EAGERS

2003 Annual Report

A.P. EAGERS LIMITED and Controlled Entities

ANNUAL REPORT - 31 DECEMBER 2003

FINANCIAL REVIEW

Year ended	**31.12.03**	31.12.02	31.12.01	31.12.00	31.12.99
	$'000	$'000	$'000	$'000	$'000
Sales revenue	**841,546**	750,361	672,483	494,238	504,210
Earnings before interest and tax	**21,575**	18,288	15,679	10,369	11,050
Operating profit before individually significant items and tax	**15,154**	12,057	9,102	6,301	7,744
Individually significant items	**-**	-	-	-	5,874
Operating profit after tax	**10,498**	8,562	6,251	4,292	9,633
Earnings per share - cents	**54.9**	51.9	40.4	28.2	70.4
Dividends per share - cents	**33.0**	31.0	28.0	24.0	26.0
Dividend franking -%	**100**	100	100	100	100
Net tangible asset backing per share* - $	**6.17**	4.64	4.48	4.85	4.84
Shares on issue - 000's	**19,564**	17,078	15,679	15,328	15,059
Number of shareholders	**1,695**	1,512	1,280	1,196	1,216
Number of employees	**1,048**	1,031	1,028	608	559

* Restated in prior years to reflect change in accounting policy on dividend provision. Refer note 1 (o) in Financial Statements.

Financial Calender

Financial Year End	31 December Annually
Full Year Results Announced	27 February 2004
Record Date (Books Closing Date) for Final Dividend is	20 May 2004
Annual General Meeting	28 May 2004
Final Dividend Payable on	31 May 2004

A.P. EAGERS LIMITED and Controlled Entities

ANNUAL REPORT - 31 DECEMBER 2003

COMPANY PROFILE

A.P. Eagers Limited has its origins in the formation of E.G. Eager & Son Pty Ltd, a family automotive company established in Brisbane in 1913 by Edward Eager and his son Frederick.

After establishing the State's first motor car assembly plant, Eagers became the distributor of General Motor's products in Queensland and Northern New South Wales and listed as a public company in April 1957.

A merger in November 1992 with A.P. Group Ltd which owned a number of new vehicle franchises, saw the name change to A.P. Eagers Limited. Since that time further motor vehicle franchises have been added and growth has continued.

A.P. Eagers is currently Australia's largest listed automotive retail group, ranked by turnover and market capitalisation. At December 2003 the Group employed 1,048 people, had 1,695 shareholders and sales revenue of $842 million.

Operating predominantly in the Brisbane Metropolitan area the company's focus is on its core business of owning and operating motor vehicle dealerships which provide full facilities covering new motor vehicle sales, used motor vehicle sales, service, spare parts and the provision of allied consumer finance. These services are provided through some of Brisbane's best known dealerships as listed below.

	Franchise:	**Dealership:**
•	Holden	Eagers, Newstead / Windsor / Townsville
•	Ford	Southside Ford, Woolloongabba
		Metro Ford, Fortitude Valley / Eagle Farm
		Torque Ford, Redcliffe / Strathpine
•	Toyota	Southside Toyota, Woolloongabba/Mt Gravatt
		Torque Toyota, Redcliffe
		Strathpine Toyota, Strathpine
•	Honda	Southside Honda, Buranda - Austral Honda, Newstead
•	Land Rover	Southside Land Rover, Buranda - Austral Land Rover, Newstead
•	Volvo	Austral Motors, Fortitude Valley
•	Jaguar	Austral Motors, Fortitude Valley
•	VW	Austral Motors, Newstead
•	KIA	Eagers, Kedron / Windsor
•	Mazda	Eagers, Newstead
•	Porsche	Austral Motors, Newstead
•	MG Rover	Austral Motors, Newstead

ANNUAL GENERAL MEETING

The Annual General Meeting of A.P. Eagers Limited will be held at the Company's Registered Office, 80 McLachlan Street, Fortitude Valley, Brisbane on Friday, 28 May 2004 at 9.00 am. A formal Notice of Meeting is enclosed with this report.

Contents

DIRECTORS' REPORT

Your Directors present the forty-seventh Annual 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 2003.

Directors

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

Benjamin Wickham Macdonald, Kenneth William Macdonald, Nicholas George Politis, Antony James Love and Denis Alan Aitken.

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	**2003**	2002
	$'000	$'000
Sales revenue	**841,546**	750,361
Other revenue	**1,763**	5,724
Total revenue	**843,309**	756,085
EBITDA	**26,181**	22,995
Depreciation/amortisation expense	**(4,606)**	(4,707)
EBIT	**21,575**	18,288
Interest expense	**(6,421)**	(6,231)
Profit from ordinary activities before income tax expense and equity accounting for an associate	**15,154**	12,057
Share of net profit of equity accounted associate	**61**	270
Net profit before tax	**15,215**	12,327
Income tax expense	**(4,717)**	(3,765)
Net profit after tax-	**10,498**	8,562

Earnings Per Share (EPS)

	2003	2002
	Cents	Cents
Earnings per share – basic	**54.9**	51.9
Earnings per share – diluted	**54.9**	51.2

Dividends - A.P. Eagers Limited

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

Year ended 31 December	**2003**	2002
	$'000	$'000
Final ordinary dividend for the year ended 31 December 2002 of 17 cents (2001 – 15 cents) per share paid on 26 May 2003	**3,275**	2,417
Interim ordinary dividend of 15 cents (2002 – 14 cents) per share paid on 29 September 2003	**2,901**	2,383
	6,176	4,800

DIRECTORS' REPORT (continued)

Review of Operations

2003 saw a continuation of buoyant industry conditions with generally improved new vehicle margins and further productivity gains driving net profit before tax to $15.2 million, an increase of 23.4% on the previous year while the net profit / turnover ratio improved from 1.6% to 1.8%.

On the back of a strong new vehicle market, sales revenue, at $842 million was up $92 million (12.3%) on the previous year.

Metro Ford's phased relocation to its new sales and service facilities at Ann / McLachlan Street in Fortitude Valley occurred in June / August 2003 following the amalgamation of Metro Ford and Southside Ford's parts distribution operation into new premises at Eagle Farm in May 2003.

Porsche's new dealership facility at 147 Breakfast Creek Road, Newstead was further delayed and will become operational on 1 March 2004.

A number of non-recurring costs were borne in 2003 as a result of the Group's dealership facility rationalisation and construction program. These consisted of additional rent due to unavoidable building delays to both Metro Ford's new sales and service facilities and Austral Porsche's new dealership facility together with accelerated depreciation on obsolete plant and equipment. Additionally, the relocation and rationalisation process adversely affected all of Metro Ford's trading departments, its service department in particular was severely disrupted due to the relocation of the smash repair operations from Eagle Farm to Brendale and the transfer of its ancillary automatic transmission and electronics division to Southside Ford.

Of the Group's business units, strong performances were recorded by Southside Toyota, Southside Ford, Torque / Strathpine Toyota, Eagers Mazda / Kia, Southside Honda / Land Rover and Austral Motors. As expected Metro Ford's profitability declined due to the significant disruptions to its trading activities whilst Eagers Holden's profitability fell slightly in the face of stronger competition from both Ford and Toyota.

With its Brisbane dealerships operating only in the Metropolitan area the Group sold 18,766 new vehicles in 2003, an increase of 2,246 on the previous year. Total Brisbane metropolitan new vehicle sales were 89,084 compared to 77,284 in 2002, an increase of 15.3% compared to a total industry volume increase of 10.4% over 2002.

Of the 18,766 units sold by the Group 51% were retail sales (2002 – 48%) and 49% were Government and Fleet sales (2002 – 52%).

Consolidated sales revenues and results are set out below.

	Revenue		**Results**	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Franchised operations	**841,497**	750,172	**12,244**	9,442
Finance	**49**	189	**-**	(13)
	841,546	750,361	**12,244**	9,429
Internal interest & rental charges			**7,222**	6,901
Operating contribution			**19,466**	16,330
Net unallocated expenses			**(4,251)**	(4,003)
Net profit before tax			**15,215**	12,327
Tax expense			**(4,717)**	(3,765)
Net profit after tax			**10,498**	8,562

	Revenue		**Results**	
Franchised Operations	**2003**	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
New Vehicle Departments	**551,147**	481,429	**5,342**	393
Used Vehicle Departments	**152,118**	139,117	**451**	1,157
Parts Departments	**102,499**	93,308	**3,795**	3,702
Service Departments	**35,733**	36,318	**2,656**	4,190
	841,497	750,172	**12,244**	9,442

New Vehicle Operations

Industry statistician VFACTS reported that a total of 909,811 new vehicles were sold Australia wide in calendar year 2003 eclipsing the previous record of 824,309 set in 2002 by 85,502 units or 10.4%.

On a national basis Toyota emerged as the market leader with a share of 20.5%, Holden was second with 19.3% and Ford third at 13.9%.

Overall, the Group's portfolio of franchises performed well nationally although Holden slipped 1.7% in the face of stronger competition from Ford (up 15.9%) and Toyota (up 18.1%). The three marques comprising Ford's Premier Automotive Group, Jaguar (down 18.2%), Land Rover (down 13.8%) and Volvo (down 15.1%) performed extremely poorly as did MG Rover (down 19.2%).

Strong gains were made by Honda (up 30.7%), Kia (up 40.8%), Mazda (up 35.9%) and Porsche (up 66.7%) following the release of its luxury SUV Cayenne model.

The increase in profit in the new vehicle department was driven by strong volume and margin gains across most of the franchised operations and reflects the Group's continued focus on improving margins and expense control.

The new vehicle market was driven by a combination of continued low interest rates, increased home equity levels and competitively priced product over an increased product range. In addition the stronger Australian dollar kept imported cost down. Increased levels of disposal income, particularly in the "Baby Boomer" segment of the market also fuelled buying at the top end and certain niche sectors of the market.

<u>Used Vehicle Operations</u>
The strength and competitiveness of the new vehicle market placed pressure on the used vehicle sector because of the high number of used vehicle trade-ins. This in turn put pressure on used vehicle inventory values. Additionally, the need to establish a volume used vehicle site at Moorooka for Metro Ford prior to its transfer from Spring Hill to Fortitude Valley disrupted their used vehicle trading.

A combination of tighter margins and increased marketing costs adversely affected the used vehicle result with profit falling $706,000 to $451,000 compared to $1,157,000 in the previous year. The Group sold a total of 4,966 used cars at retail in 2003 compared to 4,637 in 2002.

<u>Parts Operations</u>
Departmental profit of $3.8M was slightly ahead of the previous corresponding period and was achieved on turnover of $102.5M, up 9.9% from $93.3M.

Lower trading margins in the Group's major franchises of Ford, Holden and Toyota were experienced while Metro Ford absorbed initial start up costs as the distribution operations of both Metro Ford and Southside Ford were amalgamated into new premises at Eagle Farm.

<u>Service Operations</u>
Service operations, particularly in Metro Ford, were severely disrupted during 2003 due to the major relocation from Spring Hill to new dealership facilities at Fortitude Valley where the Service department also introduced Ford's latest "service upgrade" techniques, and the relocation of the smash repair operations from Eagle Farm to Brendale to facilitate the amalgamation of Metro Ford and Southside Ford Parts operations. Metro Ford's ancillary service facilities, automatic transmissions and electronics, were also relocated from Spring Hill to Southside Ford at Woolloongabba while pre-delivery operations were expanded at the Group's Brendale operations to cater for the requirements of other Group franchises.

