



26 August 2015

Company Announcements Office
ASX Limited

Results for Announcement to the Market

Half Year Report and Accounts

- **Record Half Year Net Profit Before Tax of \$59.5 million (2014HY: \$46.0 million) up 29.5%.**
 - **Record Half Year Earnings per Share of 24.5 cents (2014HY: 18.7 cents) up 31%.**
 - **Record Interim Dividend of 12.0 cents per share (2014: 9.0 cents) up 33%.**

The following documents for our half year ended 30 June 2015 are **attached**:

1. Half Year Report – Appendix 4D and commentary
2. Directors' Report
3. Interim Financial Report
4. Auditor's Report and Declaration of Independence

These are given to the ASX under listing rule 4.2A and are to be read in conjunction with our most recent annual financial report.

Yours faithfully
A.P. Eagers Limited

A handwritten signature in red ink that reads 'Denis Stark'.

Denis Stark
Company Secretary

A. P. EAGERS LIMITED
ABN 87 009 680 013

Registered Office
80 McLachlan Street, Fortitude Valley QLD 4006
P.O. Box 199, Fortitude Valley QLD 4006
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Appendix 4D Half Year Report and Commentary

Half year ended 30 June 2015
(ASX listing rule 4.2A)

Results for Announcement to the Market

- **Record Half Year Net Profit Before Tax of \$59.5 million (2014HY: \$46.0 million) up 29.5%.**
 - **Record Half Year Earnings per Share of 24.5 cents (2014HY: 18.7 cents) up 31%.**
 - **Record Interim Dividend of 12.0 cents per share (2014: 9.0 cents) up 33%.**

The Directors of A.P. Eagers Limited (ASX: APE) are pleased to report a half year 2015 Net Profit before Tax of \$59.5 million. This compares to a half year Net Profit Before Tax of \$46.0 million in 2014, an increase of 29.5% on the previous corresponding period (pcp). Net Profit after Tax for the 2015 half year was \$44.1 million as compared to \$33.3 million, an increase of 32.2% on the pcp. Earnings per share (basic) for the 2015 half year is 24.5 cents compared to 18.7 cents on the pcp.

Strong trading performances in Queensland and New South Wales operations more than offset weaker market conditions in the localised South Australia, South West Queensland markets and the National heavy truck market. The November 2014 Brisbane hail storm event created vehicle and parts replacement sales in South East Queensland, and the small business \$20,000 tax incentive announced in the May 2015 Federal Budget increased new and used vehicle sales activity nationally in June.

Dividend

A fully franked interim dividend of 12.0 cents per share (2014: 9.0 cents) has been approved for payment on 7 October 2015 to shareholders who are registered on 16 September 2015 (Record Date). The Company's dividend reinvestment plan (DRP) will not apply.

External Environment

According to Federal Chamber of Automotive Industry statistics, Australia's new motor vehicle sales increased by 3.3% in the half year to 30 June 2015 as compared to the pcp. The Western Australian (-8.4%) and South Australian (-1.0%) markets decreased over the period, and the Queensland (+5.4%), New South Wales (+6.0%) and Victorian (+4.0%) markets grew significantly on the pcp.

Nationally, the Heavy Commercial segment recorded a 3.9% increase with significant increases in light duty trucks being offset by declines in heavy/medium duty sales. Insolvencies amongst heavy haulage operators and associated distressed selling of used heavy trucks is creating a challenging market for heavy truck sales.

Business Initiatives

Acquisitions completed in the 2014 calendar year made positive earnings contributions in the first half of 2015 with better than expected results from the Boettcher Group and Central Highlands Toyota. Earnings from the Black Group South West Queensland business are temporarily impacted by poor regional economics and are expected to improve.

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Establishment of a large scale technologically advanced centralised parts distribution warehouse was substantially completed in the period and become operational in July 2015. This facility will ultimately distribute parts to the Queensland market for all of the Group's automotive brands and other related suppliers, providing a level of efficiency and customer service rarely seen in the Australian market.

