly listed company, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Board of Directors on 28 March 2008.

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

Compliance with IFRS
The financial report complies with Australian Accounting Standards, which include AIFRS. Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets to fair value, derivatives and certain classes of property, plant and equipment.

Functional and Presentation Currency
The functional and presentation currency of both the parent entity and the Group is the Australian Dollar.

Accounting Policies

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consisitently applied, unless otherwise stated.

(b) Principles of consolidation

(i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of A.P. Eagers Limited (the 'company' or 'parent entity') as at 31 December 2007 and the results of all subsidiaries for the year then ended. A.P. Eagers Limited and its subsidiaries together are referred to in this financial report as the 'Group' or the 'consolidated entity'.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(h)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Associates
Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement as revenue, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Operating Segments

The Group has chosen to early adopt Accounting Standard 'AASB 8:Operating Segments' which prescribes the identification of operating segments to be based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance. The Group has two operating Segments being (i) automotive franchised retail and (ii) property.

(d) Revenue

(i) Sales revenue

Revenue from the sales of motor vehicles and parts is recognised when the buyer has accepted the risks and rewards of ownership by taking delivery of the goods.

(ii) Service revenue

Service work on customers' motor vehicles is carried out under instructions from the customer. Service revenue is recognised based upon the percentage completion of the work requested. The percentage completion is measured by reference to labour hours incurred to date as a percentage of estimated total labour hours for the service to be performed. Revenue arising from the sale of parts fitted to customers' vehicles during service is recognised upon delivery of the fitted parts to the customer upon completion of the service.

(iii) Rental income

Rental income from operating leases is recognised in income on a straight-line basis over the lease term.

(iv) Interest revenue

Interest revenue is recognised on a time proportional basis, taking into account the effective interest rates applicable to the financial assets.

(v) Dividend revenue

Dividend revenue is recognised when the right to receive a dividend has been established.

Dividends received from associates are accounted for in accordance with the equity method of accounting in the consolidated financial statements.

(vi) Goods and Services Tax (GST)

All revenue is stated net of the amount of Goods and Services Tax (GST).

(e) Finance costs

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include:
- interest on bank overdrafts, short and long-term borrowings
- interest on vehicle bailment arrangements
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings

(f) Taxes

(i) Income tax
The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Taxes (continued)

(ii) Tax consolidation legislation
A.P. Eagers Limited and its wholly-owned subsidiaries implemented the tax consolidation legislation as of 1 January 2003. A.P Eagers Limited, as the head entity in the tax consolidated group, recognises current tax amounts and deferred tax originating from available tax losses of subsidiaries, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances.

Entities within the tax consolidated group have entered into a tax funding and tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, AP Eagers Limited and each of the entities in the tax consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the parent entity's financial statements.

The tax sharing agreement entered into between members of the tax consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

(iii) Goods and services tax ("GST")
Revenues, expenses and assets are recognised net of the amount of GST except:
- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statements on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(g) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(h) Business Combinations

The purchase method of accounting is used for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1(s)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present values as at the date of acquisition. The discount rate used is the incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units) and these cash flows are discounted using the weighted average cost of capital. An impairment loss is recognised in the profit and loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease (refer Note 1(p)). Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment losses been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the profit and loss immediately, unless the relevant asset is carried at fair value, in which case, the reversal of the impairment loss is treated as a revaluation increase(refer Note 1(p)).

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(k) Receivables

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised where some doubt as to collectability exists. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(l) Inventories

New motor vehicles are stated at cost, which represents the lower of cost and net realisable value. Demonstrator vehicles are stated at the lower of cost and net realisable value. Costs are assigned on the basis of specific identification.

Used motor vehicles are stated at the lower of cost and net realisable value on a unit by unit basis. Net realisable value has been determined by reference to the likely net realisable value given the age of the vehicles at year end. Costs are assigned on the basis of specific identification.

Spare parts and accessories are stated at the lower of cost and net realisable value. Costs are assigned to individual items on the basis of weighted average cost.

Work in progress is stated at cost. Cost includes labour incurred to date and consumables utilised during the service. Costs are assigned to individual customers on the basis of specific identification.

(m) Investments and other financial assets

The group classifies its investments or other financial assets in the following categories: (i) available-for-sale financial assets (ii) loans and receivables and (iii) investments accounted for using the equity method. The classification depends on the purpose for which the investments or other financial assets were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Investments and other financial assets (continued)

(i) Available for sale financial assets
Available-for-sale financial assets are initially measured at cost at date of acquisition, which include transaction costs, and subsequent to initial recognition, they are carried at fair value.
Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from the sale or impairment of investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and pricing models to reflect the issuer's specific circumstances.

The Group assesses at each balance whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement.

(ii) Loans and receivables
Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet (notes 9 and 12)
Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

(n) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is determined based on market expectations of future interest rates.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(o) Derivatives

Derivatives are recognised at their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designed as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of exposure to variability in cash flows, which includes hedges for highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items. Refer further details in Note 14.

(i) Cash flow hedge
The change in the fair value from remeasuring derivatives that are designated and qualify as cash flow hedges is deferred in equity as a hedging reserve, to the extent that the hedge is effective, and reclassified into profit and loss when the hedge interest expense is recognised. The ineffective portion is recognised in the income statement immediately.

Amounts deferred in the hedging reserve are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or non-financial liability, the gains or losses previously deferred in the hedging reserve are transferred from equity and included in the initial cost and measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in the hedging reserve at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Property, plant and equipment

Land and buildings are shown at fair value, based on annual assessment by the directors supported by periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are credited to property, plant and equipment revaluation reserve in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit and loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Buildings	40 years
- Plant & equipment	3 - 10 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement. When revalued assets are sold, it is Group policy to transfer the amounts included in the asset revaluation reserve in respect of those assets to retained earnings.

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter.

The make good provision is capitalised as leasehold improvements and amortised over the term of the lease.

(q) Franchise Rights

Franchise rights are those rights conferred to the Group under its agreements with vehicle manufacturers and distributors. Such rights primarily include the right to sell and service the franchisor's product within specified geographical boundaries. Franchise rights are valued on acquisition using a discounted cash flow methodology. The Group generally expects its franchise agreements to survive for the foreseeable future and anticipates routine renewals of the agreements without substantial cost. The contractual terms of the Group's franchise agreements provide for various durations. It is generally difficult for the manufacturer or distributor to terminate or not renew a franchise unless good cause exists. The Group's experience has been that such franchise agreements are rarely involuntarily terminated or not renewed. Accordingly the Group believes that its franchise agreements will contribute to cash flows for the foreseeable future and have indefinite lives.

(r) Trademarks / Brand Names

Trademarks / brand names are valued on acquisition where management believe there is evidence of any of the following factors; an established brand name with longevity, a reputation that may positively influence a consumers decision to purchase or service a vehicle, and strong customer awareness within a particular geographic location. Trademarks are valued using a discounted cash flow methodology. Trademarks are considered to have an indefinite life as the Group expects to hold and support such trademarks through marketing and promotional support for an indefinite period.

(s) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, associate or business at the date of acquisition. Goodwill on acquisition of subsidiaries and businesses is included in intangible assets. Goodwill on acquisition of associates is included in investment in associates. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. (refer note 17(a))

(t) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. They are recognised initially at the fair value of what is expected to be paid, and subsequently at amortised cost, using the effective interest rate method.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Borrowings

Borrowings are initially recognised at fair value net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(v) New motor vehicle stock and related bailment

Motor vehicles secured under bailment plans are provided to the Group under bailment agreements between the floor plan loan providers and entities within the Group. The Group obtains title to the vehicles immediately prior to sale. Motor vehicles financed under bailment plans held by the Group are recognised as trading stock with the corresponding liability shown as owing to the finance provider.

(w) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate taking into account the risks and uncertainties surrounding the obligation.

Provision for Warranties
Provision is made for the estimated claims in respect of extended warranties provided on the majority of the Group's retail new and used vehicle sales. These claims are expected to settle in the next financial year but some may be extended into the following year if claims are made late in the warranty period.

(x) Employee benefits

(i) Wages, salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, and annual leave are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave
The liability for long service leave expected to be settled within 12 months from the reporting date is recognised in the provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee entitlements and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are measured at the present value of the estimated cash outflow.

(iii) Share based payments
The Group provides benefits to selected employees in the form of a Share Incentive Plan. The relevant employees are deemed to provide services to the Group in exchange for shares. The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date that they are granted. The fair value is determined using an option pricing model (see Note 2(a)(iv) for details of the calculation). In valuing the performance rights, no account has been taken of the non-market performance conditions, these are assessed at each reporting date to determine the number of performance rights expected to vest, and the necessary adjustments made. The fair value of the share based payment is recognised over the relevant vesting period as an expense, with a corresponding increase in equity.

Performance rights granted after 7 November 2002 and vested after 1 January 2005
The fair value of performance rights granted under the Share Incentive Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the chief executive officer becomes unconditionally entitled to the performance rights.
The fair value at grant date is independently determined using a Black-Scholes pricing model that takes into account the term of the performance rights, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the performance rights, the share price at the grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the performance rights.

The fair value of the performance rights granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of performance rights that are expected to vest. At each balance date, the entity revises its estimate of the number of rights that are expected to vest. The employee benefit expense recognised each period takes into account the most recent estimate.
Upon the vesting of performance rights, the balance of the share-based payments reserve relating to those rights is transferred to share capital.