As a consequence of the above disruption, overall profits from the Group's service operations fell $1.5M to $2.7M on turnover that was $0.6M (1.6%) lower than the previous year.

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

A.P. Eagers continues to hold 6,197,052 shares in Auto Group Limited (18.68%) whose principal business activity is the wholesale distribution of used vehicles by auction.

DIRECTORS' REPORT (continued)

The Company also has a 16% investment (451,200 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.

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:

	2003
	$'000
(a) An increase in contributed equity of $10,577,000 (from $48,457,000 to $59,034,000) as a result of:	
Issue of 2,184,072 ordinary shares on the exercise of options at $4.00 each	**8,736**
Issue of 302,204 ordinary shares at between $5.36 and $6.35 each under the dividend reinvestment plan	**1,841**
	10,577

(b) Funds from the increase in contributed equity were used initially to repay borrowings and subsequently in the facility development program.

(c) The consolidated entities land and buildings were revalued in December 2003 resulting in an increase of $33,066,000 which was taken to asset revaluation reserve accounts.

(d) On the election by the consolidated entity to early adopt Australian Accounting Standard AASB 1020: *Income Taxes* a net provision of $7,071,000 was created for the deferred tax liability arising out of the differential between the carrying amount of the consolidated entity's assets and their tax base.

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 2003 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.

<u>Property Development</u>
Planning approvals are required for property developments undertaken by the economic 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 activities have been undertaken in compliance with the requirements of the planning approvals.

<u>Service Centres</u>
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:

B W Macdonald Chairman of the Board and a member of the Audit Committee.

Non-Executive Director since January 1992. Company Director. Chairman of Queensland Cotton Holdings Limited, Casinos Austria International Ltd, and Reef Corporate Services Ltd. Director of FKP Ltd and Brisbane Bears-Fitzroy Football Club Ltd.

Mr Macdonald has a relevant interest in 75,000 ordinary shares of A.P. Eagers Limited.

N G Politis B.Com Director.

Non-Executive Director since May 2000. Motor Vehicle Dealer. Chairman of Sydney RJV Pty Ltd, a retail joint venture between Ford Motor Company and participating Sydney Dealers. Executive Chairman of WFM Motors Pty Ltd and a substantial number of other proprietary limited companies.

Mr Politis has a relevant interest in 7,231,050 ordinary shares of A.P. Eagers Limited.

K W Macdonald M.N.I.A. Managing Director and Chief Executive.

Executive Director since July 1999. Director of MTQ Insurance Services Limited.

Mr Macdonald has a relevant interest in 48,800 ordinary shares of A.P. Eagers Limited.

A J Love B.Com, A.A.U.Q., F.A.P.I. Director and Member of the Audit Committee.

Non-Executive Director since March 1994. Real Estate Agent. Managing Director of McGee Isles Love Pty Ltd. Director of Campbell Brothers Limited and Bank of Queensland Limited.

Mr Love has a relevant interest in 24,000 ordinary shares of A.P. Eagers Limited.

D A Aitken B.Com, MBA, FCPA. Director and a member of the Audit Committee.

Non – Executive Director since March 2001. Motor Vehicle Dealer. Director of Auto Group Limited. Director of W.F.M. Motors Pty Ltd and a substantial number of other proprietary limited companies.

Mr Aitken has a relevant interest in 1,000 shares of A.P. Eagers Limited

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 2003 were:

Director	Board Meetings		Audit Committee Meetings	
	Held	Attended	Held	Attended
B W Macdonald*	15	15	2	2
A J Love*	15	13	2	1
K W Macdonald	15	15	-	-
N G Politis	15	14	-	-
D A Aitken*	15	12	2	1

*Audit committee members

Retirement, Election and Continuation in Office of Directors

Mr B W Macdonald and Mr D A Aitken are directors retiring by rotation in accordance with the Company's Constitution who, being eligible, offers themselves for re-election.

Directors and Senior Executives Emoluments

The full Board of Directors (excluding the Managing Director) sets the level of remuneration of the Managing Director. In consultation with the Managing Director, the Board sets the remuneration level of the economic entity's senior executives after considering, for both directors and executives, performance and comparative market information. Directors and senior executive remuneration and other terms of employment are reviewed annually.

Non-executive directors are remunerated for their services from the maximum amount approved by shareholders in General Meeting for that purpose. Non-executive directors are also entitled to retirement benefits in accordance with a shareholder approved scheme but do not receive any performance related remuneration or bonuses.

Executive directors and senior executive officers may receive, as well as a base salary, performance bonuses, performance commission, superannuation and fringe benefits.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the consolidated entity's diverse operations and achieving the Company's strategic objectives.

Details of the nature and amount of each major element of the emoluments of the directors and senior executive officers are set out in the following tables.

	Salary	Commission/ Incentive Bonus	Superannuation	Options	Other* Benefits	Total
Non-Executive Directors	$	$	$	$	$	$
B W Macdonald	65,000	-	5,850	-	15,628	86,478
A J Love	40,000	-	3,600	-	10,628	54,228
N G Politis	40,000	-	3,600	-	35,628	79,228
D A Aitken	40,000	-	3,600	-	628	44,228
Executive Directors						
K W Macdonald Managing Director	311,100	290,779	38,888	21,000	86,050	747,817
Executive Officers						
A Syer General Manager - Dealer Operations	233,325	288,078	21,000	21,000	67,052	630,455
D W Hull Company Secretary	212,000	-	26,500	15,750	62,340	316,590
G I Walker Chief Financial Officer	135,000	25,000	16,875	12,850	55,066	244,791

* Other benefits include such benefits as the provision of motor vehicles, insurance policy costs and the movement in the individuals provision for employee entitlements or in the case of Directors, retirement allowance.

Shares Under Option

There are no shares under option.

Shares Issued on the Exercise of Options

The following ordinary shares of A.P. Eagers Limited were issued to executive officers of the Company during the year ended 31 December 2003 on the exercise of options granted under the A.P. Eagers Limited Share Option Plan.

Date Options Granted	Issue Price of Shares	Number of Shares Issued
30 July 1999	$4.00	40,000
7 March 2002	$4.00	20,000
		60,000

As of the date of this report there are no options on issue, either quoted or unquoted as all options expired on 31 January 2003.

Directors' Benefits

Mr A J Love has received or become entitled to receive benefits in respect of normal professional and management fees received by the company of which he is a director. Mr N G Politis and Mr D A Aitken are directors and shareholders of a number of companies involved in the motor industry with whom the consolidated entity transacts business on an arms length basis. Further details of these transactions are set out in Note 36 to the financial statements. With these exceptions, since 31 December 2002 no director of the company has received, or has become entitled to receive, a benefit (other than a remuneration benefit included in note 30 to the consolidated accounts) because of a contract that:

(a) the director; or
(b) a firm of which the director is a member; or
(c) an entity in which the director has a substantial financial interest, has made (during the year ended 31 December 2003 or at any other time) with
(d) the company; or
(e) an entity that the company controlled, or a body corporate that was related to the company when the contract was made or when the director received, or became entitled to receive, the benefit (if any).

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.

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

Horwath Sydney Partnership continues in office in accordance with section 327 of the Corporations Law.

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

W Macdonald

K W Macdonald
Director

Brisbane, 27 February 2004

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The following corporate governance practices were in place throughout the financial year unless otherwise stated.

Board of Directors and its Committees

The A.P. Eagers Limited Board of Directors is accountable to and elected by the shareholders of the Company.

The Board is currently comprised of one executive director and four non-executive directors, one of whom is the Chairman. It is responsible for the overall corporate governance of the consolidated entity, its strategic direction, the establishment of goals for management and the monitoring of the achievement of those goals. The Managing Director has been delegated the responsibility of managing the profitable operations of the economic entity and is accountable to the Board.

The composition of the Board is set having regard to the following factors.

- Clause 80 of the Company's Constitution which provides for the number of directors to be not less than three nor more than seven.
- The Chairman of the Board should be a non-executive director.
- The Board should comprise a majority of non-executive directors.

In accordance with the Constitution at least one third of the directors (other than the Managing Director who is elected by the Board) retire from office at the Annual General meeting each year. Such retiring directors may be eligible for re-election.

Should a vacancy occur the Board as a whole identifies candidates with appropriate levels of experience, knowledge and a disposition that enables them to offer and resolve differing views and to ask discerning questions.

Each director has the right to seek independent professional advice at the consolidated entity's expense. However, prior approval of the Chairman is required, which would not be unreasonably withheld.

The full board of directors (excluding the Managing Director) sets the level of remuneration of the Managing Director. In consultation with the Managing Director, the Board sets the remuneration level of the consolidated entity's senior executives with due regard to performance and comparative market information.

Non-executive directors are remunerated for their services from the maximum amount approved by shareholders in General Meeting for that purpose. Directors fees are currently $40,000 per annum. The Chairman receives $65,000 per annum.

In 1993, shareholders approved a retirement program for non-executive directors. 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.

Audit Committee

The Company has an Audit Committee comprised of three non-executive directors, Mr A J Love (Chairman), Mr B W Macdonald and Mr D A Aitken. If and when necessary other non-executive directors are co-opted onto the Committee.

The Audit Committee assesses and reviews external and internal audits, the adequacy of the Company's accounting, financial and operating controls and compliance with statutory requirements. It meets with the external auditors during the year to review the adequacy of existing external audit arrangements with particular emphasis on the scope and quality of the audit. The Committee then reports to the Board on the external auditor's continuance and achievement of their terms of engagement.

The Managing Director, Company Secretary, Chief Financial Officer, Group Accountant and other members of management together with the external auditor are invited to Audit Committee meetings at the discretion of the Committee.

Management of Significant Business Risk

The Company has established controls at Board and Audit Committee levels that are designed to safeguard the Company's interests and ensure the integrity of its reporting. In addition, the full Board holds appropriately timed strategy meetings to consider and review the Company's overall direction and to evaluate all risks that the Company may face in the operation of its business. Appropriate procedures are then put in place to manage those risks.

Ethical Standards

In accordance with the Company's mission statement all directors, managers and employees are required to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity.

Securities Trading and Trading Windows

The Company's policy on trading in its securities is covered under three specific headings.

1. Share Dealings.

   a. Restriction applicable to all employees

      No director or employee may buy or sell A.P. Eagers shares (or hint, suggest, ask or tell anyone else to do so) at any time when they are aware of information which would be likely to affect the share price if it were made public. This restriction also applies to other company's shares where information is learned as a result of a person's position in A.P. Eagers.

   b. Additional restrictions applicable to those with regular access to sensitive information

      Directors of A.P. Eagers Limited, executive general managers, the Company Secretary, employees having access to the monthly management reports (including employees in corporate head office involved in the preparation of those reports) and any other employees or group of employees nominated by the Managing Director, may only purchase or sell A.P. Eagers shares during the following "windows":

      - The period of one month following the announcement of half yearly results;
      - The period of one month following the announcement of the annual results; and
      - The period of one month following the annual general meeting (assuming that an update of the Company's performance is given at the meeting)

      And may only do so at those times if not prohibited by the general restriction in paragraph (a).

      Trading in A.P. Eagers shares by directors, senior executives and employees as nominated at times other than those set out in clause 1(b) above is prohibited except that a person may trade outside the allowable period under certain conditions with written authority as follows:

      - Chairman – from another non-executive director
      - Chief executive and directors – from the chairman or in his absence a non-executive director nominated by the Chairman.
      - All other nominated executives and employees – from the chief executive or in his absence a senior executive nominated by the chief executive.