Redevelopment of the Group's Newstead dealership properties commenced during the half year with the construction of a new Volkswagen dealership due for completion later this year. This will be followed by the redevelopment of Land Rover, Jaguar and Volvo dealerships, which are due to be completed in late 2016.

Expansion of the Carzoos branded used car business continued during the half year with the opening of standalone used retail sites and additional vehicle sourcing activities.

Both of the Group's NSW car dealerships, being Klosters and Bill Buckle Autos, capitalised on the strong growth in NSW vehicle sales, resulting in the NSW Car Division achieving record financial results for the half year.

Results Summary

Consolidated results

Half Year Ended 30 June 2015.	2015 \$'000	2014 \$'000	Increase/(Decrease)
Revenue	1,639,520	1,375,761	19.2%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	77,499	62,700	23.6%
Depreciation and Amortisation	(6,550)	(5,822)	12.5%
Earnings before interest and tax (EBIT)	70,949	56,878	24.7%
Borrowing costs	(11,430)	(10,900)	4.9%
Profit before tax	59,519	45,978	29.5%
Income tax expense	(15,450)	(12,641)	22.2%
Profit after tax	44,069	33,337	32.2%
Non-controlling interest in subsidiaries	(315)	(259)	21.6%
Attributable profit after tax	43,754	33,078	32.3%
Earnings per share - basic	24.5	18.7	31.0%

Financial Performance

Total revenue increased by 19.2% to \$1.639 billion in the half year, with declines in truck vehicle sales and subdued trading in the South Australia market being more than offset by contributions from new acquisitions and strong trading in Queensland and NSW car divisions. On a like for like basis, revenue increased by 8.1% compared to the pcp.

EBITDA increased by 23.6% to \$77.5 million in the 2015 half year (2014 half year: \$62.7 million) and profit margins continued to trend slightly upwards, with EBITDA/Revenue of 4.7% compared to 4.6% (2014 half year) and NPBT/sales improving to 3.6% from 3.3% (2014 half year).

Borrowing costs increased by 4.9% to \$11.4 million for the 2015 half year, reflecting higher average debt (including additional bailment finance for 2014 acquired businesses) being offset by lower margins and interest rates. The increase in depreciation and amortisation costs by 12.5% to \$6.6 million (2014 half year: \$5.8 million) reflects the additional depreciation on businesses acquired in 2014 offset by a slight reduction relating to the sale of properties last year and transfer of property assets to the Held for Sale category, on which depreciation ceases to be charged.

Profit before tax included a half year dividend from Automotive Holdings Group (AHG) of \$5.5 million, compared to \$4.5 million in the pcp.

Segments ⁽¹⁾

Profit before tax from the Company's Car Retail segment for the period was \$47.7 million compared to \$31.1 million for the period ended 30 June 2014. Revenue increased by 24%, with the increase primarily attributable to the strong trading in Queensland and NSW including the new acquisitions. The strong trading was also reflected in the parts and service business with improvements across all business, particularly Queensland and NSW.

The National Truck division (Truck Retail segment) profit before tax result was disappointing at \$0.8 million for the half year compared to \$3.4 million for the pcp. Challenging new and used heavy truck trading conditions resulted in a decrease in revenue of 13%.

Property valuations were stable and the portfolio total value decreased to \$272 million as at 30 June 2015 compared with \$278 million as at 31 December 2014. Property segment profit contribution of \$7.6 million for the half year compared to \$7.5 million for the pcp, due to slightly lower interest costs.

The Investment segment registered a pre-tax gain of \$18.9 million for the half year as compared to a loss \$4.6 million for the pcp, due primarily to an unrealised revaluation gain on the AHG investment of \$11 million. This reflected a closing June 30 2015 AHG share price of \$3.99 per share compared to \$3.81 as at 31 December 2014

As at June 30 2015, the 19.9% strategic investment in AHG had a market value of \$243.0 million.

⁽¹⁾ Note: changes in fair value of property and investments are recognised as profit and loss adjustments for segment reporting purposes but are not recorded in the Group's Statutory Net Profit After Tax.