(y) Dividends

Provision is made for the amount of any dividend declared on or before the end of the year but not distributed at balance date.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(aa) Rounding of Amounts

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(ab)Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the consolidated entity's and the company's financial report:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
- AASB 2007-7 'Amendments to Australian Accounting Standards'	1 July 2007	31 December 2008

Initial application of the following Standards and Interpretations is not expected to have any material impact on the financial report of the consolidated entity and the company:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
- AASB Interpretation 10 'Interim Financial Reporting and Impairment'	1 November 2006	31 December 2008
- AASB Interpretation 11 'AASB 2 - Group and Treasury Share Transactions'	1 March 2007	31 December 2008
- AASB 2007-1 'Amendments to Australian Accounting Standards arising from AASB Interpretation 11'	1 March 2007	31 December 2008
- AASB Interpretation 12 'Service Concession Arrangements'	1 January 2008	31 December 2008
- AASB 2007-2 'Amendments to Australian Accounting Standards arising from AASB Interpretation 12'	1 January 2008	31 December 2008
- AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments	1 July 2007	31 December 2008
- AASB Interpretation 13 'Customer Loyalty Programmes'	1 July 2008	31 December 2009
- AASB Interpretation 14 'AASB 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008	31 December 2008
- AASB 123 'Borrowing Costs - revised standard'	1 January 2009	31 December 2009
- AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123	1 January 2009	31 December 2009
- AASB 3 'Business Combination'	1 January 2009	31 December 2009

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical accounting estimates and assumptions

Estimates and the judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

(i)Estimated impairment of goodwill and other intangibles with indefinite useful lives

Goodwill and other intangibles with indefinite useful lives with a carrying value of $60,936,000 (2006: $26,403,000) are tested annually for impairment, based on estimates made by directors. The recoverable amount of the intangibles is based on 'Fair value less costs to sell' which is estimated annually by the directors based on their knowledge of the industry and recent market transactions. The directors consider that the recent market transactions on which they base their valuation of the recoverable amounts are indicative of the recoverable amount of each cash generating unit to which the intangibles have been allocated. Further information on the intangibles impairment test can be found in note 17(a). The recoverable amount of other intangible assets with indefinite lives, principally franchise rights and trademarks / brand names, is based on the value in use determined through a discounted cash flow analysis.

(ii) Fair value estimation of land and buildings

Land and buildings with a carrying value of $304,738,000 (2006: $212,943,000) are carried at valuation. This fair value is determined by an independent qualified valuer at least every three years with an informal market assessment being received in the intervening years to support that the current carrying value approximates the fair value.

(iii) Provisions for warranties

A provision for warranties of $2,205,000 (2006: $1,112,000) has been recognised for extended warranties provided for the Group's retail new and used vehicle sales. This provision has been estimated based on past experience and confirmation of future costs by the administrators of the warranty programmes.

(iv) Share based payments

The Group operates a 'Performance Rights' compensation scheme for specific executive officers. The fair value of these performance rights is calculated on grant date, and recognised over the period to vesting. The fair value has been calculated using an option pricing model and is based on numerous variables, many of which are estimated. Included in these estimations are the following:

- Share price growth, reinvestment of dividends and adjustment for capital changes over the period. These have been estimated based on a basket of similar peer group companies.
- Volatility. This has been based on historical experience that is commensurate with the expected life of the performance rights, and weekly observations of historical volatility.
- Expected life has been estimated between grant date and vesting date for each tranche.
- Risk free interest rate has been derived as the implied yield on a zero coupon Australian government bond with a life similar to the performance right, expressed as a continually compounded rate.
- Dividend yield is based on the dividend expected for the Group's shares, expressed as a continually compounded percentage of the future share price.

The fair value of the performance rights has been estimated as $2,618,500 (2006 -$2,309,000) in total, with a cumulative expense being recognised at 31 December 2007 of $1,839,875 (2006 - $1,262,074). At this stage 200,000 performance rights have vested with the expectation that all performance rights will vest.

(v) Estimation of make good provisions

An amount of $1,700,000 (2006: $1,500,000) has been estimated in respect of a leased property for any expenditure required to be incurred to restore the property back to its original state. The lease has approximately 14 years to run at balance date, with a bank guarantee being given for the $1,700,000 recognised. In terms of the lease, this amount will be indexed and will increase in the future, therefore it is the maximum estimate of what would be payable today.

(b) Critical Judgements

There were no critical judgements in applying the Group's accounting policies during the current financial year.

3. REVENUE

	CONSOLIDATED		PARENT ENTITY	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Sales revenue				
Sale of goods	1,592,847	1,114,438	-	-
Services	81,010	55,805	-	-
	1,673,857	1,170,243	-	-
Other revenue				
Rents	317	733	-	-
Interest	677	927	-	-
Dividends	86	1	19,773	15,000
Proceeds of insurance claim for hail damage	-	2,297	-	-
Other	568	135	-	-
	1,648	4,093	19,773	15,000
Total revenue	1,675,505	1,174,336	19,773	15,000

4. OTHER INCOME

Gain on disposal of property, plant and equipment	-	15,012	-	-

5. EXPENSES

Profit before income tax includes the following specific expenses:

Depreciation				
Buildings	2,870	1,968	-	-
Plant and equipment	4,616	3,370	-	-
Total depreciation	7,486	5,338	-	-
Amortisation				
Leasehold improvements	532	405	-	-
Total Depreciation and Amortisation	8,018	5,743	-	-
Finance costs				
Interest and finance charges - paid/payable				
New vehicle bailment	11,975	6,990	-	-
Other	8,424	6,758	-	-
Total finance expense	20,399	13,748	-	-
Rental expense relating to operating leases				
Minimum lease payments	5,810	4,280	-	-
Contributions to superannuation funds	7,221	4,777	-	-
Write down of inventories to net realisable value	-	559	-	-
Share-based payments				
Equity- settled share-based payments	2,854	2,189	-	-

Note: The parent entity is an investment holding company. It has no operating activities. All expenses are borne by its subsidiaries.

6. INCOME TAX

	CONSOLIDATED		PARENT ENTITY	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
(a) Income tax expense(benefit)				
Current income tax expense	11,742	10,498	-	-
Deferred income tax expense/(benefit)	(186)	821	-	-
Over provision in prior years	(144)	(293)	-	-
	11,412	11,026	-	-
Deferred income tax expense/(benefits) included in income tax expense comprises:				
(Increase) decrease in deferred tax assets	-	-	-	-
Increase (decrease) in deferred tax liabilities	(186)	821	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit before income tax expense	40,024	36,813	19,773	15,000
Income tax calculated at 30% (2006 - 30%)	12,007	11,044	5,932	4,500
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Depreciation and amortisation	198	102	-	-
Non-taxable dividends	(437)	(254)	(5,932)	(4,500)
Non allowable expenses	236	346	-	-
Sundry items	(448)	81	-	-
Under (over) provision in previous year	(144)	(293)	-	-
Income tax expense	11,412	11,026	-	-
(c) Amounts recognised directly in equity				
Aggregate deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited to equity (Note 24)	8,387	13,125	-	-

The tax rate used in the above reconciliations is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

7. DIVIDENDS

	PARENT ENTITY	
	2007	2006
	$'000	$'000
Ordinary dividends fully franked based on tax paid @ 30%		
Final dividend for the year ended 31 December 2006 of 24 cents per share (2005 -20 cents) paid on 21 May 2007	6,729	4,458
Interim dividend of 22 cents (2006 - 19 cents) per share paid on 24 September 2007	6,314	4,261
Total dividends paid	13,043	8,719

Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 31 December 2007 and 31 December 2006 were as follows:

Paid in cash	5,032	6,447
Satisfied by issue of shares	8,011	2,272
	13,043	8,719

Dividends not recognised at year end

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 36 cents per share, fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 26 May 2008 out of the retained profits at 31 December 2007, but not recognised as a liability at year end, is:	10,547	6,487

7. DIVIDENDS (continued)

Franked dividends

The final dividend recommended after 31 December 2007 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 31 December 2008.

	CONSOLIDATED		PARENT ENTITY	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2006 - 30%)	31,700	25,418	31,700	25,418

The above amounts represent the balances of the franking account as at the end of the financial year, adjusted for:

(a) franking credits that will arise from the payment of the current tax liability

(b) franking debits that will arise from the payment of the dividends recognised as a liability at the reporting date; and

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

	CONSOLIDATED		PARENT ENTITY	
	2007	2006	2007	2006
Impact on franking credits of dividends not recognised	(4,520)	(2,780)	(4,520)	(2,780)

8. CURRENT ASSETS - Cash and cash equivalents

	CONSOLIDATED		PARENT ENTITY	
	2007	2006	2007	2006
Cash at bank and on hand	965	864	-	-
Deposits at call	-	54,000	-	-
	965	54,864	-	-
The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statements as follows:				
Balances as above	965	54,864	-	-
Balance per statement of cash flows	965	54,864	-	-

Deposits at call

Deposits at call were placed at interest rates between 7.41% and 7.94% (2006 - 6.60% and 7.38%)

9. CURRENT ASSETS - Trade and other receivables

	CONSOLIDATED		PARENT ENTITY	
	2007	2006	2007	2006
Trade receivables (i)	70,169	43,623	-	-
Less: Provision for doubtful receivables (ii)	1,090	737	-	-
	69,079	42,886	-	-

(i) The ageing of trade receivables at 31 December 2007 is detailed below:

	CONSOLIDATED			
	2007		2006	
	Gross $000	Provision $000	Gross $000	Provision $000
Not past due	64,775	-	40,533	-
Past due 0 -30 days	2,908	-	1,429	-
Past due 31 plus days	2,486	1,090	1,661	737
Total	70,169	1,090	43,623	737

The maximum credit period on sales is 60 days. No interest is charged on the trade receivables from the date of invoice or when past due.
The group has provided fully for all receivables identified by management as being specifically doubtful, and in addition has provided 10% for all receivables over 90 days and 2.5% of total trade receivables excluding motor vehicle debtors. The Group's provision policy is based on an assessment of changes in credit quality and historical experience.
Trade receivables over 90 days are provided for based on estimated irrecoverable amounts from the sale of goods and services, determined by reference to past default experience.