2. Passing on Sensitive Information

   No one may "pass on" sensitive information about the Company.

3. Improper use of Position or Confidential Information

   No one may improperly use their position with the company or information obtained by virtue of their position for personal gain or to damage the Company.

A.P. EAGERS LIMITED and Controlled Entities

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF A. P. EAGERS LIMITED

Scope

The financial report and directors' responsibility
The financial report comprises the statement of financial performance, statement of financial position, statement of cash flows, and accompanying notes to the financial statements for both A. P. Eagers Limited (the company) and the consolidated entity, and the directors' declaration for the year ended 31 December 2003. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach
We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards and International Standards on Auditing, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors,

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In our opinion, the financial report of A. P. Eagers Limited is in accordance with:

(a) 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 2003 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

HORWATH
Sydney Partnership
Chartered Accountants

David Cowper
Partner

Dated the 27th day of February 2004

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 13 to 42:

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

(b) give a true and fair view of the company's and consolidated entity's financial position as at 31 December 2003 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date."

In the directors' opinion:

(a) the financial statements and notes are in accordance with the Corporations Act 2001; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 28 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 29(b).

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

K W Macdonald
Director

Brisbane - 27 February 2004

A.P. EAGERS LIMITED and Controlled Entities

STATEMENTS OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2003

	Notes	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	PARENT ENTITY 2003 $'000	PARENT ENTITY 2002 $'000
Sales revenue from ordinary activities	2	**841,546**	750,361	**-**	-
Cost of sales		**(738,683)**	(657,922)	**-**	-
Gross profit		**102,863**	92,439	**-**	-
Other revenues from ordinary activities	2	**1,763**	5,724	**124**	10,248
Employee expenses		**(46,598)**	(42,322)	**-**	-
Borrowing expenses	3	**(6,421)**	(6,231)	**-**	-
Depreciation and amortisation expenses	3	**(4,606)**	(4,707)	**-**	-
Other expenses from ordinary activities		**(31,847)**	(32,846)	**-**	-
Share of net profits of associates accounted for using the equity method	40	**61**	270	**-**	-
Profit from ordinary activities before income tax expense		**15,215**	12,327	**124**	10,248
Income tax expense	4	**(4,717)**	(3,765)	**-**	-
Profit from ordinary activities after income tax expense	25(b)	**10,498**	8,562	**124**	10,248
Increase in retained profits due to adoption of accounting standard AASB 1020: Income Taxes	25	**325**	-	**-**	-
Net increase in asset revaluation reserve	25(a)	**25,670**	-	**-**	-
Total adjustments recognised directly in equity		**25,995**	-	**-**	-
Total change in equity other than those resulting from transactions with owners as owners	26	**36,493**	8,562	**124**	10,248
		Cents	Cents		
Earnings per share:					
Basic earnings per share	37	**54.9**	51.9		
Diluted earnings per share	37	**54.9**	51.2		

The above statements of financial performance are to be read in conjunction with the accompanying notes.

A.P. EAGERS LIMITED and Controlled Entities

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2003

	Notes	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	PARENT ENTITY 2003 $'000	PARENT ENTITY 2002 $'000
Current Assets					
Cash assets	6,27	**55**	1,524	**-**	-
Receivables	7,27	**31,780**	30,759	**-**	-
Inventories	8	**103,437**	106,053	**-**	-
Other	9	**1,443**	1,332	**-**	-
Total Current Assets		**136,715**	139,668	**-**	-
Non-Current Assets					
Receivables	10,27	**-**	298	**44,204**	31,077
Investments (equity accounted)	11(a),27	**3,596**	3,659	**-**	-
Other financial assets	11(b),27	**1,815**	1,815	**35,012**	35,012
Property, plant and equipment	12	**156,141**	91,414	**-**	-
Deferred tax assets	13	**2,455**	2,441	**2,455**	-
Intangibles	14	**8,375**	8,859	**-**	-
Total Non-Current Assets		**172,382**	108,486	**81,671**	66,089
Total Assets		**309,097**	248,154	**81,671**	66,089
Current Liabilitites					
Payables	15,27	**16,136**	17,792	**-**	-
Interest bearing liabilities	16,27	**82,749**	83,877	**-**	-
Current tax liabilities	17	**1,815**	2,686	**1,815**	-
Provisions	18	**3,173**	6,249	**-**	3,275
Other	19	**2,457**	2,962	**-**	-
Total Current Liabilities		**106,330**	113,566	**1,815**	3,275
Non-Current Liabilities					
Interest bearing liabilities	20,27	**63,900**	47,100	**-**	-
Deferred tax liabilities	21	**9,242**	2,084	**9,964**	-
Provisions	22	**630**	578	**-**	-
Total Non-Current Liabilities		**73,772**	49,762	**9,964**	-
Total Liabilities		**180,102**	163,328	**11,779**	3,275
Net Assets		**128,995**	84,826	**69,892**	62,814
Equity					
Contributed equity	24(a)	**59,034**	48,457	**59,034**	48,457
Reserves	25(a)	**38,660**	12,990	**1,683**	2,405
Retained profits	25(b)	**31,301**	23,379	**9,175**	11,952
Total Equity		**128,995**	84,826	**69,892**	62,814

The above statements of financial position are to be read in conjunction with the accompanying notes.

A.P. EAGERS LIMITED and Controlled Entities

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2003

	Notes	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	PARENT ENTITY 2003 $'000	PARENT ENTITY 2002 $'000
Cash flows from operating activities					
Receipts from customers		**922,652**	825,717	**-**	-
Payments to suppliers and employees		**(901,996)**	(803,020)	**-**	-
		20,656	22,697	**-**	-
Dividends received		**233**	321	**-**	-
Interest received		**152**	187	**-**	-
Borrowing costs		**(6,358)**	(6,243)	**-**	-
Income taxes paid		**(5,529)**	(2,257)	**-**	-
Proceeds from other income		**716**	512	**-**	-
Proceeds from rental income		**772**	415	**-**	-
Net cash inflow from operating activities	38	**10,642**	15,632	**-**	-
Cash flows from investing activities					
Payment for acquisition of businesses		**-**	(2,890)	**-**	-
Payments for property, plant and equipment		**(34,981)**	(5,221)	**-**	-
Proceeds from sale of property, plant and equipment		**-**	4,502	**-**	-
Net cash outflow from investing activities		**(34,981)**	(3,609)	**-**	-
Cash flows from financing activities					
Proceeds from issues of shares		**8,736**	5,135	**-**	-
Proceeds from borrowings		**20,800**	-	**-**	-
Repayment of borrowings		**(3,000)**	(11,377)	**-**	-
Dividends paid		**(4,335)**	(4,272)	**-**	-
Net cash inflow (outflow) from financing activities		**22,201**	(10,514)	**-**	-
Net increase (decrease) in cash held		**(2,138)**	1,509	**-**	-
Cash at the beginning of the financial year		**1,451**	(58)	**-**	-
Cash at the end of the financial year	6	**(687)**	1,451	**-**	-
Financing arrangements	20				

The above statements of cash flows are to be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability.

(a) Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all entities controlled by A.P. Eagers Limited (parent entity) as at 31 December 2003 and the results of all controlled entities for the year then ended. A.P. Eagers Limited and its controlled entities together are referred to in this financial report as the consolidated entity. A list of controlled entities appears in note 28. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated entity's share of the post-acquisition profits or losses of associates is recognised in the consolidated statement of financial performance, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are those entities over which the consolidated entity exercises significant influence, but not control.

(b) 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 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 assessable temporary differences to measure the deferred tax assets or liability.

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 liabilites are not recognised for temporary differences between the carrying amounts and tax bases of investments in controlled entities where the parent entity is able to control the timing of distributions from controlled entities and it is probable that the temporary differences will not reverse in the forseeable future.

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

Change in accounting policy for Income Tax
The above policy was adopted with effect from 1 January 2003 to comply with Accounting Standard AASB 1020 *Income Taxes* released in December 1999 and applied to the year ended 31 December 2003 in accordance with a written election by the directors under subsection 334(5) of the Corporations Act 2001. In previous years, income tax expense in the statement of financial performance was calculated by reference to the accounting profit after allowing for permanent differences and deferred tax liabilities was not recognised in relation to amounts recognised directly in equity.

An adjustment was made against the consolidated and parent entity revaluation reserves at the beginning of the financial year to recognise the deferred taxes attributable to amounts recognised directly in the asset revaluation reserves to 31 December 2002.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The adjustments were as follows:

- a decrease in consolidated and parent entity deferred tax liabilities and total liabilities of $325,000 and $722,000 respectively with a corresponding increase in consolidated net assets and a decrease in parent entity net assets
- an increase in consolidated and decrease in parent entity asset revaluation reserves of $2,738,000 and $722,000 respectively with a corresponding increase in consolidated total equity and a decrease in parent entity total equity

The restated statement of financial performance and the restatements and reclassifications of consolidated and parent entity deferred tax assets, deferred tax liabilities and asset revaluation reserves set out in note 1(w) show the information that would have been disclosed had the new accounting policy always been applied.

Tax consolidation legislation
A.P. Eagers Limited and its wholly-owned controlled entities implemented the tax consolidation legislation as of 1 January 2003. The Australian Taxation Office has not yet been notified of this decision. As a consequence, A.P.Eagers Limited, as the head entity in the tax consolidation group, recognises current and deferred tax amounts relating to transactions, events and balances of the controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. Amounts receivable or payable under a tax sharing agreement with the tax consolidated entities are recognised separately as tax-related amounts receivable or payable. Expenses and revenues arising under the tax sharing agreement are recognised as a component of income tax expense (revenue).

(c) Acquisition of assets
The cost method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs incidental to the acquisition. Where shares are issued in an acquisition, the value of the shares is their market price as at the acquisition date. Goodwill is brought to account on the basis described in note 1(k).

(d) Inventories
All inventories are valued at the lower of cost and net realisable value. Costs are assigned to individual items of parts stock on the basis of weighted average cost.

Provisions have been made to cover potential loss and obsolescence of parts and also for the potential write down of demonstrators and used car inventories to net realisable value.

(e) Investments
The consolidated entity's interests in listed securities (other than controlled entities and associates in the consolidated financial statements) are brought to account at cost and dividend income is recognised in the statement of financial performance when received. Where, in the opinion of the directors, there has been a permanent diminution in the market value compared to the book value of any individual investment, a provision is made.

The consolidated entity adopted the Fair Value method of Accounting for unlisted investments under Accounting Standard AASB 1041: Revaluation of non-current assets on 1 January 2001.

(f) Revaluation of non-current assets
Subsequent to initial recognition as assets, land and buildings are measured at fair value being the amounts for which the assets could be exchanged on an existing use basis between willing parties in an arm's length transaction. Revaluations are made with sufficient regularity to ensure that the carrying amount of land and buildings does not differ materially from their fair value at the reporting date. Annual assessments will be made by the directors, supplemented by independent assessments at least every three years.

Revaluation increments, net of any related temporary tax differences, are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in net profit or loss, the increment is recognised immediately as revenue in net profit or loss. Revaluation decrements, net of any related temporary tax differences, are recognised immediately as expenses in net profit or loss, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve. Revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Recoverable amount of non-current assets
The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal. Where the carrying amount of an individual non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in the net profit or loss in the reporting period in which the recoverable amount write-down occurs. The expected net cash flows used in determining the recoverable amounts of non-current assets are not discounted to their present values.