Financial Position

The Company's financial position strengthened further during the year. EBITDA interest cover (EBITDA/Borrowing Costs) was 6.8 times as at 30 June 2015, as compared to 5.8 times as at 30 June 2014 and 6.2 times as at 31 December 2014.

Corporate debt (Term and Capital Loan Facility) net of cash on hand was slightly higher at \$191.8 million as at 30 June 2015 (31 December 2014: \$190.2 million). Total debt including vehicle bailment and finance leases net of cash on hand was \$578.2 million as at 30 June 2015, as compared to \$556.0 million as at 31 December 2014, due primarily to additional bailment debt consistent with seasonal inventory movements.

Total gearing (Debt /Debt + Equity), including bailment inventory financing and finance leases, was 49.1% as at 30 June 2015, as compared to 49.5% as at 31 December 2014. Bailment finance is cost effective short term finance secured against vehicle inventory on a vehicle by vehicle basis. Gearing excluding bailment and finance leases, and including cash on hand, was 23.2% as at 30 June 2015, compared to 24.3% as at 31 December 2014.

Total inventory levels of \$472.0 million at 30 June 2015 were consistent with total inventory levels of \$469.2 million at 31 December 2014.

Net tangible assets increased to \$2.61 per share as at 30 June 2015, as compared to \$2.38 per share at 31 December 2014 due to higher asset balances including cash and available for sale investments including AHG shares.

The Company's cash flow from operations was \$50.0 million for the six months to June 2015 (2014 half year: \$42.8 million). This was consistent with previous periods, allowing for normal working capital timing variances.

Outlook and Strategy Update

The National new vehicle market continues to grow with low interest rates and exceptional product offerings driving customer demand.

Whilst operational performance has benefitted from some favourable events in the first half, namely the activity generated by the November 2014 hail event and the initial take-up of the \$20,000 tax incentive, the ongoing performance dividend from business improvement initiatives and earnings accretive acquisitions will support second half performance.

Strategically, the Company remains focussed on automotive retail and a two pronged approach of driving value from existing business through process improvement, operating synergies, portfolio management and organic growth, whilst taking advantage of value adding acquisition opportunities as they present themselves.



Martin Ward
Managing Director

26 August 2015

For more information, contact: Martin Ward
 Managing Director
 (07) 3248 9455

or visit: www.apeagers.com.au

Note: All national sales figures are based on Federal Chamber of Automotive Industry statistics sourced through VFACTS.

Appendix 4D

Half year report

1. Company details

Name of entity

A.P.Eagers Limited

ABN or equivalent company reference

87 009 680 013

Half year ended ('current period')

30 June 2015

Half year ended ('previous period')

30 June 2014

2. Results for announcement to the market

\$A'000's

2.1	Revenues from ordinary activities	Up	19.2%	to	1,639,520
2.2	Net profit (loss) for the period	Up	32.2%	to	44,069
2.3	Net profit (loss) for the period attributable to members	Up	32.3%	to	43,754
2.4	Dividends		Amount per security		Franked amount per security
	Interim dividend declared		12.0 cents		12.0 cents
2.5	+Record date for determining entitlements to the dividend.		16 September 2015		
2.6	Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable the figures to be understood.				
	Refer attached commentary.				

3. NTA backing

	Current period	Previous corresponding Period
Net tangible asset backing per ⁺ ordinary security	\$2.61	\$2.35

4.1 Control gained over entities

N/A

Name of entity (or group of entities)

--

Date control gained

--

Contribution of such entities to the reporting entity's profit/ (loss) before tax, and internal rent from ordinary activities during the period (where material).

\$'000

--

Profit(loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period.

\$'000

4.2 Loss of control over entities

N/A

Name of entity (or group of entities)

--

Date control lost

--

Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities during the period (where material).

\$

--

Consolidated profit/(loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material).