Included in the Group's trade receivable balance are debtors with a carrying amount of $4,304,000 (2006: $2,353,000) which are past due at the reporting date which the Group has not provided for as there has not been a significant change in credit quality and the Group believes that the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 62 days (2006:61 days)

9. CURRENT ASSETS - Trade and other receivables (continued)

(ii) Movement in provision for doubtful receivables

	CONSOLIDATED	
	2007	2006
	$000	$000
Opening Balance	737	688
Additional provisions	424	381
Addition due to acquistions	177	-
Amounts written off duirng the year	(248)	(332)
Closing Balance	1,090	737

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large. diverse and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the provision for doubtful debts.

	CONSOLIDATED		PARENT ENTITY	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
10. CURRENT ASSETS - Inventories				
New motor vehicles - Bailment stock at cost (Refer notes 1(v),19 and 23)	161,602	113,892	-	-
Less: Write-down to net realisable value	2,909	1,530	-	-
	158,693	112,362	-	-
Used vehicles - at cost	41,986	26,209	-	-
Less: Write-down to net realisable value	2,329	912	-	-
	39,657	25,297	-	-
Parts and other consumables - At cost	32,838	24,952	-	-
Less: Write-down to net realisable value	1,180	835	-	-
	31,658	24,117	-	-
Total Inventories	230,008	161,776	-	-
11. CURRENT ASSETS - Other current assets				
Prepayments and deposits	1,107	3,751	-	-
12. NON-CURRENT ASSETS - Receivables				
Amounts receivable from subsidiaries	-	-	88,400	104,993
	-	-	88,400	104,993

At balance date, the related party receivable balances are repayable at call. However, the parent entity does not expect the related entities to settle the balances withing the next 12 months.

13 (a) NON-CURRENT ASSETS - Investments accounted for using the equity method

	CONSOLIDATED 2007	CONSOLIDATED 2006	PARENT ENTITY 2007	PARENT ENTITY 2006
Shares in an associate - Adtrans Group Limited	22,856	-	-	-
Shares in an associate - M T Q Insurance Limited	2,086	1,706	-	-
	24,942	1,706	-	-

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting (refer note 42). Reconciliation of the carrying amount of investment in associates is set out in note 42.

	CONSOLIDATED		PARENT ENTITY	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
13(b) NON-CURRENT ASSETS - Available-for-sale financial assets				
Listed Securities				
Shares in other corporations - At fair value	-	113	22,077	91
Unlisted Securities				
Shares in other corporations - At Directors Valuation				
- At the beginning of the year	-	6,656	-	-
- Adjustment on adoption of equity accounting	-	(6,656)	-	-
- At the end of the year	-	-	-	-
Total Available-for-sale financial assets	-	113	22,077	91
13(c) NON-CURRENT ASSETS - Other financial assets				
Unlisted Securities				
Investments in subsidiaries - at cost (note 31)	-	-	64,428	34,244
	-	-	64,428	34,244
14. NON-CURRENT ASSETS - Derivative financial instruments				
Interest rate swap contracts - cash flow hedges	760	863	-	-

The group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates in accordance with the Group's financial risk management policies (refer to Note 29).

Bailment finance of the Group currently bears an average variable interest rate of 7.73% (2006 - 7.27%). It is policy to protect part of this finance exposure against increasing interest rates. Accordingly, the Group has entered into an interest rate swap contract under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

The swap contract in place covers approximately 35% (2006: 57%) of the bailment finance outstanding at the year end. The fixed interest rate was 5.72% (2006: 5.72%) and the variable rates are between 6.37% and 7.09% (2006: 5.63% and 6.39%).

The interest rate swap contract expires in September 2008.

The contracts require settlement of net interest receivable or payable each 30 days.

The gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve to the extent that the hedge is effective and re-classified into profit and loss when the hedged interest expense is recognised. The ineffective portion is recognised in the income statement immediately.

At balance date, the contract was an asset with a fair value of $760,000 (2006: $863,000).

15. NON-CURRENT ASSETS - Property, plant and equipment

	CONSOLIDATED		PARENT ENTITY	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Freehold Land and buildings				
At independent valuation at 31 December 2006				
Land	-	140,378	-	-
Buildings	-	72,565	-	-
At directors' valuation at 31 December 2007				
Land	199,838	-	-	-
Buildings	104,900	-	-	-
Construction in progress - at cost	2,561	11,393	-	-
Total land and buildings	307,299	224,336	-	-
Leasehold improvements				
At cost	7,902	7,182	-	-
Less: Accumulated amortisation	1,363	1,092	-	-
Total leasehold improvements	6,539	6,090	-	-
Plant and equipment				
At cost	30,979	22,347	-	-
Less: Accumulated depreciation	12,750	11,808	-	-
Total plant and equipment	18,229	10,539	-	-
Total property, plant and equipment	332,067	240,965	-	-

Valuation of land and buildings
The basis of valuation of land and buildings is the assessed fair value being the amounts for which the assets could be exchanged, between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. The assessed fair value is supported by periodic, but at least triennial valuations, by external third party valuers.
The 2007 valuations were made by the directors based on their assessment of prevailing market conditions and supported by indicative market data received from independent expert property valuers. The revaluation surplus net of applicable deferred income tax was credited to Property Plant and Equipment Reserve in shareholders equity (Note 28(c)).

Carrying amounts that would have been recognised if land and buildings were stated at cost
If freehold land was carried at historical cost, its current carrying value would be $83,793,000 (2006 : $53,892,000).
If freehold buildings (including construction in progress) was carried at historical cost, its current carrying value would be $109,078,000 (2006 : $86,576,000).

Non-current assets pledged as security
Refer to note 23 for information on non-current assets pledged as security by the parent entity and its subsidiaries.

Reconciliations
Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current year is set out below:

	Freehold land	Freehold buildings	Construction in progress	Leasehold improvements	Plant and equipment	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Consolidated 2007						
Carrying amount at start of year	140,378	72,565	11,393	6,090	10,539	240,965
Additions	7,870	13,803	-	315	5,988	27,976
Additions through acquisitions during the year	24,030	12,070	-	666	6,318	43,084
Disposals/Transfers	(500)	9,332	(8,832)	-	-	-
Revaluation surplus	28,060	-	-	-	-	28,060
Depreciation/amortisation expense (Note 5)	-	(2,870)	-	(532)	(4,616)	(8,018)
Carrying amount at end of year	199,838	104,900	2,561	6,539	18,229	332,067

Consolidated 2006

	Freehold land	Freehold buildings	Construction in progress	Leasehold improvements	Plant and equipment	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at start of year	111,305	51,167	10,693	5,146	9,575	187,886
Additions	6,290	-	17,954	1,349	3,145	28,738
Additions through acquisitions during the year	4,427	5,693	-	-	1,189	11,309
Disposals/Transfers	(30,271)	17,673	(17,254)	-	-	(29,852)
Revaluation surplus	48,627	-	-	-	-	48,627
Depreciation/amortisation expense (Note 5)	-	(1,968)	-	(405)	(3,370)	(5,743)
Carrying amount at end of year	140,378	72,565	11,393	6,090	10,539	240,965

16. NON-CURRENT ASSETS - Net deferred tax assets

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Deferred tax assets	-	-	-	-
The deferred tax revenue included in income tax expense in respect of the above temporary differences resulted from the following movements:				
Opening balance at 1 January	-	-	-	1,390
Utilisation of tax losses during the year	-	-	-	(1,390)
Credited (charged) to the Income Statement (Note 6)	-	-	-	-
Closing balance at 31 December	-	-	-	-

17. NON-CURRENT ASSETS - Intangibles

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Goodwill	36,417	26,403	-	-
Franchise rights	21,921	-	-	-
Trade marks/brand names	2,598	-	-	-
	60,936	26,403	-	-
Movement - Goodwill				
Balance at the beginning of the financial year	26,403	23,131	-	-
Additional amounts recognised from business combinations during the year (Note 31(a))	10,014	3,272	-	-
Balance at the end of the financial year	36,417	26,403	-	-
Movement - Franchise rights				
Balance at the beginning of the financial year	-	-	-	-
Additional amounts recognised from business combinations during the year	21,921	-	-	-
Balance at the end of the financial year	21,921	-	-	-
Movement - Trade marks/Brand names				
Balance at the beginning of the financial year	-	-	-	-
Additional amounts recognised from business combinations during the year	2,466	-	-	-
Purchase of brand name during the year	132			
Balance at the end of the financial year	2,598	-	-	-

(a) Impairment tests for goodwill, franchise rights and trade marks / brand names

Goodwill and other intangble assets with indefinite useful lives (being franchise rights and trade marks / brand names) are allocated to the Group's cash-generating units (CGU). The smallest group of assets to which goodwill and other intangible assets with indefinite useful lives is allocated is by motor dealership operation, which is identified by reference to the underlying internal reporting of the Group as follows:

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000
Motor Dealership Operations:		
Goodwill	37,280	26,403
Franchise rights	20,960	-
Trade marks / brand names	2,696	-
	60,936	26,403

The recoverable amount of a CGU is determined based on its fair value less selling costs. Fair value is determined as being the amount obtainable for the sale of a CGU in an arms length transaction between knowledgeable and willing parties. This assessment is conducted by the directors based on their extensive knowledge of the motor industry including the current market conditions prevailing in the industry.