(h) Depreciation of property, plant and equipment
Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of property, plant and equipment (excluding land) over its expected useful life. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

Buildings	40 years
Plant & equipment	3-10 years

(i) Leasehold improvements
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.

(j) Employee entitlements
(i) Wages,salaries and annual leave
The provisions for employee entitlements to wages, salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in other creditors 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.

(ii) Long service leave
The liability for long service leave expected to be settled within 12 months of 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 discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash flows.

(k) Purchased goodwill
The excess of the purchase consideration plus incidental expenses over the fair value of the identifiable net assets acquired is amortised on a straight line basis over the period during which the benefits are expected to arise, not exceeding twenty years.

(l) Receivables and revenue recognition
Trade debtors
All trade debtors are recognised at the amounts receivable as they are due for settlement usually on a term not exceeding 30 days.
Term trade debtors
A receivable is recognised for this class of debtor when the loan documentation is signed. The carrying amount of the debt is net of unearned income. Income from lease and mortgage loan contracts is brought to account in accordance with the actuarial method so that income earned over the term of the contract bears a constant relationship to the funds employed.

In both classes of debtors above, collectability is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubt as to collectability exists.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Finance and operating leases
A distinction is made between leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of the asset (finance lease) and leases under which the lessor effectively retains all such risks and benefits (operating lease). In accordance with Accounting Standard AASB 1008: Accounting for Leases, finance leases are shown in the financial statements as receivables. The residual values of finance leases shown in notes 7 and 10 are guaranteed by the lessees.

(n) Unearned income
Unearned income represents amounts received or receivable from suppliers in respect of vehicles in stock at the year end. This amount is progressively brought to income as vehicles are sold.

(o) Dividends
Provision is made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date.

Change in accounting policy for providing for dividends
The above policy was adopted with effect from 1 January 2003 to comply with AASB 1044 Provisions, Contingent Liabilities and Contingent Assets released in October 2001. In previous years, in addition to providing for the amount of any dividends declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at the balance date, provision was made for the dividends to be paid out of retained profits at the end of the financial year where the dividend was proposed, recommended or declared between the end of the financial year and the completion of the financial report.

An adjustment of $3,274,520 was made against the consolidated and parent entity retained profits at the beginning of the financial year to reverse the amount provided at 31 December 2002 for the proposed final dividend for that year that was recommended by the directors between the end of the financial year and the completion of the financial report. This reduced the consolidated and parent entity current liabilities - provisions and total liabilities at the beginning of the financial year by $3,274,520 with corresponding increases in their net assets, retained profits, total equity and the total dividends provided for or paid during the current year.

The restatements of consolidated and parent entity retained profits, provisions and total dividends provided for or paid during the year, set out in note 1 (w) show the information that would have been disclosed had the new accounting policy above always been applied.

(p) Trade and other creditors
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are usually paid within 30 days of recognition.

(q) Borrowing 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 new vehicle bailment arrangements
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings

(r) Cash
For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

(s) Earnings per share

(i) Basic earnings per share
Basic earnings per share is determined by dividing net profit after income tax attributable to members 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) New motor vehicle stock and related bailment
Motor vehicles secured under bailment plans are provided to the consolidated entity under bailment agreements between the floorplan loan providers and entities within the consolidated entity. The consolidated entity obtains title to the vehicles immediately prior to sale. The floor plan providers treat the vehicles from a practical point of view as forming part of the consolidated entity's trading stock. Motor vehicles financed under bailment plans held by the consolidated entity are treated as trading stock with the corresponding liability shown as owing to the finance provider.

(u) Rounding of Amounts
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 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.

(v) Reclassification of liabilities for certain employee benefits
The liabilities for wages, salaries and annual leave and related on-costs expected to be settled within 12 months of the reporting date have been reclassified from provisions to other creditors in the current year as a result of the adoption of the new accounting standard AASB 1044 Provisions, Contingent Liabilities and Contingent Assets. The directors do not believe there are any significant uncertainties relating to the amount and timing of future payments included in the liabilities for these employee benefits, therefore they do not meet the definition of a provision under the new standard. Comparative amounts have also been reclassified to ensure comparability with the current reporting period.

(w) Restatements arising from adoption of new accounting policies
The restatements of consolidated and parent entity retained profits, provisions and total dividends provided for or paid during the year, deferred tax assets, deferred tax liabilities and asset revaluations set out below show the information that would have been disclosed had the new accounting policies set out in note 1 (b) and note 1 (o) always been applied.

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
	(Restated)	(Restated)	**(Restated)**	(Restated)
Restatement of retained profits				
Previously reported retained profits at the end of the previous financial year (note 25 (b))	**23,379**	20,475	**11,952**	7,362
Change in accounting policy for providing for dividends	**3,275**	2,417	**3,275**	2,417
Adjustment due to adoption of accounting standard AASB 1020 Income Taxes	**325**	332	**-**	-
Restated retained profits at the beginning of the financial year	**26,979**	23,224	**15,227**	9,779
Net profit attributed to members of A.P. Eagers Limited	**10,498**	8,555	**124**	10,248
Dividends provided for or paid (see below)	**(6,176)**	(4,800)	**(6,176)**	(4,800)
Restated retained profits at the end of the financial year	**31,301**	26,979	**9,175**	15,227
Restatement of current liabilities - provisions				
Previously reported carrying amount at the end of the financial year (note 18)	**2,435**	5,145	**-**	3,275
Adjustment to dividend provision for change in accounting policy	**-**	(3,275)	**-**	(3,275)
Restated carrying amount at the end of the financial year	**2,435**	1,870	**-**	-
Restatement of dividends provided for or paid				
Previously reported total dividends provided for or paid during the financial year (note 5)	**6,176**	5,658	**6,176**	5,658
Adjustment for change in accounting policy	**-**	(858)	**-**	(858)
Restated total dividends provided for or paid during the financial year	**6,176**	4,800	**6,176**	4,800

A.P. EAGERS LIMITED and Controlled Entities

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
31 DECEMBER 2003 (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Restatements arising from adoption of new accounting policies (continued)

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
	(Restated)	(Restated)	**(Restated)**	(Restated)
Restatement of Statements of Financial Performance (extract)				
Profit from ordinary activities before income tax expense	**15,215**	12,327	**124**	10,248
Income tax expense	**(4,717)**	(3,772)	**-**	-
Profit from ordinary activities after income tax expense	**10,498**	8,555	**124**	10,248
Net increase (decrease) in asset revaluation reserve (refer to restatement of Asset Revaluation Reserve below)	**25,670**	-	**-**	-
Net increase (decrease) in retained profits (refer to restatement of retained profits above)	**325**	332	**-**	-
Total revenues, expenses and valuation adjustments attributable to members of A.P. Eagers Limited recognised directly in equity	**25,995**	332	**-**	-
Total changes in equity attributable to members of A.P. Eagers Limited other than those resulting from transactions with owners as owners	**36,493**	8,887	**124**	10,248
Restatement of deferred tax liabilities				
Previously reported deferred tax liabilities at the end of the previous financial year (note 21)	**2,084**	2,236	**-**	-
Adjustment for change in accounting policy for income tax	**(325)**	(325)	**722**	722
Restated deferred tax liabilities at the beginning of the year	**1,759**	1,911	**722**	722
Deferred income tax expense recognised directly in equity	**7,396**	-	**-**	-
Deferred income tax (revenue) expense for the year	**87**	(152)	**-**	-
Accounting for deferred tax liabilities in accordance with tax consolidation legislation (Note 1 (b))	**-**	-	**9,242**	-
Restated deferred tax liabilities at the end of the year	**9,242**	1,759	**9,964**	722
Restatement of asset revaluation reserve				
Previously reported asset revaluation reserve at the end of the previous financial year (note 25 (a))	**6,768**	6,768	**2,405**	2,405
Adjustment for change in accounting policy for income tax	**2,738**	2,738	**(722)**	(722)
Restated asset revaluation reserve at the beginning of the financial year	**9,506**	9,506	**1,683**	1,683
Increment in revaluation of freehold land and building at the end of the financial year	**33,066**	-	**-**	-
Deferred tax liability	**(10,134)**	-	**-**	-
Restated asset revaluation reserve at the end of the financial year	**32,438**	9,506	**1,683**	1,683

A.P. EAGERS LIMITED and Controlled Entities

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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2. REVENUE FROM ORDINARY ACTIVITIES

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Revenue from operating activities				
Sale of goods	**805,764**	713,854	**-**	-
Services	**35,782**	36,507	**-**	-
	841,546	750,361	**-**	-
Revenue from outside the operating activities				
Rents	**772**	415	**-**	-
Interest	**166**	222	**-**	-
Dividends	**109**	73	**124**	10,248
Sale of property, plant and equipment	**-**	4,502	**-**	-
Other	**716**	512	**-**	-
	1,763	5,724	**124**	10,248
Total revenue	**843,309**	756,085	**124**	10,248

3. PROFIT FROM ORDINARY ACTIVITIES

(a) Net gains and expenses
Profit from ordinary activities before income tax expense includes the following specific net gains and expenses:

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
Net gains				
Net gain on disposal -				
Property, plant and equipment	**-**	217	**-**	-
Expenses				
Depreciation				
Buildings	**1,394**	1,206	**-**	-
Plant and equipment	**2,627**	2,721	**-**	-
Total depreciation	**4,021**	3,927	**-**	-
Amortisation				
Leasehold improvements	**101**	323	**-**	-
Goodwill	**484**	457	**-**	-
Total Amortisation	**585**	780	**-**	-
Borrowing Costs				
Interest and Finance Charges - paid/payable				
New vehicle bailment	**3,076**	2,606	**-**	-
Other	**3,345**	3,625	**-**	-
Borrowing Costs Expensed	**6,421**	6,231	**-**	-
Operating leases - rental expense	**1,908**	1,351	**-**	-
Movement in provisions:				
Inventory obsolescence	**250**	(17)	**-**	-
Bad and doubtful debts - term and trade debtors	**69**	(1)	**-**	-
Warranties	**158**	77		
Total movement in provisions	**477**	59	**-**	-

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31 DECEMBER 2003 (continued)

4. INCOME TAX

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
(a) Income tax expense				
Current income tax expense	**4,650**	4,247	**-**	-
Deferred income tax (revenue) expense	**73**	(486)	**-**	-
Under (over) provision in prior years	**(6)**	4	**-**	-
	4,717	3,765	**-**	-
Attributable to:				
Profit from ordinary activities	**4,717**	3,765	**-**	-
Deferred income tax (revenue) expense included in income tax expense comprises:				
Decrease(increase) in deferred tax assets	**(14)**	(334)	**-**	-
(Decrease)increase in deferred tax liabilities	**87**	(152)	**-**	-
	73	(486)	**-**	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Pre-tax profit	**15,215**	12,327	**124**	10,248
Income tax calculated at 30% (2002 - 30%)	**4,565**	3,698	**37**	3,074
Tax effect of amounts which are not deductible (assessable) in calculating taxable income:				
Depreciation and amortisation	**190**	246	**-**	-
Rebateable dividends	**(70)**	(22)	**(37)**	(3,074)
Capital profits	**-**	(65)	**-**	-
Non allowable expenses	**43**	39	**-**	-
Share of net (profits)/losses of associates	**-**	(81)	**-**	-
Sundry items	**(5)**	(54)	**-**	-
Current income tax expense	**4,723**	3,761	**-**	-
Under (over) provision in previous year	**(6)**	4	**-**	-
	4,717	3,765	**-**	-
(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	**7,071**	-	**-**	-

5. DIVIDENDS

	PARENT ENTITY	
	2003	2002
	$'000	$'000
Ordinary dividends fully franked based on tax paid @ 30%		
Interim dividend of 15 cents (2002 - 14 cents) per share paid on 29 September 2003	**2,901**	2,383
Final dividend of 17 cents per share paid on 26 May 2003 recognised as a liability at 31 December 2002 but adjusted against retained profits at the beginning of the financial year on the change in accounting policy for providing for dividends (note 1 (o))	**3,275**	3,275
Total dividends provided for or paid	**6,176**	5,658

Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 31 December 2003 and 31 December 2002 were as follows:

Paid in cash	**4,335**	4,272
Satisfied by issue of shares	**1,841**	528
	6,176	4,800

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 18 cents per share, fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 31 May 2004 out of the retained profits at 31 December 2003, but not recognised as a liability at year end as a result of the change in accounting policy for providing for dividends (note 1(o)), is	**3,522**	-

Franked dividends

The final dividend recommended after 31 December 2003 will be 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 2004.