(b) Impairment charge

The Directors' assessment indicate that goodwill and other intangible assets with indefinite useful lives is that they are not impaired and accordingly no impairment charge has been provided.

18. CURRENT LIABILITIES - Trade and other payables

	CONSOLIDATED		PARENT ENTITY	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Trade payables (i)	30,544	22,663	-	-
Other payables	18,145	10,322	-	-
	48,689	32,985	-	-

(i) The average credit period on purchases of certain goods is 30 days.
No interest is charged on trade payables from the date of invoice.
The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

19. CURRENT LIABILITIES - Borrowings (secured)

	Note				
Bailment finance - (Refer notes 1(v) and 10)	(a)	188,217	118,738	-	-
Bills payable and fully drawn advances	(b)	-	4,000	-	-
		188,217	122,738	-	-

(a) Bailment finance
Bailment finance is provided on a vehicle by vehicle basis by various finance providers at an average interest rate of 7.73% p.a. applicable at 31 December 2007 (2006 - 7.27%)
Bailment finance is repayable within a short period after the vehicle is sold to a third party, generally within 48 hours.

(b) Bills payable and fully drawn advances
Refer note 23 for details of security.

19. CURRENT LIABILITIES - Borrowings (secured) (continued)

(c) Interest rate risk exposures
Details of the Group's exposure to interest rate changes on interest bearing liabilities is set out in note 30.

(d) Fair value disclosures
Details of the Group's fair value of interest bearing liabilities for the Group is set out in note 30.

(e) Security
Details of the security relating to each of the secured liabilities and further information on bank loans is set out in note 23.

20. CURRENT LIABILITIES - Current tax liabilities

	CONSOLIDATED		PARENT ENTITY	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Income tax	4,830	4,910	4,830	4,910

21. CURRENT LIABILITIES - Provisions

	2007	2006	2007	2006
Employee benefits	5,899	4,284	-	-
Warranties	2,205	1,112	-	-
	8,104	5,396	-	-

<u>Movement in provisions</u>
Movements in each class of provisions during the financial year, other than employee benefits, are set out below:

	Warranties
Consolidated - 2007	$'000
Carrying amount at start of year	1,112
Provisions acquired	1,115
Additional provisions recognised	1,468
Payments charged against provisions	(1,490)
Carrying amount at end of year	2,205

21. CURRENT LIABILITIES - Provisions (continued)

Warranty Provision
An estimate is made based on past experience, and confirmation of future costs by the administrator of the warranty program, of the expected expenditure on new and used motor vehicles in terms of warranties on these vehicles.

	CONSOLIDATED		PARENT ENTITY	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
22. CURRENT LIABILITIES - OTHER				
Unearned income	343	-	-	-
23. NON-CURRENT LIABILITIES - Borrowings				
Secured				
Bills payable and fully drawn advances	133,600	104,600	-	-
Term Loan	249	-	-	-
	133,849	104,600	-	-
SECURED LIABILITIES				
Total secured liabilities (current and non-current) are:				
Bills payable and fully drawn advances	133,600	108,600	-	-
Bailment finance	188,217	118,738	-	-
Term loan	249	-	-	-
Total secured liabilities	322,066	227,338	-	-

The bank overdraft, bills payable and fully drawn advances are secured by registered mortgages given by subsidiaries over specific freehold land and buildings and a cross deed of covenant entered into by the Company and its subsidiaries.
The borrowings are also secured by a negative pledge that requires that the consolidated entity will not, without prior written consent, at any time allow the consolidated interest cover (as specifically calculated) to fall below 2.50:1.
Vehicle bailment finance reflects a liability payable to the consolidated entity's bailment financiers. This liability is represented by debtors included in current assets receivables in respect of recent vehicle deliveries to customers and by new vehicles and demonstrator vehicles included in inventories (bailment stock) refer Note 10.

23. NON-CURRENT LIABILITIES - Borrowings (continued)

ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security are:

	CONSOLIDATED		PARENT ENTITY	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Non-current assets pledged as security -				
Freehold land and buildings -first mortgage	267,588	214,386	-	-
Current assets pledged as security -				
Inventories - Bailment finance	161,602	113,892	-	-
- Floating charge	-	50,182	-	-
Total assets pledged as security	429,190	378,460	-	-

FINANCING ARRANGEMENTS

The consolidated entity has access to the following lines of credit:

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Total facilities				
Bank overdrafts	5,000	5,000	-	-
Bills & fully drawn advance facilities	158,600	108,600	-	-
Bailment finance	226,450	151,255	-	-
Bank guarantees	7,200	6,455	-	-
Revolving credit facility	18,000	8,000	-	-
Term Loan	249	-	-	-
	415,499	279,310	-	-
Used at balance date				
Bank overdrafts	-	-	-	-
Bills & fully drawn advance facilities	133,600	108,600	-	-
Bailment finance	188,217	118,738	-	-
Bank guarantees	6,905	6,455	-	-
Revolving credit facility	-	-	-	-
Term Loan	249	-	-	-
	328,971	233,793	-	-
Unused at balance date				
Bank overdrafts	5,000	5,000	-	-
Bills & fully drawn advance facilities	25,000	-	-	-
Bailment finance	38,233	32,517	-	-
Bank guarantees	295	-	-	-
Revolving credit facility	18,000	8,000	-	-
Term Loan	-	-	-	-
	86,528	45,517	-	-

Certain bill facilities and fully drawn advance facilities are on fixed repayment schedules whilst others are of a floating nature. All are on an interest only basis. The revolving credit facility is utilised in conjunction with the bank overdraft facility to cover short term cash flow requirements.
Bailment facilities are used to finance the acquisition of new vehicle trading stock.
All facilities are subject to annual review.

	CONSOLIDATED		PARENT ENTITY	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
24. NON-CURRENT LIABILITIES - Net deferred tax liabilities				
Net deferred tax liabilities	27,124	20,249	722	722
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss				
Depreciation	2,674	2,038	-	-
Inventory valuation	871	870	-	-
Prepayments	103	335	-	-
Provisions - Doubtful Debts	(282)	(231)	-	-
- Employee benefits	(4,251)	(3,005)	-	-
- Warranties	(675)	(334)	-	-
- Inventory write downs	(354)	(250)	-	-
Writedown of investment in associate	-	-	-	-
Sundry items	(253)	(34)	-	-
	(2,167)	(611)	-	-
Amounts recognised directly in equity				
Revaluation of property, plant and equipment	29,063	20,601	-	-
Available-for-sale financial assets	-	-	-	-
Other financial assets	-	-	722	722
Hedge accounting	228	259	-	-
	29,291	20,860	722	722
Net deferred tax liabilities	27,124	20,249	722	722
The deferred tax expense included in income tax expense in respect of the above temporary differences resulted from the following movements :				
Opening balance at 1 January	20,249	6,631	722	722
Deferred tax assets relating to business combinations	(1,326)	(328)	-	-
Charged/ (credited) to Income Statement (Note 6)	(186)	821	-	-
Deferred tax recognised directly in equity				
- Revaluation of property plant and equipment (Note 29(a))	8,418	14,588	-	-
- Movement in fair value of cash flow hedge (Note 29(a))	(31)	259	-	-
Reversal of deferred tax liability (Note 13 (a))	-	(1,485)	-	-
Other reclassification	-	(237)	-	-
Closing balance at 31 December	27,124	20,249	722	722

25. NON-CURRENT LIABILITIES - Provisions

Employee benefits	1,672	1,021	-	-
Make good provision on leasehold premises - refer (a) and (b) below	1,700	1,500	-	-
	3,372	2,521	-	-
(a) A make good clause under a long term property lease has been recognised in the financial statements. The lessor of the property has been provided with a bank guarantee of $1,700,000 in respect of the estimated make good cost.				
(b) Movement in the provision:				
Balance at start of year	1,500	1,500	-	-
Recognition of additional provision during the year (refer note 1(p))	200	-	-	-
Carrying amount at end of year	1,700	1,500	-	-

Make good provision on leasehold improvements
A provision has been made for the expected cost of restoring the premises to its original condition at the end of the lease.

26. NON -CURRENT LIABILITIES - OTHER

Unearned income	1,792	450	-	-

27. SEGMENT INFORMATION

(a) Adoption of AASB 8 Operating Segments

The consolidated entity has adopted AASB 8 Operating Segments in advance of its effective date, with effect from 1 January 2007. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (AASB 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of AASB 8, the identification of the consolidated entity's reportable segments have changed.
Under the new standard the consolidated entity operates in two operating and reporting segments being (i) automotive franchised retailing and (ii) property, these being identified on the basis of being the components of the consolidated entity that are regularly reviewed by the chief decision maker for the purpose of resource allocation and assessment of segment performance.
Information regarding the consolidated entity's reporting segments is presented below. Amounts reported for the prior year have been restated to conform to the requirements of AASB 8.

(i) Automotive Franchised Retailing
Within the Automotive Franchised Retail segment, the consolidated entity offers a diversified range of automotive products and services, including new vehicles, used vehicles, vehicle maintenance and repair services, vehicle parts, extended service contracts, vehicle protection products and other aftermarket products. They also arrange financing for vehicle purchases through third-party sources. New vehicles, vehicle parts, and maintenance services are predominantly supplied in accordance with franchise agreements with manufacturers.

(ii) Property
Within the Property segment, the consolidated entity acquires commercial properties principally for use as facility premises for its motor dealership operations. The Property segment charges the Automotive Franchised Retailing segment commercial rentals for owned properties occupied by that segment. The Property segment reports property assets at fair value, based on annual assessments by the directors supported by periodic, but at least triennial valuations by external independent valuers. Revaluation increments arising from fair value adjustments are reported internally and assessed by the chief decision maker as profit adjustments in assessing the overall returns generated by this segment to the consolidated entity.

Segment reporting 2007	Automotive Franchised Retailing	Property	Eliminations	Consolidated
	$'000	$'000	$'000	$'000
Sales to external customers	1,673,857	317	-	1,674,174
Inter-segment sales	-	23,813	(23,813)	0
Total sales revenue	1,673,857	24,130	(23,813)	1,674,174
Other Revenue	654	-	-	654
Unallocated revenue	-	-	-	677
TOTAL REVENUE	1,674,511	24,130	(23,813)	1,675,505
SEGMENT RESULT				
Operating Profit	42,772	17,288	-	60,060
External Interest Expense Allocation	(11,610)	(8,789)	-	(20,399)
OPERATING CONTRIBUTION	31,162	8,499	-	39,661
Share of net profit of equity accounted investments	2,520	-	-	2,520
Property revaluation	-	28,060	(28,060)	-
SEGMENT PROFIT	33,682	36,559	(28,060)	42,181
Unallocated corporate expenses				(2,157)
				40,024
Income tax expense				(11,412)
NET PROFIT				28,612
Depreciation and other amortisation	4,616	3,402	-	8,018
Non cash expenses other than depreciation and amortisation	993	-	-	993
Impairment of trade receivables	176	-	-	176
Write down of inventories to net realisable value	574	-	-	574
ASSETS				
Segment assets	406,026	313,838	-	719,864
LIABILITIES				
Segment liabilities	249,216	167,104	-	416,320
NET ASSETS	156,810	146,734	-	303,544
Acquisitions of non current assets	68,825	58,754	-	127,579

27. SEGMENT INFORMATION (continued)

Segment reporting 2006	Automotive Franchised Retailing	Property	Eliminations	Consolidated
	$'000	$'000	$'000	$'000
Sales to external customers	1,170,243	711	-	1,170,954
Inter-segment sales	-	14,927	(14,927)	0
Total sales revenue	1,170,243	15,638	(14,927)	1,170,954
Other Revenue	2,455	-	-	2,455
Unallocated revenue	-	-	-	927
TOTAL REVENUE	1,172,698	15,638	(14,927)	1,174,336
SEGMENT RESULT				
Operating Profit	26,369	10,640	-	37,009
External Interest Expense Allocation	(6,890)	(6,858)	-	(13,748)
OPERATING CONTRIBUTION	19,479	3,782	-	23,261
Share of net profit of equity accounted investments	922	-	-	922
Profit on sale of property	-	15,012	-	15,012
Property revaluation	-	48,627	(48,627)	0
SEGMENT PROFIT	20,401	67,421	(48,627)	39,195
Unallocated corporate expenses				(2,382)
				36,813
Income tax expense				(11,026)
NET PROFIT				25,787
Depreciation and other amortisation	3,370	2,373	-	5,743
Non cash expenses other than depreciation and amortisation	176	-	-	176
Impairment of trade receivables	49	-	-	49
Write down of inventories to net realisable value	559	-	-	559
ASSETS				
Segment assets	302,901	230,426	-	533,327
LIABILITIES				
Segment liabilities	162,071	131,778	-	293,849
NET ASSETS	140,830	98,648	-	239,478
Acquisitions of non current assets	7,616	35,703	-	43,319

The accounting policies of the reportable segments are the same as the Group's accounting policies as described in note 1 with the exception of changes in fair value of property being recognised as income statement adjustments for segment reporting purposes. This compares to the Group policy of crediting such increments to a property plant and equipment reserve in equity (refer note 1(p)).

Segment profit represents the profit earned by each segment without allocation of unrecouped corporate / head office costs and income tax. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance. For the purpose of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible, and financial assets attributable to each segment. All assets are allocated to reportable segments.

Geographic Information

The Group operates in one principal geographic location, being Australia.

28. CONTRIBUTED EQUITY

	CONSOLIDATED		PARENT ENTITY	
	2007	**2006**	**2007**	**2006**
	$'000	**$'000**	**$'000**	**$'000**
(a) Paid up capital				
Ordinary shares fully paid	135,812	106,264	135,812	106,264

Ordinary shares confer on their holders the right to participate in dividends declared by the Board and to vote at general meetings of the company.

28. CONTRIBUTED EQUITY (continued)

(b) Movements in ordinary share capital:

Date	Details	Number of shares	Issue price	$'000
01-Jan-06	Balance	22,177,196		77,311
05-Apr-06	Shares issued to eligible employees under the employee tax exempt share plan	113,133	$7.70	872
15-May-06	Dividend reinvestment plan issues	97,185	$7.30	707
01-Aug-06	Shares issued under Senior Executive Deferred Commission Plan	36,486	$6.62	241
25-Sep-06	Share placement	914,285	$7.00	6,400
02-Oct-06	Rights Issue (one for eight)	2,804,219	$7.00	19,630
	Costs of capital raising			(462)
02-Oct-06	Dividend reinvestment plan issue	223,843	$7.00	1,565
01-Jan-07	Balance	26,366,347		106,264
13-Feb-07	Shares issued under Senior Executive Deferred Commission Plan	30,463	$9.18	279
28-Feb-07	Shares issued to vendors of Klosters Group	631,581	$10.31	6,512
01-May-07	Shares issued in respect of purchase of Adrans Ltd shares	939,131	$11.50	10,800
02-May-07	Shares issued to eligible employees under the employee tax exempt share plan	72,384	$12.80	927
21-May-07	Dividend reinvestment plan issues	349,578	$11.77	4,116
31-Jul-07	Shares issued to eligible employees under the employee tax exempt share plan	22,080	$15.54	343
31-Jul-07	Shares issued under Senior Executive Deferred Commission Plan	34,882	$11.54	403
17-Aug-07	Performance Rights issue to Mr Martin Ward	200,000	$7.61	1,523
17-Aug-07	Shares issued to vendors of Surfers City Holden	51,691	$14.51	750
24-Sep-07	Dividend reinvestment plan issues	263,643	$14.77	3,895
31-Dec-07	Balance	28,961,780		135,812

(c) The company has a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than being paid in cash. Shares are issued under the plan at a 5% discount to the market price.

29. RESERVES AND RETAINED PROFITS

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
(a) Reserves:				
Capital profits reserve	21,158	21,158	-	-
Available-for-sale investment revaluation reserve	-	-	1,683	1,683
Property, plant and equipment revaluation reserve	86,296	66,654	-	-
Hedging reserve - cash flow hedge	532	604	-	-
Share-based payments reserve	876	1,497	876	1,497
	108,862	89,913	2,559	3,180
Movements:				
Capital profits reserve:				
Balance at beginning of the financial year	21,158	10,546	-	-
Transfer from retained earnings relating to properties sold	-	10,612	-	-
Balance at the end of the financial year	21,158	21,158	-	-
Property, plant and equipment revaluation reserve :				
Balance at beginning of the financial year	66,654	33,169	-	-
Revaluation surplus during the year - gross (Note 15)	28,060	48,627	-	-
Deferred tax (Note 24)	(8,418)	(14,588)	-	-
Reduction in tax payable on sale of revalued properties	-	237	-	-
Transfer to retained earnings on sale of revalued properties	-	(791)	-	-
Balance at the end of the financial year	86,296	66,654	-	-

29. RESERVES AND RETAINED PROFITS (continued)

(a) Reserves: (continued)

	CONSOLIDATED		PARENT ENTITY	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Available-for-sale investment revaluation reserve :				
Balance at beginning of the financial year	-	3,539	1,683	1,683
Reversal on adoption of equity accounting (Note 13(a))	-	(3,539)	-	-
Balance at the end of the financial year	-	-	1,683	1,683
Hedging reserve - cash flow hedge:				
Balance at beginning of the financial year	604	-	-	-
Transfer to derivative financial instruments (gross)	(103)	863	-	-
Deferred tax (note 24)	31	(259)	-	-
Balance at the end of the financial year	532	604	-	-
Share-based payments reserve:				
Balance at beginning of the financial year	1,497	420	1,497	420
Expense incurred during the year (see note below)	1,584	1,318	1,584	1,318
Transfer to share capital (shares issued)	(2,205)	(241)	(2,205)	(241)
Balance at the end of the financial year	876	1,497	876	1,497

As set out in note 5 all expenses of the parent entity have been borne by its subsidiaries.