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2002 - 30%)	**12,450**	6,400	**12,450**	5,122

The above amounts represent the balances of the franking accounts 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
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date, and
(d) franking credits that may be prevented from being distributed in the subsequent financial years.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of controlled entities were paid as dividends.

6. CURRENT ASSETS - Cash assets

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**55**	1,524	**-**	-
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:				
Balances as above	**55**	1,524	**-**	-
Less: Bank overdrafts (note 16)	**(742)**	(73)	**-**	-
Balance per statement of cash flows	**(687)**	1,451	**-**	-

Deposits at call

Deposits at call were placed at interest rates between 5.68% and 6.41% (2002 - 5.25 % and 6.06 %)

A.P. EAGERS LIMITED and Controlled Entities

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7. CURRENT ASSETS - Receivables

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Trade debtors	**32,242**	30,749	**-**	-
Less: Provision for doubtful debts	**620**	551	**-**	-
	31,622	30,198	**-**	-
Term trade debtors -				
Finance lease receivables	**187**	442	**-**	-
Less: Unearned income	**12**	36	**-**	-
	175	406	**-**	-
Other receivables	**41**	219	**-**	-
Less: Unearned income	**-**	6	**-**	-
	41	213	**-**	-
Total term trade debtors (net)	**216**	619	**-**	-
Less: Provision for doubtful debts	**58**	58	**-**	-
	158	561	**-**	-
	31,780	30,759	**-**	-

Term Trade Debtors
Term debtors are secured by a charge over the underlying property. Where collection of the debt is doubtful and the assessed value of the property is less than the amount outstanding, a provision is created for the shortfall.
The debtors have a maximum maturity of 1 year. Interest rates are fixed at the time of entering into the contract.

8. CURRENT ASSETS - Inventories

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Bailment stock - At cost				
(Refer notes 1(t),16 and 20)	**69,918**	71,513	**-**	-
Less: Provision for diminution in value	**732**	493	**-**	-
	69,186	71,020	**-**	-
Other stock - At cost	**34,954**	35,725	**-**	-
Less: Provision for obsolescence	**703**	692	**-**	-
	34,251	35,033	**-**	-
Total inventories	**103,437**	106,053	**-**	-

9. CURRENT ASSETS - Other

Prepayments and deposits	**1,443**	1,332	**-**	-

10. NON-CURRENT ASSETS - Receivables

Amounts receivable from controlled entities (i)	**-**	-	**44,204**	31,077
Term trade debtors - (ii)				
Finance lease receivables	**-**	216	**-**	-
Less: Unearned income	**-**	8	**-**	-
	-	208	**-**	-
Other receivables	**-**	91	**-**	-
Less: Unearned income	**-**	1	**-**	-
	-	90	**-**	-
	-	298	**44,204**	31,077

(i) Amounts receivable from controlled entities in the parent entity column includes the net tax receivable balance due from controlled entities of $8,601,000 (2002- Nil). (Refer note 1(b))
(ii) Information relating to term trade debtors is set out in note 7.

11. NON-CURRENT ASSETS - Investments

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
(a) Accounted for using the equity method				
Shares in an associate - Auto Group Limited	3,596	3,659	-	-

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost in the parent entity (see note 11(b)).

Reconciliation
Reconciliation of the carrying amount of shares in associates is set out in note 40.

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
(b) Investments traded on organised markets				
Shares in other corporations - At cost (i)	**10**	10	**4,634**	4,634
Other (non-traded) investments				
Shares in controlled entities (note 28)				
At cost	**-**	-	**30,378**	30,378
	-	-	**30,378**	30,378
Shares in other corporations -				
At Directors' valuation - 31 December 2003 (ii)	**1,805**	-	**-**	-
At Directors' valuation - 31 December 2002 (ii)	**-**	1,805	**-**	-
	1,815	1,815	**35,012**	35,012
Traded investments - net fair values				
The aggregate net fair values of traded investments are:				
Shares in other corporations	**18**	15	**3,842**	3,594

(i) The carrying value in the parent entity of its investment in Auto Group Limited of $4,634,000 has not been written down to market value at balance date as Directors believe there has been no permanent diminution in the value of the investment.
(ii) The directors have valued the shares in other corporations at fair value utilising the Capitalisation of Earnings valuation method.

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

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Land and buildings				
Freehold land and buildings				
At independent valuation - 31 December 2003	**143,850**	-	**-**	-
At directors' valuation - 31 December 2002	**-**	81,194	**-**	-
Construction in progress - at cost	**3,732**	3,203	**-**	-
Total land and buildings	**147,582**	84,397	**-**	-
Leasehold improvements				
At cost	**261**	629	**-**	-
Less: Accumulated amortisation	**109**	387	**-**	-
Total leasehold improvements	**152**	242	**-**	-
Plant and equipment				
At cost	**16,606**	16,118	**-**	-
Less: Accumulated depreciation	**8,199**	9,343	**-**	-
Total plant and equipment	**8,407**	6,775	**-**	-
Total property, plant and equipment	**156,141**	91,414	**-**	-

12. NON-CURRENT ASSETS - Property, plant and equipment (continued)

Valuation of land and buildings

The basis of valuation of land and buildings is fair value being the amounts for which the assets could be exchanged, on an existing use basis, between willing parties in an arm's length transactions, based on current prices in an active market for similar properties in the same location and condition. The 2003 revaluations were based on independent assessments by a member of the Australian Property Institute. The 2002 revaluations were made by the directors.

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 & Buildings $'000	Construction in Progress $'000	Leasehold improvements $'000	Plant & Equipment $'000	Total $'000
Consolidated 2003					
Carrying amount at start of year	81,194	3,203	242	6,775	91,414
Additions	16,329	15,184	11	6,310	37,834
Disposals/Transfers	14,655	(14,655)	-	(2,051)	(2,051)
Depreciation/amortisation expense (Note 3(a))	(1,394)	-	(101)	(2,627)	(4,122)
Revaluation increments (note 25(a))	33,066	-	-	-	33,066
Carrying amount at end of year	143,850	3,732	152	8,407	156,141

13. NON-CURRENT ASSETS - Deferred tax assets

	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	PARENT ENTITY 2003 $'000	PARENT ENTITY 2002 $'000
Deferred tax assets	**2,455**	2,441	**2,455**	-
The balance comprises temporary differences attributable to:				
Amounts recognised directly in profit or loss				
Provisions - Doubtful debts	**203**	183	**203**	-
- Employee benefits	**1,655**	1,561	**1,655**	-
- Warranties	**340**	293	**340**	-
- Inventory write downs	**163**	158	**163**	-
	2,361	2,195	**2,361**	-
Sundry items	**94**	246	**94**	-
	2,455	2,441	**2,455**	-

14. NON-CURRENT ASSETS - Intangibles

	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	PARENT ENTITY 2003 $'000	PARENT ENTITY 2002 $'000
Goodwill - at cost	**9,678**	9,678	**-**	-
Less: Accumulated amortisation	**1,303**	819	**-**	-
	8,375	8,859	**-**	-

15. CURRENT LIABILITIES - Payables

	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	PARENT ENTITY 2003 $'000	PARENT ENTITY 2002 $'000
Trade creditors	**10,069**	12,950	**-**	-
Other creditors	**6,067**	4,842	**-**	-
	16,136	17,792	**-**	-

16. CURRENT LIABILITIES - Interest bearing liabilities (secured)

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Bailment finance - (Refer notes 1(t) and 8)	**78,007**	80,804	**-**	-
Bank overdrafts (note 6)	**742**	73	**-**	-
Revolving credit facility	**1,000**	-		
Bills payable and fully drawn advances	**3,000**	3,000	**-**	-
	82,749	83,877	**-**	-

Information on the security provided for these liabilities is set out in note 20.

17. CURRENT LIABILITIES - Current tax liabilities

Income tax	**1,815**	2,686	**1,815**	-

18. CURRENT LIABILITIES - Provisions

Dividends	-	3,275	-	3,275
Employee benefits	2,038	1,997	-	-
Warranties	1,135	977	-	-
	3,173	6,249	-	3,275

Warranties
Provision is made for the estimated claims in respect of extended warranties provided on the majority of the Group's retail 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.

Movement in provisions
Movements in each class of provisions during the financial year, other than employee entitlements, are set out below:

	Dividends $'000	**Warranties $'000**	**Total $'000**
Consolidated - 2003			
Current			
Carrying amount at start of year	3,275	977	4,252
Adjustment from change in accounting policy (note 1(o))	(3,275)	-	(3,275)
Additional provisions recognised	-	1,310	1,310
Payments/other sacrifices of economic benefits	-	(1,152)	(1,152)
	-	1,135	1,135
Parent Entity - 2003			
Current			
Carrying amount at start of year	3,275	-	3,275
Adjustment from change in accounting policy (note 1(o))	(3,275)	-	(3,275)
	-	-	-

19. CURRENT LIABILITIES - Other

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Unearned income	2,457	2,962	-	-
	2,457	2,962	-	-

20. NON-CURRENT LIABILITIES - Interest bearing liabilities

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Secured				
Bills payable and fully drawn advances	**63,900**	47,100	**-**	-
SECURED LIABILITIES				
Total secured liabilities (current and non-current) are:				
Bank overdrafts	**742**	73	**-**	-
Bills payable and fully drawn advances	**66,900**	50,100	**-**	-
Revolving credit facility	**1,000**	-	**-**	-
Bailment finance	**78,007**	80,804	**-**	-
Total secured liabilities	**146,649**	130,977	**-**	-

The bank overdraft, bills payable and fully drawn advances are secured by registered mortgages given by controlled entities over freehold land and buildings, a cross deed of covenant entered into by the Company and some of its controlled entities and by a floating charge over the consolidated entity's used vehicle and parts inventory. The borrowings are also secured by a negative pledge that imposes certain financial covenants on the consolidated entity. The negative pledge states 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. The covenant is only subject to testing whilst the consolidated entity's debt/effective equity ratio is greater than 0.55 times. The revolving credit facility is secured by way of a registered mortgage over specific freehold land and buildings.

New 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 8.

A portion of the consolidated entity's new vehicle bailment outstandings are secured by cross guarantees between specific controlled entities.

ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security are:

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Non-current assets pledged as security -				
Freehold land and buildings -first mortgage	**147,582**	82,590	**-**	-
Current assets pledged as security -				
Inventories - Bailment finance	**69,918**	71,513	**-**	-
Floating charge	**34,513**	32,733	**-**	-
Total assets pledged as security	**252,013**	186,836	**-**	-

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

Total facilities				
Bank overdrafts	**3,000**	3,000	**-**	-
Bills & fully drawn advance facilities	**73,600**	73,600	**-**	-
Bailment finance	**100,668**	84,927	**-**	-
Revolving credit facility	**3,000**	3,000	**-**	-
	180,268	164,527	**-**	-

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20. NON-CURRENT LIABILITIES - Interest bearing liabilities (continued)

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Used at balance date				
Bank overdrafts	**742**	73	**-**	-
Bills & fully drawn advance facilities	**66,900**	50,100	**-**	-
Bailment finance	**78,007**	80,804	**-**	-
Revolving credit facility	**1,000**	-	**-**	-
	146,649	130,977	**-**	-
Unused at balance date				
Bank overdrafts	**2,258**	2,927	**-**	-
Bills & fully drawn advance facilities	**6,700**	23,500	**-**	-
Bailment finance	**22,661**	4,123	**-**	-
Revolving credit facility	**2,000**	3,000	**-**	-
	33,619	33,550	**-**	-

Certain bill facilities and fully drawn advance facilities are on fixed repayment schedules whilst others are of a floating nature. The revolving credit facility is utilised in conjunction with the bank overdraft facility to cover short term cash flow requirements. All facilities are subject to annual review. Interest rates on borrowings are either fixed or variable.

21. NON-CURRENT LIABILITIES - Deferred tax liabilities

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Deferred tax liabilities	**9,242**	2,084	**9,964**	-
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss				
Depreciation	**1,288**	1,082	**1,288**	-
Inventory valuation	**530**	569	**530**	-
Prepayments	**337**	337	**337**	-
Sundry items	**16**	96	**16**	-
	2,171	2,084	**2,171**	-
Amounts recognised directly in equity				
Revaluation of land and buildings	**7,015**	-	**7,015**	-
Revaluation of investment in other corporations	**381**	-	**381**	-
Revaluation of investment in associate	**(325)**	-	**(325)**	-
Revaluation of investment in controlled entities	**-**	-	**722**	-
	7,071	-	**7,793**	-
Total deferred tax liabilities	**9,242**	2,084	**9,964**	-
The deferred tax expense (revenue) included in income tax expense in respect of the above temporary differences resulted from the following movements :				
Deferred tax liabilities at 1January 2003 after reclassification (note 1 (w))	**2,084**	2,236	**-**	-
Adjustment for change in accounting policy for income tax (note 1 (w))	**(325)**	(325)	**722**	722
Deferred tax recognised directly in equity (note 25(b))	**7,396**	-	**-**	-
Accounting for deferred tax liabilities in accordance with tax consolidation legislation (Note 1 (b))	**-**	-	**9,242**	-
	9,155	1,911	**9,964**	722
Less : Deferred tax liabilities at 31 December 2003	**9,242**	1,759	**9,964**	722
Decrease (increase) in deferred tax liabilities included in income tax expense (note 4)	**(87)**	152	**-**	-

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22. NON-CURRENT LIABILITIES - Provisions

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Employee benefits	**630**	578	**-**	-
Employee benefits and related on-cost liabilities				
Included in other creditors - current (note 15)	**2,848**	2,628	**-**	-
Provision for employee benefits - current (note 18)	**2,038**	1,997	**-**	-
Provision for employee benefits - non-current (as above)	**630**	578	**-**	-
	5,516	5,203	**-**	-

23. SEGMENT INFORMATION

Primary Reporting - Business Segments
The consolidated entity operates wholly within the motor industry in Queensland, Australia across the following segments:

Business Segments	**Products/Services**
New vehicle operations	- Sale of new motor vehicles and the attendant provision of finance, leasing and extended warranty.
Used vehicle operations	- Sale of used motor vehicles and the attendant provision of finance, leasing and extended warranty.
Service operations	- Provision of motor vehicle servicing.
Parts operations	- Distribution and sale of motor vehicle parts and accessories.

Inter segment sales are comprised of the sale of parts and accessories and internal labour priced on an arms length basis

Segment reporting 2003

	New vehicle department $'000	**Used vehicle department $'000**	**Parts department $'000**	**Service department $'000**	**Eliminations $'000**	**Consolidated $'000**
REVENUE						
External revenue	551,147	152,118	102,499	35,733	-	841,497
Inter-segment revenue	-	-	21,625	10,079	(31,704)	-
Total segment revenue	551,147	152,118	124,124	45,812	(31,704)	841,497
Unallocated revenue						1,812
TOTAL REVENUE						843,309
PROFIT RESULT						
Segment Result	5,342	451	3,795	2,656	-	12,244
Internal interest and rental charges						7,222
SEGMENT CONTRIBUTION						19,466
Share of net profit of equity accounted investments						61
Unallocated corporate expenses						(4,312)
						15,215
Income tax expense						(4,717)
NET PROFIT						10,498
Amortisation of Goodwill						484
Depreciation and other amortisation						4,122
TOTAL DEPRECIATION AND AMORTISATION						4,606
Non cash expenses other than depreciation and amortisation						731
ASSETS						
Segment assets	133,053	30,427	50,268	47,738	-	261,486
Equity accounted investments						3,596
Unallocated corporate assets						44,015
CONSOLIDATED TOTAL ASSETS						309,097

A.P. EAGERS LIMITED and Controlled Entities

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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Segment reporting 2003 (continued)

	New vehicle department $'000	Used vehicle department $'000	Parts department $'000	Service department $'000	Eliminations $'000	Consolidated $'000
LIABILITIES						
Segment liabilities	102,105	7,032	16,083	24,098	-	149,318
Unallocated corporate liabilities						30,784
CONSOLIDATED TOTAL LIABILITIES						180,102
Acquisitions of non current assets						37,834

Segment reporting 2002

	New vehicle department $'000	Used vehicle department $'000	Parts department $'000	Service department $'000	Eliminations $'000	Consolidated $'000
REVENUE						
External revenue	481,429	139,117	93,308	36,318	-	750,172
Inter-segment revenue	-	-	12,416	7,794	(20,210)	-
Total segment revenue	481,429	139,117	105,724	44,112	(20,210)	750,172
Unallocated revenue						5,913
TOTAL REVENUE						756,085
PROFIT RESULT						
Segment Result	393	1,157	3,702	4,190	-	9,442
Internal interest and rental charges						6,901
SEGMENT CONTRIBUTION						16,343
Share of net profit of equity accounted investments						270
Unallocated corporate expenses						(4,286)
						12,327
Income tax expense						(3,765)
NET PROFIT						8,562
Amortisation of Goodwill						457
Depreciation and other amortisation						4,250
TOTAL DEPRECIATION AND AMORTISATION						4,707
Non cash expenses other than depreciation and amortisation						380
ASSETS						
Segment assets	112,055	29,051	37,191	30,534	-	208,831
Equity accounted investments						3,659
Unallocated corporate assets						35,664
CONSOLIDATED TOTAL ASSETS						248,154
LIABILITIES						
Segment liabilities	97,437	5,595	14,729	15,128	-	132,889
Unallocated corporate liabilities						30,439
CONSOLIDATED TOTAL LIABILITIES						163,328
Acquisitions of non current assets						10,670

24. CONTRIBUTED EQUITY

	CONSOLIDATED		PARENT ENTITY	
	2003 $'000	2002 $'000	**2003 $'000**	2002 $'000
(a) Paid up capital				
Ordinary shares fully paid	**59,034**	48,457	**59,034**	48,457

24. CONTRIBUTED EQUITY (continued)

(b) Movements in ordinary share capital of the company during the past two years were as follows:

Date	Details	Number of shares	Issue price	$'000
1 January 2002	Balance	15,678,664		42,794
31 January 2002	Options exercised	434,225	$4.00	1,737
27 May 2002	Dividend reinvestment plan issue	59,588	$4.40	262
31 July 2002	Options exercised	849,522	$4.00	3,398
30 September 2002	Dividend reinvestment plan issue	55,812	$4.78	266
31 December 2002	Balance	17,077,811		48,457
31 January 2003	Options exercised	2,184,072	$4.00	8,736
26 May 2003	Dividend reinvestment plan issue	76,298	$5.35	408
29 September 2003	Dividend reinvestment plan issue	225,906	$6.34	1,433
31 December 2003	Balance	19,564,087		59,034

(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.

(d) On 25 June 1999 the company issued 3,003,759 ordinary shares at $4.00 per share under a one for four renounceable rights issue. An option to acquire one further share at $4.00 per share was attached to each share subscribed for under the offer. The options expired on 31 January 2003. Of the 2,225,553 options outstanding 2,164,072 were exercised whilst 61,481 lapsed.

(e) On 30 July 1999 750,000 options exercisable at $4.00 per share were granted under the A.P. Eagers Limited Employee Share Option Plan to eligible employees of A.P. Eagers Limited and its controlled entities. Each option is convertible into one ordinary share in January or July in each year through to the end of January 2003 when any unexercised options lapsed. As provided for under the plan the employee share options were merged on 7 August 2001 with the listed rights issue options described in Note 24(d) above and became available for transfer without restriction from that date.

(f) On 7 March 2002, 100,000 unquoted options exercisable at $4.00 per share were granted under the A.P. Eagers Limited Employee Share Option Plan. Of the 40,000 options outstanding at 31 December 2002, 20,000 were exercised whilst 20,000 lapsed.

25. RESERVES AND RETAINED PROFITS

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
(a) Reserves:				
Capital profits reserve	**6,222**	6,222	**-**	-
Asset revaluation reserve	**32,438**	6,768	**1,683**	2,405
	38,660	12,990	**1,683**	2,405
Movements:				
Asset revaluation reserve -				
Balance 1 January 2003	**6,768**	6,768	**2,405**	2,405
Revaluation of land and buildings at the end of financial year	**33,066**	-	**-**	-
Deferred tax liability	**(7,396)**	-	**(722)**	-
Balance 31 December 2003	**32,438**	6,768	**1,683**	2,405

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25. RESERVES AND RETAINED PROFITS (continued)

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
(b) Retained Profits				
Retained profits at the beginning of the financial year	**23,379**	20,475	**11,952**	7,362
Net profit attributed to members of A.P. Eagers Limited	**10,498**	8,562	**124**	10,248
Adjustment resulting from the change in accounting policy in respect of providing for dividends (note 1 (w))	**3,275**	-	**3,275**	-
Adjustment resulting from the change in accounting policy in respect of income tax (note 1 (w))	**325**	-	**-**	-
Dividends provided for or paid (note 5)	**(6,176)**	(5,658)	**(6,176)**	(5,658)
Retained profits at the end of the financial year	**31,301**	23,379	**9,175**	11,952

(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) Asset revaluation reserve.
The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 1 (f). 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.

26. EQUITY

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Total equity at the beginning of the financial year	**84,826**	76,259	**62,814**	52,561
Adjustment to retained earnings at the beginning of the financial year resulting from change in accounting policy for providing for dividends (note 1 (o))	**3,275**	-	**3,275**	-
Total changes in equity recognised in the statement of financial performance	**36,493**	8,562	**124**	10,248
Transactions with owners as owners:				
Contributions of equity (net)	**10,577**	5,663	**10,577**	5,663
Dividends provided for or paid	**(6,176)**	(5,658)	**(6,176)**	(5,658)
Total equity at the end of the financial year	**128,995**	84,826	**70,614**	62,814

27. FINANCIAL INSTRUMENTS

(a) Credit Risk
The credit risk on financial assets of the consolidated entity which have been recognised on the statement of financial position, other than investment in shares, is generally the carrying amount, net of any provision for doubtful debts.