(b) Retained earnings

	CONSOLIDATED 2007	CONSOLIDATED 2006	PARENT ENTITY 2007	PARENT ENTITY 2006
Retained profits at the beginning of the financial year	43,301	36,054	24,252	17,971
Net profit for the year	28,612	25,787	19,773	15,000
Transfer to capital profits reserve on properties sold	-	(10,612)	-	-
Transfers from property, plant and equipment revaluation reserve	-	791	-	-
Dividends provided for or paid (note 7)	(13,043)	(8,719)	(13,043)	(8,719)
Retained profits at the end of the financial year	58,870	43,301	30,982	24,252

(c) Nature and purpose of reserves.

(1) Capital profits reserve

Capital profits reserve represents realised gains on disposal of properties and is fully available for distribution to shareholders as dividends.

(2) Property, plant and equipment revaluation reserve

The property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets as described in note 1(p). The balance standing to the credit of the reserve may be used to satisfy the distribution of bonus shares to shareholders and is only available for the payment of unfranked cash dividends in limited circumstances as permitted by law.

(3) Available-for-sale investments revaluation reserve

Changes in the fair value arising on translation of investments, such as equities, classified as available-for-sale financial assets, are taken to the available-for-sale investments revaluation reserve, as described in note 1m(i). Amounts are recognised in profit and loss when the associated assets are sold or impaired.

(4) Share-based payments reserve

The share-based payment reserve is used to recognise the fair value of performance rights expected to vest and the fair value of equity expected to be issued under the Senior Executive Deferred Commission Plan.

30. FINANCIAL INSTRUMENTS

Overview
The consolidated entity has exposure to the following risks from its use of financial instruments:
Credit risk
Liquidity risk
Market risk (interest rate risk)

This note presents information about the consolidated entity's exposure to each of the above risks, the consolidated entity's objectives, policies and processes for measuring and managing risk, and the consolidated entity's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the consolidated entity's risk management framework. The Board has established an Audit Committee, which is responsible for developing and monitoring the consolidated entity's risk management policies. The committee will provide regular reportsto the Board of Directors on its activities.

The consolidated entity's risk management policies are established to identify and analyse the risks faced by the consolidated entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the consolidated entity's activities.

The Audit and Risk Committee will oversee how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks. The Audit and Risk Committee is assisted in its oversight by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which will be reported to the Audit and Risk Committee.

The Group's principal financial instruments comprise bank loans, bailment finance, cash and short-term deposits, and interest rate swap contracts. The main purpose of these financial instruments is to raise finance for and fund the Group's operations and to hedge the Group's exposures to interest rate volatility. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risk arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

CREDIT RISK
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. Further, it is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

Trade Receivables
Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of debtors and other receivable balances are monitored on an ongoing basis, with the result that the Group's exposure to bad debts is not significant.

The consolidated entity establishes an allowance for doubtful debts that represents its estimate of incurred losses in respect of trade and other receivables and investments.

With respect to credit risk arising from financial assets of the Group, which comprise of cash and cash equivalents and receivables, the Group's maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is in the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements.

LIQUIDITY RISK
Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. The consolidated entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Group's overall objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans.

The Group also manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Information on available facilities can be found in Note 23.

30. FINANCIAL INSTRUMENTS (continued)

MARKET RISK

Market risk is the risk that changes in market prices, such as interest rates, will affect the consolidated entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and monitor market risk exposures within acceptable parameters, whilst optimising the return on risk.

Interest rate risk

The Group is exposed to interest rate risk as a consequence of its financing facilities as set out in Note 19 & 23. Funds are borrowed by the Group at both fixed and floating interest rates. The Group's exposure to changes in interest rates relates primarily to the its long term debt obligations. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt. The Group hedges part of the interest rate risk (see Note 14) by swapping floating for fixed interest rates.

The Group adopts a policy that approximately 50% of its exposure to the changes in interest rates on its variable rate borrowings relating to inventories is hedged on a fixed rate basis. An interest rate swap denominated in Australian dollars has been entered into to achieve this. The swap matures on 5 September 2008 and has a fixed rate of 5.72%. At 31 December 2007 the notional contract amount of the swap was $65 million. The consolidated entity classifies interest rate swaps as cash flow hedges.

The net fair value of the swap at 31 December 2007 was $760,000 (asset) (2006:$863,000) and has been recognised in equity for the consolidated entity.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reproting interest rate risk internally to key management and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variable were hold constant, the Group's net profit would increase/ decrease by $756,000 (2006: $369,000). This is mainly due to the Group's exposures to interest rates on it's variable rate borrowings.

The Group and company's sensitivity to interest rates has increased during the current period mainly due to the increase in variable rate debt instruments

CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.
There were no changes in the consolidated entity's approach to capital management during the period.

CREDIT RISK

Exposure to Credit Risk

The carrying amount of financial assets (as per Note 9) represents the maximum credit exposure. The maximum exposure to credit risk as the reporting date was:

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Trade receivables	70,169	43,623	-	-
Less: Provision for doubtful receivable	1,090	737	-	-
	69,079	42,886	-	-

Impairment Losses

The aging of trade receivables at the reporting date is detailed in Note 9.

30. FINANCIAL INSTRUMENTS (continued)

Fair values & Exposures to Credit & Liquidity Risk

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values (2006: fair value).

The fair values and net fair values of financial assets and financial liabilities are determined as follows:
- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analyses.

Transaction costs are included in the determination of net fair value.

The following table details the carrying amount and fair value of consolidated financial assets and liabilities:

	CARRYING AMOUNT		FAIR VALUE	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Financial assets				
Trade debtors net of doubtful debts	69,079	42,886	69,079	42,886
Available-for-sale financial assets	-	113	-	113
Derivative financial instrument	760	863	760	863
Cash and cash equivalents	965	54,864	965	54,864
	70,804	98,726	70,804	98,726
Financial liabilities				
Bills payable and fully drawn advances	133,600	108,600	133,600	108,600
Vehicle bailment	188,217	118,738	188,217	118,738
Term Loan	249	-	249	-
Trade and other payables	48,689	32,985	48,689	32,985
	370,755	260,323	370,755	260,323

Maturity profile

The following table sets out the carrying amount, by maturity, of the consolidated financial instruments that are exposed to interest rate risk as at 31 December 2007

INTEREST BEARING	Less than 1 year $'000	1 - 2 years $'000	2 - 3 years $'000	3 - 4 years $'000	4 - 5 years $'000	5+ years $'000	Total $'000
FLOATING RATE							
Financial assets							
Cash and cash equivalents	965	-	-	-	-	-	965
	965	-	-	-	-	-	965
Average interest rate	6.01%						
Financial liabilities							
Vehicle bailment (current)	188,217	-	-	-	-	-	188,217
Bills payable and fully drawn advances (non-current)	-	28,000	-	-	-	-	28,000
	188,217	28,000	-	-	-	-	216,217
Average interest rate	7.73%	7.75%					
FIXED RATE							
Financial liabilities							
Bills payable and fully drawn advances	-	80,600	25,000	-	-	-	105,600
Term Loan	-	249	-	-	-	-	249
	-	80,849	25,000	-	-	-	105,849
Average Interest Rate		7.42%	7.50%				
NON INTEREST BEARING							
Financial assets							
Trade debtors	69,079	-	-	-	-	-	69,079
Derivative financial instrument	760	-	-	-	-	-	760
	69,839	-	-	-	-	-	69,839
Financial liabilities							
Trade and other payables	48,689	-	-	-	-	-	48,689

30. FINANCIAL INSTRUMENTS (continued)

The following table sets out the carrying amount, by maturity, of the consolidated financial instruments that are exposed to interest rate risk as at 31 December 2006

INTEREST BEARING	Less than 1 year $'000	1 - 2 years $'000	2 - 3 years $'000	3 - 4 years $'000	4 - 5 years $'000	5+ years $'000	Total $'000
FLOATING RATE							
Financial assets							
Cash and cash equivalents	54,864	-	-	-	-	-	54,864
	54,864	-	-	-	-	-	54,864
Average interest rate	6.56%						
Financial liabilities							
Vehicle bailment (current)	118,738	-	-	-	-	-	118,738
Bills payable and fully drawn advances (current)	4,000	-	-	-	-	-	4,000
Bills payable and fully drawn advances (non-current)	-	58,000	-	-	-	-	58,000
	122,738	58,000	-	-	-	-	180,738
Average interest rate	7.27%	7.24%					
FIXED RATE							
Financial liabilities							
Bills payable and fully drawn advances (non-current)	-	46,600	-	-	-	-	46,600
	-	46,600	-	-	-	-	46,600
Average Interest Rate		6.93%					
NON INTEREST BEARING							
Financial assets							
Trade debtors	42,886	-	-	-	-	-	42,886
Derivative financial instrument	863	-	-	-	-	-	863
Available-for-sale financial asse	-	-	-	-	-	113	113
	43,749	-	-	-	-	113	43,862
Financial liabilities							
Trade and other payables	32,985	-	-	-	-	-	32,985

Estimation of Fair Values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments:

Loans and Borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows.

Trade and other Receivables/Payables

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value.

Interest rate swaps

The fair value of interest rate swaps is calculated based on the present value of the estimated future cash flows of these instruments

31. INVESTMENTS IN SUBSIDIARIES

Name of entity	Cost of parent entity's investment		Equity holding	
	2007	2006	2007	2006
	$'000	$'000	%	%
At cost:				
Eagers Retail Pty Ltd	4,676	4,676	100	100
Eagers Parts & Equipment Pty Ltd	40	40	100	100
Eagers Finance Pty Ltd	102	102	100	100
Nundah Motors Pty Ltd	93	93	100	100
Eagers Nominees Pty Ltd	50	50	100	100
Austral Pty Ltd	413	413	100	100
E G Eager & Son Pty Ltd	3,516	3,516	100	100
A.P. Group Ltd	21,488	21,488	100	100
A.P. Ford Pty Ltd	-	-	100	100
A.P. Motors Pty Ltd	-	-	100	100
A.P. Motors (No.1) Pty Ltd	-	-	100	100
A.P. Motors (No.2) Pty Ltd	-	-	100	100
A.P. Motors (No.3) Pty Ltd	-	-	100	100
Associated Finance Pty Limited	-	-	100	100
Leaseline & General Finance Pty Ltd	-	-	100	100
City Automotive Group Pty Ltd	3,866	3,866	100	100
PPT Investments Pty Ltd	-	-	100	-
PPT Holdings No 1 Pty Ltd	10,062	-	100	-
PPT Holdings No 2 Pty Ltd	10,061	-	100	-
PPT Holdings No 3 Pty Ltd	10,061	-	100	-
	64,428	34,244		

All subsidiaries are either directly controlled by A.P. Eagers Limited, or are wholly owned within the group, have ordinary class of shares and are incorporated in Australia.

31. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Acquisition of businesses

The Group acquired various businesses during the current and previous year as detailed below:

Year	Name of business	Date of acquisition	Principal activity	Proportion acquired
2007	Kloster Group	28 Feb 08	Motor Dealership	100%
2007	Surfers City	17-Aug-07	Motor Dealership	100%
2006	Bayside Honda/Kia	27-Feb-06	Motor Dealership	100%
2006	Brisbane Motor Auction	01-Mar-06	Auction House	100%
2006	Hidden Valley Ford & Stuart Motor Group	14-Aug-06	Motor Dealership	100%
2006	Austral Audi/Citroen	15-Dec-06	Motor Dealership	100%

The acquired businesses contributed revenues of $309,617,000 (2006:$93,236,000) and profit before tax of $6,722,000 (2006:$237,000) from the respective dates of acquisition to 31 December 2007.
If the acquisitions had occurred on 1 January 2007, the consolidated revenue and the consolidated profit before tax would have been $1,775 million (2006- $1,221 million) and $52 million (2006- $37 million) respectively.

Allocation of Purchase Consideration

The purchase price of businesses acquired was allocated as follows:

	2007 $'000	2006 $'000
Cash consideration	36,780	17,140
Transaction costs	676	-
Issue of ordinary shares	7,262	-
Total Purchase consideration	44,718	17,140
Fair Value of net identifiable tangible assets	9,641	13,868
Fair Value of net identifiable intangible assets	24,387	-
Goodwill	10,014	3,272
	44,042	17,140
Cash consideration, including transaction costs	36,780	17,140
Less: Cash acquired	(806)	-
Cash consideration net of cash acquired	35,974	17,140

Net assets acquired

Net Assets acquired	Kloster Group		Surfers City Holden		2007 Total Fair Value	2006 Total Fair Value
	Book Value	Fair Value	Book Value	Fair Value		
	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	806	806	-	-	806	-
Trade receivables & prepayments	12,615	12,615	296	296	12,911	118
Inventory	41,136	41,136	1,914	1,914	43,050	10,221
Property, plant and equipment	3,394	3,394	2,180	2,180	5,574	11,309
Deferred tax assets	1,193	1,193	68	68	1,261	328
Creditors and borrowings	(52,733)	(52,733)	(1,228)	(1,228)	(53,961)	(8,108)
Identifiable intangible assets	-	16,195	-	8,192	24,387	-
Net assets acquired	6,411	22,606	3,230	11,422	34,028	13,868
Acquisition cost		30,201		13,841	44,042	17,140
Goodwill on acquisition		7,595		2,419	10,014	3,272

Goodwill arose in the business combinations because the consideration paid for the combination included amounts in relation to the benefit of expected synergies and future revenue and profit growth from the businesses acquired. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

32. CONTINGENT LIABILITIES

(a) Parent entity

Unsecured guarantees, indemnities and undertakings have been given by the parent entity in the normal course of business in respect of financial and trade arrangements entered into by its subsidiaries. It is not anticipated that the parent entity will become liable for any amount in respect thereof. At 31 December 2007 no subsidiary was in default in respect of any arrangement guaranteed by the parent entity and all amounts owed have been brought to account as liabilities in the financial statements.

(b) Deed of cross guarantee

A.P. Eagers Limited and all of its subsidiaries are parties to a deed of cross guarantee which has been lodged with the Australian Securities and Investments Commission. Under the deed of cross guarantee each company guarantees the debts of the other companies.

The maximum exposure of the parent entity in relation to the cross guarantees is $416,320,000 (2006 : $293,849,000).

33. COMMITMENTS FOR EXPENDITURE

	CONSOLIDATED		PARENT ENTITY	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Capital Commitments				
Commitments for the construction of buildings and acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	22,700	8,988	-	-
Operating Lease Commitments				
Commitments for minimum lease payments in relation to non-cancellable operating leases for premises are payable as follows:				
Within 1 year	5,028	4,058	-	-
Later than 1 year but not later than 5 years	11,191	9,986	-	-
Later than 5 years	4,292	6,301	-	-
	20,511	20,345	-	-

The consolidated entity leases property under non-cancellable operating leases with expiry dates between 14 May 2008 and 31 May 2014. Leases generally provide for a right of renewal at which time the lease is renegotiated. Lease rental payments comprise a base amount plus an incremental contingent rental based on movements in the consumer price index or a fixed percentage increase.

34. REMUNERATION OF AUDITOR

	CONSOLIDATED		PARENT ENTITY	
	2007	2006	2007	2006
	$	$	$	$
Amounts received or due and receivable by Deloitte Touche Tomatsu ("Deloitte") for:				
- an audit or review of the financial report of the entity and any other entity in the consolidated entity	338,500	268,500	9,000	9,000
Amounts received or due and receivable by related entities of Deloitte for:				
- tax compliance services in relation to the entity and any other entity in the consolidated entity	21,050	23,550	-	-
- other services in relation to the entity and any other entity in the consolidated entity				
-Technical advisory services	7,675	91,464	-	-
- Due diligence services	137,985	5,785	-	-
- Other advisory services	77,015	37,072	-	-
	582,225	426,371	9,000	9,000

35. SUBSEQUENT EVENTS

(i) The company has entered into heads of agreement to acquire 100% of the shares in Bill Buckle Holdings Pty Ltd trading as Bill Buckle Auto Group in the northern beaches of Sydney for approximately $14 million. This sum represents goodwill and the estimated net assets of the Bill Buckle Auto Group on 31 March 2008. Concurrently, the company will also purchase land and buildings used by the Bill Buckle Auto Group for a total price of $22 million. The settlement is expected to occur on 31 March 2008.
The Bill Buckle Auto Group, with a turnover of $170 million, operates Toyota, Subaru, Audi and Volkswagen franchises and is the premier motor dealership group on the Northern beaches of Sydney.

(ii)The company has entered into a contract to purchase a block of land at Robina, Gold Coast on 31 March 2008, at a price of $10.5 million for future dealership development.

36. KEY MANAGEMENT PERSONNEL

The remuneration report included in the directors' report sets out the remuneration policies of the consolidated entity and the relationship between these policies and the consolidated entity's performance.

The following have been identified as key management personnel with authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly during the financial year:

(a) Details of key management personnel

(I) Directors

B W Macdonald	Chairman (non-executive)
M A Ward	Managing Director and Chief Executive Officer
P W Henley	Director (non-executive)
A J Love	Director (non-executive)
N G Politis	Director (non-executive)

(ii) Executives

S Best*	Chief Financial Officer
D W Hull	Group Company Secretary
M Raywood	Human Resource Manager
K Thornton	General Manager - Queensland and Northern Territory
G I Walker	Chief Information Officer

* appointed 10 October 2007

(b) Compensation of key management personnel

The aggregate compensation made to key management personnel of the Company and the Group is set out below.

	CONSOLIDATED		PARENT ENTITY	
	2007 $	2006 $	2007 $	2006 $
Short term	2,193,064	1,891,928	845,013	804,662
Post employment	220,777	247,954	79,060	116,254
Share based payment	577,801	841,383	502,216	841,383
	2,991,642	2,981,265	1,426,289	1,762,299

The Group has taken advantage of the relief provided by the Corporations Regulations 2M.6.04 and has transferred the detailed remuneration disclosures to the directors report under the heading "Remuneration Report."

(c) Option holdings of key management personnel

Details of options held by key management personnel can be found in Note 36 (g).