(b) Interest Rate Risk
The consolidated entity's exposure to interest rate risk and the effective weighted average interest rates for each class of financial assets and financial liabilities is set out below. Exposure arises predominantly from assets and liabilities bearing variable interest rates. The consolidated entity intends to hold fixed rate assets and liabilities to maturity.

27. FINANCIAL INSTRUMENTS (continued)

	Notes	Floating interest rate $'000	Fixed interest maturing in: 1 year or less $'000	over 1 to 5 years $'000	more than 5 years $'000	Non interest bearing $'000	Total $'000
31 December 2003							
Financial Assets							
Cash and deposits	6	36	-	-	-	19	55
Receivables	7,10	-	216	-	-	31,564	31,780
Investments	11	-	-	-	-	1,815	1,815
		36	216	-	-	33,398	33,650
Weighted average interest rate - %		4.75	10.49	-	-	-	-
Financial Liabilities							
Bank overdrafts	16	742	-	-	-	-	742
Trade and other creditors	15	-	-	-	-	16,136	16,136
New vehicle bailment	16	78,007	-	-	-	-	78,007
Bills payable and fully drawn advances	16,20	39,000	14,500	13,400	-	-	66,900
Other loans	16,20	1,000	-	-	-	-	1,000
		118,749	14,500	13,400	-	16,136	162,785
Weighted average interest rate - %		6.40	5.97	6.63	-	-	-
Net Financial Assets(Liabilities)		(118,713)	(14,284)	(13,400)	-	17,262	(129,135)
31 December 2002							
Financial Assets							
Cash and deposits	6	1,506	-	-	-	18	1,524
Receivables	7,10	-	561	298	-	30,198	31,057
Investments	11	-	-	-	-	1,815	1,815
		1,506	561	298	-	32,031	34,396
Weighted average interest rate - %		5.84	9.76	9.76	-	-	-
Financial Liabilities							
Bank overdrafts	16	73	-	-	-	-	73
Trade and other creditors	15	-	-	-	-	17,792	17,792
New vehicle bailment	16	80,804	-	-	-	-	80,804
Bills payable and fully drawn advances	16,20	29,200	7,100	13,800	-	-	50,100
Other loans	16,20	-	-	-	-	-	-
		110,077	7,100	13,800	-	17,792	148,769
Weighted average interest rate - %		5.91	6.31	6.83	-	-	-
Net Financial Assets(Liabilities)		(108,571)	(6,539)	(13,502)	-	14,239	(114,373)

The consolidated entity enters into interest rate layered swaps to hedge against its interest rate risk associated with floating interest rates on borrowings. Layered swaps have potentially two fixed rates for the term, a best case rate and a worst case rate determined by the BBSY rate at each roll against a nominated BBSY range.

At 31 December 2003 the notional principal amounts and periods of expiry of the interest rate layered swaps contracts are as follows:

	Floating interest rate $'000	Fixed interest maturing in: 1 Year or less $'000	Over 1 to 5 years $'000	More than 5 years $'000	Rates Best case rate %	Rates Worst case rate %
Layered swap set against Australian BBSY rate	(40,000)	-	40,000	-	5.00	6.90

27. FINANCIAL INSTRUMENTS (continued)

Reconciliation of Net Financial Assets to Net Assets

	Notes	2003 $'000	2002 $'000
Net financial liabilities as above		**(129,135)**	(114,373)
Non-financial assets and liabilities			
Equity accounted investments	11(a)	**3,596**	3,659
Inventories	8	**103,436**	106,053
Property, plant and equipment	12	**156,141**	91,414
Intangibles	14	**8,375**	8,859
Other assets	9,13	**3,898**	3,773
Provisions and tax liabilities	17,18,21,22	**(14,859)**	(11,597)
Other liabilities	19	**(2,457)**	(2,962)
Net assets per statement of financial position		**128,995**	84,826

(c) Net Fair Value of Financial Assets and Liabilities

(i) On-Statement of financial position

The net fair value of cash and cash equivalent and non-interest bearing monetary financial assets and financial liabilities approximates their carrying amounts.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists.

Equity investments traded on organised markets have been valued by reference to market prices prevailing at balance date (refer also to note 11). For non-traded equity investments, the net fair value is an assessment by the directors based on the underlying net assets, future maintainable earnings and any special circumstances pertaining to a particular investment (refer also to note 11).

(ii) Off-Statement of financial position

The parent entity and certain controlled entities have potential financial liabilities which may arise from certain contingencies disclosed in note 29. As explained in that note, no material losses are anticipated in respect of any of those contingencies and the net fair value disclosed below is the directors' estimate of amounts which would be payable by the consolidated entity.

The carrying amounts and net fair values of financial assets and liabilities at balance date are as follows:

	2003		2002	
	Carrying amount $'000	Net fair value $'000	Carrying amount $'000	Net fair value $'000
On-Statement of financial position financial instruments				
Financial assets				
Term debtors	**158**	**158**	859	859
Other debtors	**31,622**	**31,622**	30,198	30,198
Traded investments	**10**	**18**	10	15
Non-traded investments	**1,805**	**1,805**	1,805	1,805
Other assets	**55**	**55**	1,524	1,524
	33,650	**33,658**	34,396	34,401
Financial liabilities				
Bank overdrafts	**742**	**742**	73	73
Bills payable and fully drawn advances	**66,900**	**66,900**	50,100	50,100
Other loans	**1,000**	**1,000**	-	-
Other liabilities	**94,143**	**94,143**	98,596	98,596
	162,785	**162,785**	148,769	148,769

28. INVESTMENT IN CONTROLLED ENTITIES

Name of entity	Cost of parent entity's investment 2003 $'000	2002 $'000	Equity holding 2003 %	2002 %
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
	30,378	30,378		

* Eagers Finance Pty Ltd is the only entity within the group not subject to the Deed of Cross Guarantee referred to in note 29(b).
All controlled entities are either directly controlled by A.P. Eagers Limited, or wholly owned within the consolidated entity, have ordinary class of shares and are incorporated in Australia.

29. 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 controlled entities. It is not practicable to ascertain or estimate the maximum amount for which the parent entity may become liable in respect thereof. At 31 December 2003 no controlled entity 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 its controlled entities, with the exception of Eagers Finance Pty Ltd, are parties to a deed of cross guarantee which has been lodged with and approved by the Australian Securities and Investments Commission. Under the deed of cross guarantee each of these companies guarantees the debts of the other named companies. The business activities of Eagers Finance Pty Ltd are being progressively wound down and as a consequence its earnings contribution and impact on consolidated assets and liabilities are no longer material in the context of the consolidated entity. Statements of financial performance and financial position for the Closed Group have therefore not been prepared as they are substantially the same as the consolidated entity statements on pages 13 and 14.

A.P. EAGERS LIMITED and Controlled Entities

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31 DECEMBER 2003 (continued)

30. COMMITMENTS FOR EXPENDITURE

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$'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	**3,020**	10,431	**-**	-
Operating Lease Commitments				
Commitments for minimum lease payments in relation to non-cancellable operating leases for premises are payable as follows:				
Within 1 year	**927**	1,208	**-**	-
Later than 1 year but not later than 5 years	**1,239**	1,596	**-**	-
Later than 5 years	**659**	833	**-**	-
	2,825	3,637	**-**	-

The consolidated entity leases property under non-cancellable operating leases with expiry dates between 31 August 2004 and 27 February 2012. Leases generally provide for a right of renewal at which time the lease terms are renegotiated. Lease rental payments comprise a base amount plus an incremental contingent rental based on movements in the consumer price index.

	CONSOLIDATED		PARENT ENTITY	
Remuneration Commitments				
Commitments for the payment of salaries and other remuneration under long term employment contracts in existence at the reporting date but not recognised as liabilities, payable:				
Within one year	**246**	342	**-**	-
Later than one year but not later than 5 years	**246**	424	**-**	-
	492	766	**-**	-

31. ECONOMIC DEPENDENCY

The normal trading activities of a number of entities in the consolidated entity depend on franchise agreements with the following vehicle manufacturers or their appointed agents for the supply of new vehicles, parts and accessories:

- Holden Ltd
- Ford Motor Company of Australia Limited
- Toyota Motor Corporation Australia Limited

32. REMUNERATION OF AUDITOR

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$	$	**$**	$
Remuneration for audit or review of the financial reports of the parent entity or any entity in the consolidated entity:				
Auditor of parent entity				
- Parent entity	**9,000**	9,000	**9,000**	9,000
- Controlled entities	**151,000**	141,000	**-**	-
	160,000	150,000	**9,000**	9,000
Remuneration for other services by the parent entity auditor:				
- Parent entity	**-**	-	**-**	-
- Controlled entities	**39,140**	88,037	**-**	-
	39,140	88,037	**-**	-

33. REMUNERATION OF DIRECTORS

	Directors of Entities in the Consolidated Entity 2003 $	2002 $	Directors of Parent Entity 2003 $	2002 $
Income paid or payable, or otherwise made available, to directors by entities in the consolidated entity and related parties in connection with the management of affairs of the parent entity or its controlled entities				
Non-executive directors' fees (in aggregate)	**185,000**	185,000	**185,000**	185,000
Other amounts paid or payable to directors in the consolidated entity, including executive directors' remuneration, superannuation, fringe benefits and the benefit derived from the conversion of employee options	**826,979**	681,644	**826,979**	681,644
	1,011,979	866,644	**1,011,979**	866,644

The number of parent entity directors whose total income from the parent entity or related parties was within the specified bands are as follows:

$'000		$'000	2003	2002
40	-	50	**1**	2
50	-	60	**2**	1
80	-	90	**1**	-
90	-	100	**-**	1
630	-	640	**-**	1
740	-	750	**1**	-

34. REMUNERATION OF EXECUTIVES

	Executive Officers of the Consolidated Entity 2003 $	2002 $	Executive Officers of the Parent Entity 2003 $	2002 $
Remuneration paid or payable by entities in the consolidated entity and related parties to executive officers (including directors) whose remuneration was at least $100,000:				
Executive officers of the parent entity	**1,939,653**	1,791,587	**1,939,653**	1,791,587
Total income inclusive of superannuation, employee option benefits and fringe benefits paid to these executives	**1,939,653**	1,791,587	**1,939,653**	1,791,587

The number of executive officers (including executive directors) whose remuneration from entities in the consolidated entity and related parties was within the specified bands are as follows:

$'000		$'000	Executive Officers of the Consolidated Entity 2003	2002	Executive Officers of the Parent Entity 2003	2002
210	-	220	**-**	1	**-**	1
240	-	250	**1**	-	**1**	-
310	-	320	**1**	-	**1**	-
340	-	350	**-**	1	**-**	1
600	-	610	**-**	1	**-**	1
630	-	640	**1**	1	**1**	1
740	-	750	**1**	-	**1**	-

35. EMPLOYEE ENTITLEMENTS

(a) 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.

36. RELATED PARTIES

Directors
The names of persons who were directors of A.P.Eagers Limited at any time during the financial year are N G Politis, B W Macdonald, A J Love, K W Macdonald and D.A. Aitken. All of these persons were also directors for the full year ended 31 December 2002.