(d) Relevant Interest in shares held by key management personnel

	At 01-Jan-07	Dividend Reinvestment Plan	Share Incentive Plan	Purchases	Sales	At 31-Dec-07
Directors						
B W Macdonald	84,375	-	-	-	-	84,375
M A Ward	25,223	-	200,000	2,100	-	227,323
A J Love	34,211	-	-	-	-	34,211
N G Politis	11,008,485	391,605	-	71,355	-	11,471,445
P W Henley	530	-	-	7,640	-	8,170
Executives						
D W Hull	58,851	-	-	5,449	-	64,300
K Thornton	4,096	240	-	3,583	-	7,919
G I Walker	10,226	286	-	3,814	-	14,326
M Raywood	-	-	-	-	-	-
S Best	-	-	-	1,351	-	1,351
	11,225,997	392,131	200,000	95,292	-	11,913,420

36. KEY MANAGEMENT PERSONNEL (continued)

(e) Loans to key management personnel

There are no loans to key management personnel

(f) Other transactions with key management personnel

Other transactions with key management personnel are detailed in note 38: Related parties

(g) Share Based Payments

The Chief Executive Officer and the General Manager, Queensland and Northern Territory, have been granted rights under a share incentive plan. To date, 530,000 rights have been granted in terms of the plan. The vesting of the performance rights granted is based on the total shareholder return (TSR) of the Group compared to the TSR of a basket of peer constituents (based on the ASX 300), to determine the ranking of the Group. This ranking is converted to a percentile rating which is then used to determine the proportion of awards that vest on a scaled basis. Built into the plan is re-testing after 12 and 24 months if a tranche has not achieved 100% vesting, which is used to determine whether additional vesting is available. Any performance rights not vested after the retesting periods lapse. The performance rights are settled in shares in the Company, with no further cost to the employee. Further information on the determination of the fair value of the performance . rights can be found in Note 2(a)(iv)

The number of performance rights granted is as follows:

Number of performance rights	Grant date	End of performance period	Expiry date	Fair value of each performance right
Chief Executive Officer				
100,000	1-Jul-05	30-Jun-06	1-Jul-08	$4.78
100,000	1-Jul-05	30-Jun-07	1-Jul-09	$4.92
100,000	1-Jul-05	30-Jun-08	1-Jul-10	$4.68
100,000	1-Jul-05	30-Jun-09	1-Jul-11	$4.46
100,000	1-Jul-05	30-Jun-10	1-Jul-12	$4.25

200,000 performance rights vested during the year.

General Manager, Queensland and Northern Territory				
10,000	1-Jul-07	30-Jun-08	1-Jul-10	$10.65
10,000	1-Jul-07	30-Jun-09	1-Jul-11	$10.31
10,000	1-Jul-07	30-Jun-10	1-Jul-12	$9.99

No performance rights have vested during the year.

37. EMPLOYEE ENTITLEMENTS

Superannuation benefits

The consolidated entity makes contributions to several Superannuation Funds which provide accumulated benefits based on the value of the accumulated contributions and investment returns which are credited to each member's account.

38. RELATED PARTIES

Key Management Personnel

Information on key management personnel is disclosed in Note 36.

Remuneration and retirement benefits

Information on the remuneration of key individual management personnel is disclosed in the Remuneration Report included in the Directors' Report.

Other transactions of directors and director related entities

The aggregate amount of "Other transactions" with key management personnel are as follows:

	CONSOLIDATED		PARENT ENTITY	
	2007 $	**2006 $**	**2007 $**	**2006 $**
(i) Professional fees paid to -				
McGee Isles Love Pty Ltd	-	3,464	-	-

Mr A J Love is a director of McGee Isles Love Pty Ltd which provided professional services to the consolidated entity. All dealings with this firm are in the ordinary course of business and are on normal commercial terms and conditions.

(ii) Mr N.G.Politis is a director and shareholder of a number of companies involved in the motor industry with whom the consolidated entity transacts business. These transactions, sales of $287,541 (2006 :$47,051) and purchases of $251,835 (2006 - $79,901) during the last 12 months, are primarily the sale and purchase of spare parts and accessories and are carried out under terms and conditions no more favourable than those which it is reasonable to expect would have applied if the transactions were at arm's length.

(iii) Controlled entities may, from time to time, sell motor vehicles, parts and servicing of motor vehicles for domestic use to directors of entities in the consolidated entity or their director-related entities within a normal employee relationship on terms and conditions no more favourable than those which it is reasonable to expect would have been adopted if dealing with the directors or their director-related entities . at arm's length in the same circumstances

Wholly-owned group

The parent entity in the wholly-owned group is A.P. Eagers Limited. Information relating to the wholly-owned group is set out in note 31. Transactions between the parent entity and its subsidiaries and amongst the various subsidiaries consist of the payment and receipt of dividends, rent (on a commercial basis) and administration charges (on a recoupment basis), the transfer of funds amongst the companies for day to day financing and investment of surplus funds, and the payment and receipt of interest on net working capital.
Amounts receivable by the parent entity from related parties in the wholly owned group at balance date are shown in note 12.

39. EARNINGS PER SHARE

	CONSOLIDATED	
	2007	2006
	Cents	Cents
(a) Basic earnings per share		
Earnings attributable to the ordinary equity holders of the company	102.2	110.5
(b) Diluted earnings per share		
Earnings attributable to the ordinary equity holders of the company	101.0	108.2

(c) Reconciliations of earnings used in calculating earnings per share	CONSOLIDATED	
	2007	2006
Basic Earnings per Share	$' 000	$' 000
Profit for the year	28,612	25,787
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	28,612	25,787
Diluted Earnings per Share		
Profit for the year	28,612	25,787
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	28,612	25,787

(d) Weighted average number of shares used as the denominator

Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	28,008,711	23,326,937
Adjustments for calculation of diluted earnings per share		
- Performance rights	330,000	500,000
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share	28,338,711	23,826,937

40. RECONCILIATION OF NET PROFIT AFTER TAX TO THE NET CASH INFLOWS FROM OPERATIONS

	CONSOLIDATED		PARENT ENTITY	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Net profit after tax	28,612	25,787	19,773	15,000
Depreciation and amortisation	8,018	5,743	-	-
Profit on sale of property, plant and equipment	-	(15,012)	-	-
Share of losses (profits) of associates	(2,520)	(922)	-	-
Dividends from subsidiaries	-	-	(19,000)	(15,000)
Dividends from investments	1,372	848	(773)	-
Employee share scheme	2,854	2,189	-	-
(Increase) decrease in assets -				
Receivables	(13,931)	3,654	-	-
Inventories	(29,510)	325	-	-
Prepayments	3,263	(2,117)	-	-
Deferred tax	-	(488)	-	-
Increase (decrease) in liabilities -				
Creditors (including bailment finance)	38,465	(5,389)	-	-
Provisions	1,168	(70)	-	-
Taxes payable	(1,049)	4,287	-	-
Net cash inflow from operating activities	36,742	18,835	-	-

41. NON-CASH TRANSACTIONS

Payment of dividends totalling $8,011,217 (2006: $2,271,909) under the Dividend Reinvestment Plan were settled by the issue of 613,221 ordinary shares (2006: 321,028 shares).

42. INVESTMENTS IN ASSOCIATES

(a) Carrying amounts

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting.
Information relating to the associates is set out below.

Name of company	Ownership interest		Consolidated carrying amount		Parent entity carrying amount	
	2007	2006	2007	2006	2007	2006
	%	%	$'000	$'000	$'000	$'000
Traded on organised markets						
Adtrans Group Limited	22.38%	0.15%	22,856	113	22,077	91

The investment in Adtrans Group Limited was equity accounted from 1 May 2007, being the date on which significant influence was obtained through acquisitions which exceeded 20% of the voting rights of the company.
Adtrans Group Limited is incorporated in Australia. Its principal activity of the company and its subsidiaries is operating franchised vehicle dealerships.

Unlisted Securities						
M T Q Insurance Services Limited	19.43%	19.43%	2,086	1,706	-	-

The investment in M T Q Insurance Services Limited was equity accounted from 1 January 2006 (refer Note 13(a))
M T Q Insurance Services Limited is incorporated in Australia.Its principal activities are the sale of consumer credit and insurance products, as well as undertaking investment activities.

	CONSOLIDATED	
	2007	2006
	$'000	$'000
(b) Movement in the carrying amounts of investments in associates -		
Carrying amount at the beginning of the financial year	1,706	-
Cost of investment in associates	22,087	1,632
Equity share of profit/(loss) from ordinary activities after income tax	2,520	922
Dividends received during current year	(1,371)	(848)
Carrying amount at the end of the financial year	24,942	1,706
(c) Results attributable to associates		
Profit from ordinary activities before income tax	3,624	1,275
Income tax expense	(1,104)	(353)
Profit (loss) from ordinary activities after income tax	2,520	922
(d) Share of associate's contingent liabilities at 31 December 2007		
Guarantees given on behalf of controlled entities for borrowing facilities	25,246	-
(e) Share of associate's expenditure commitments at 31 December 2007		
Lease commitments	8,376	33
(f) Summarised financial information of associates		
The aggregate profits, assets and liabilities of associates are:		
Revenue	724,713	20,667
Profits (losses) from ordinary activities after income tax expense	14,839	4,528
Assets at 31 December 2007	283,233	49,778
Liabilities at 31 December 2007	187,592	34,839