Remuneration and retirement benefits
Information on the remuneration of directors is disclosed in note 33.

Transactions of directors and director-related entities concerning shares or share options
Aggregate number of shares and share options of A.P. Eagers Limited acquired or disposed of by directors of the company and consolidated entity or their director-related entities from the company:

	Parent entity and consolidated	
	2003	2002
	Number	Number
Acquisitions		
Ordinary shares (converted from options)	**348,547**	811,800
Disposals		
Options (converted to shares)	**348,547**	811,800

All transactions relating to shares and options of the Company, including the payment and receipt of dividends, were on the same basis as similar transactions with other shareholders.

Aggregate number of shares and share options of A.P. Eagers Limited held directly, indirectly or beneficially by directors of the company or the consolidated entity or their director-related entities at balance date:

	2003	2002
	Number	Number
Ordinary shares	**7,379,850**	6,858,386
Options over ordinary shares	**-**	348,547

Other transactions of directors and director related entities

The aggregate amount of Other transactions with directors are as follows:

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$	$	**$**	$
(i) Professional fees paid to - McGee Isles Love Pty Ltd	**22,630**	97,132	**-**	-

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 and Mr D A Aitken are directors and shareholders of a number of companies involved in the motor industry with whom the consolidated entity transacts business. These transactions, sales of $2,000 (2002 -$360,000) and purchases of $14,000 (2002 - $81,000) 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.

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36. RELATED PARTIES (continued)

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 28.

Transactions between the parent entity and its controlled entities and amongst the various controlled entities 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 receipts of interest on net working capital.

Amounts receivable from related parties in the wholly owned group at balance date are shown in note 10.

37. EARNINGS PER SHARE

	CONSOLIDATED	
	2003	2002
	Cents	Cents
Basic earnings per share	**54.9**	51.9
Diluted earnings per share	**54.9**	51.2
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	**19,128,358**	16,486,638
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share	**19,128,358**	16,713,134

38. RECONCILIATION OF PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Profit from ordinary activities after income tax	**10,498**	8,562	**124**	10,248
Depreciation and amortisation	**4,606**	4,707	**-**	-
Share of profits of associates	**(61)**	(270)	**-**	-
Net gain on sale of property, plant and equipment	**-**	(217)	**-**	-
Dividends from controlled entities	**-**	-	**-**	(10,000)
Dividends from other investments	**124**	248	**(124)**	(248)
(Increase) decrease in assets -				
Receivables	**(792)**	150	**-**	-
Inventories	**1,814**	(17,770)	**-**	-
Prepayments	**131**	(317)	**-**	-
Future income tax benefit	**(14)**	(326)	**-**	-
Increase (decrease) in liabilities -				
Creditors (including bailment finance)	**(5,200)**	18,601	**-**	-
Provisions	**320**	396	**-**	-
Taxes payable	**(784)**	1,868	**-**	-
Net cash inflow from operating activities	**10,642**	15,632	**-**	-

39. FINANCING ACTIVITIES

Payment of dividend of $1,841,000 (2002: $528,000) under the Dividend Reinvestment Plan was settled by way of issue of 302,204 shares (2002: 115,400 shares).

40. INVESTMENTS IN ASSOCIATES

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost in the parent entity (see Note 11(a)). Information relating to the associates is set out below.

Name of company	Principal activity	Ownership interest 2003 %	Ownership interest 2002 %	Consolidated carrying amount 2003 $'000	Consolidated carrying amount 2002 $'000	Parent entity carrying amount 2003 $'000	Parent entity carrying amount 2002 $'000
Traded on organised markets							
Auto Group Ltd	Used Motor vehicle auctions	**18.68**	18.68	**3,596**	3,659	**4,634**	4,634

Auto Group Ltd was deemed to be an associate in February 2001.

	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000
Movement in carrying amounts of investments in associate -		
Carrying amount at the beginning of the financial year	**3,659**	3,637
Equity share of profit/(loss) from ordinary activities after income tax	**61**	270
Dividends received during current year	**(124)**	(248)
Carrying amount at the end of the financial year	**3,596**	3,659
Results attributable to associates		
(based on the last published 12 month's results of the associate)		
Profit from ordinary activities before income tax	**266**	515
Income tax expense	**(205)**	(245)
Profit/(loss) from ordinary activities after income tax	**61**	270
Dividends received	**(124)**	(248)
Equity share of associates profits (losses) after adjusting for current year dividends	**(63)**	22
Accumulated losses attributable to associates at the beginning of the financial year	**(976)**	(998)
Accumulated losses attributable to associates at the end of the financial year	**(1,039)**	(976)
Share of associate's contingent liabilities		
Guarantees given on behalf of controlled entities for borrowing facilities	**3,810**	2,015
Share of associate's expenditure commitments		
Lease commitments	**7,352**	5,938
Summary of performance and financial position of associates		
The aggregate profits, assets and liabilities of associates are:		
Profits from ordinary activities after income tax expense	**682**	1,808
Assets	**72,409**	60,888
Liabilities	**55,249**	43,083

Reporting date of associates

Auto Group Ltd's reporting date is 30 June annually.

A.P. EAGERS LIMITED and Controlled Entities

SHAREHOLDER INFORMATION

Class of Securities

As at 10 March 2004 the company's only quoted security comprised 19,564,087 fully paid ordinary shares.

The shareholder information set out below was applicable as at 10 March 2004.

Twenty largest holders – ordinary shares

Name	Number of Ordinary Shares Held	Percentage of Issued Shares
WFM Motors Pty Ltd	7,230,050	36.96
Paterson Cheney Investments Pty Ltd	1,477,803	7.55
Alan Piper Investments (No.1) Pty Ltd	1,281,250	6.55
Milton Corporation Limited	700,000	3.58
Argo Investments Limited	440,415	2.25
Mrs D Colman	376,342	1.92
Mrs L M Porter	353,871	1.81
Ms C Blackley	302,063	1.54
Mrs J E Green	218,270	1.12
J P Morgan Nominees Australia Limited	203,857	1.04
Wagreen Pty Ltd	171,788	0.88
Bounty Investments Limited	129,105	0.66
ANZ Executors & Trustee Company Limited	122,159	0.62
Choiseul Investments Limited	101,000	0.52
Invia Custodian Pty Limited (WAM Capital Ltd A/C)	99,681	0.51
Invia Custodian Pty Limited (WAM Equity Ltd A/C)	85,047	0.43
Wakefield Investments (Australia) Limited	80,784	0.41
Mr B W Macdonald	75,000	0.38
Mrs P J McKerrell	69,843	0.36
Mr W F Holland	64,157	0.33
	13,582,485	69.42

Distribution of Holdings of Ordinary Shares

Range			No of Holders
1	-	1,000	616
1,001	-	5,000	779
5,001	-	10,000	155
10,001	-	100,000	124
100,001		and over	14
			1,688

The number of ordinary shareholders with less than a marketable parcel was 69.

Substantial Shareholders

An extract from the company's register of substantial shareholders giving details of the number of ordinary shares in which they have a relevant interest, is set out below.

	No. of Shares
WFM Motors Pty Ltd	7,065,133
Patterson Cheney Investments Pty Ltd	1,406,465
Alan Piper Investments (No.1) Pty Ltd	1,281,250

SHAREHOLDER INFORMATION (continued)

Stock Exchange Listing
A.P. Eagers Limited shares are quoted on the Australian Stock Exchange Limited under the symbol APE. Brisbane is the Home Exchange.

Voting Rights Of Members

- Article 69 states:

Every member entitled to vote who is present in person or by proxy or by attorney or in the case of a corporation by representative shall upon a show of hands have one (1) vote only and on a poll every member entitled to vote shall whether present in person or by proxy or attorney or in the case of a corporation by representative have one (1) vote for every share held by him.

- Article 70 states:

Where there are joint registered holders of any shares any one (1) of such persons may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one (1) of such joint holders be present at any meeting personally or by attorney or proxy that one (1) of the said persons whose name stands first in the register in respect of such shares shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any shares stand shall for the purpose of this clause be deemed joint holders thereof.

CORPORATE INFORMATION

A.P. EAGERS LIMITED
A.B.N. 87 009 680 013

Incorporation
Incorporated in Queensland on
17 April 1957

Registered Office
80 McLachlan Street, Fortitude Valley,
Brisbane Qld 4006

Telephone
(07) 3248 9455

Facsimile
(07) 3248 9459

Issued Capital
19,564,087 ordinary shares
fully paid (as at 10 March 2004)

Board of Directors
B W Macdonald, Chairman
K W Macdonald, Managing Director
A J Love
N G Politis
D A Aitken

Secretary
D W Hull, F.C.I.S.

Auditor
Horwath Sydney Partnership
1 Market Street
Sydney NSW 2000

Solicitors
Nicol Robinson Halletts
Level 10
175 Eagle Street, Brisbane Qld 4000

Bankers
Australia and New Zealand Banking
Group Limited
Level 3
324 Queen Street, Brisbane Qld 4000

Share Registry
Computershare Investor Services Pty Ltd
Central Plaza One
Level 27
345 Queen Street
Brisbane, Queensland, 4000.
Tel: (07) 3237 2100
Fax: (07) 3229 9860

Executive Management

Ken Macdonald	- Managing Director
Dennis Hull	- Company Secretary
Geoff Walker	- Chief Financial Officer
Alan Syer	- General Manager – Dealer Operations

Dealership General Managers

John Wells	- Southside Ford
Jim Keegan	- Southside Toyota
Keith Thornton	- Southside Honda/Land Rover
Marc Caton	- Eagers Holden - Newstead
	- Eagers Mazda - Newstead
Mike Peereboom	- Eagers Holden - Windsor
	- Eagers Kia – Kedron & Windsor
Warwick Stansfield	- Austral Porsche
Grant Torta	- Austral Honda/VW/MG Rover
Alan Syer	- Metro / Torque Ford
John Dobson	- Torque / Strathpine Toyota
Terry Parker	- Austral Volvo/Jaguar/Land Rover

Controlled Entities

Eagers Retail Pty Ltd
A.B.N. 91 009 662 211

Austral Pty Ltd
A.B.N. 89 009 662 202

Nundah Motors Pty Ltd
A.B.N. 52 009 681 556

Eagers Nominees Pty Ltd
A.B.N. 98 009 723 488

Eagers Finance Pty Ltd
A.B.N. 65 009 721 288

Eagers Parts & Equipment Pty Ltd
A.B.N. 58 009 727 753

E.G. Eager & Son Pty Ltd
A.B.N. 20 009 658 306

A.P. Group Ltd
A.B.N. 53 010 030 994

A.P. Ford Pty Ltd
A.B.N. 43 010 602 383

A.P. Motors Pty Ltd
A.B.N. 76 010 579 996

A.P. Motors (No.1) Pty Ltd
A.B.N. 95 010 585 234

A.P. Motors (No.2) Pty Ltd
A.B.N. 97 010 585 243

A.P. Motors (No.3) Pty Ltd
A.B.N. 99 010 585 252

Associated Finance Pty Limited
A.B.N. 76 009 677 678

Leaseline & General Finance Pty Ltd
A.B.N. 51 010 131 361

EAGERS

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

80 McLachlan Street, Fortitude Valley, Qld 4006
Postal Address: PO Box 199, Fortitude Valley, Qld 4006

Telephone: (07) 3248 9455
Facsimile: (07) 3248 9459

www.apeagers.com.au