\$

5 Dividends

Individual dividends per security

		Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
	Interim dividend: Current year	07/10/2015	12.0¢	12.0¢	Nil¢
	Previous year	03/10/2014	9.0¢	9.0¢	Nil¢

6 Dividend Reinvestment Plans

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

The A.P.Eagers Limited Dividend Reinvestment Plan will not apply to the interim dividend.

The last date(s) for receipt of election notices for the ⁺dividend or distribution plans

7 Details of associates and joint venture entities

Name of associate/joint venture	Reporting entity's percentage holding		Contribution to Net profit/(loss) (where material)	
	Current Period	Previous corresponding period	Current Period \$'000	Previous corresponding period \$'000
MTA Insurance Limited	20.65%	20.65%	164	880

Group's aggregate share of associates' and joint venture entities' profits/(losses) (where material):

	Current period \$A'000	Previous corresponding period - \$A'000
Profit/(loss) from ordinary activities before tax	234	1,257
Income tax on ordinary activities	(70)	(377)
Profit/(loss) from ordinary activities after tax	164	880
Extraordinary items net of tax	-	-
Net profit/(loss)	164	880
Adjustments	-	-
Share of net profit/(loss) of associates and joint venture entities	164	880

Sign here: 
(Company Secretary)

Date: 26 August 2015

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

A.P. EAGERS LIMITED ACN 009 680 013
DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of A.P. Eagers Limited and the entities it controlled at the end of, or during, the half year ended 30 June 2015.

Directors

T B Crommelin, N G Politis, M A Ward, P W Henley, D T Ryan and D A Cowper were Directors of A.P. Eagers Limited during the whole of the half year and continue in office at the date of this report.

Review of Operations and Results

The consolidated entity achieved a net profit after tax of \$44.1 million for the half year ended 30 June 2015 (2014: \$33.3 million). Further review of the consolidated entity's operations during the half year and the results of those operations are included in pages 1 to 4 of the commentary at the front of this report.

Dividend

The Board has determined that a fully franked interim dividend of 12.0 cents per share (2014: 9.0 cents) will be payable on 7 October 2015 to shareholders registered on 16 September 2015 (the Record Date).

The company's dividend reinvestment plan (DRP) will not operate in relation to the interim dividend.

Auditor's Independence Declaration

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

Rounding of Amounts to Nearest Thousand Dollars

The company is of a kind referred to in Class Order 98/100 issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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



Martin Ward
Director

Brisbane
26 August 2015

The Board of Directors
A.P. Eagers Limited
80 McLachlan Street
Fortitude Valley QLD 4006

26 August 2015

Dear Board Members

A.P. Eagers Limited

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

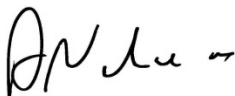
As lead audit partner for the review of the financial statements of A.P. Eagers Limited for the or half-year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review;
and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Alfred Nehama
Partner
Chartered Accountants

A.P. Eagers Limited
ABN 87 009 680 013

Interim Financial Report

30 June 2015

A.P. EAGERS LIMITED

Directors' declaration

The directors declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Martin A Ward

Director

Brisbane - 26 August 2015

A.P. EAGERS LIMITED**Condensed Consolidated Statement of Profit or Loss
For the half-year ended 30 June 2015**

	Half-year ended 30-Jun-15	Half-year ended 30-Jun-14
	\$'000	\$'000
Revenue	1,639,520	1,375,761
Changes in inventories of finished goods and work in progress	2,838	(6,393)
Raw materials and consumables used	(1,342,239)	(1,120,009)
Employee benefits expense	(138,292)	(115,049)
Finance costs	(11,430)	(10,900)
Depreciation and amortisation expenses	(6,550)	(5,822)
Business Acquisition Costs	-	(100)
Other expenses	(84,492)	(72,390)
Share of net profits of associate accounted for using the equity method	164	880
Profit before income tax	59,519	45,978
Income tax expense	(15,450)	(12,641)
Profit for the period	44,069	33,337
Attributable to:		
Owners of the parent	43,754	33,078
Non-controlling interest	315	259
	44,069	33,337

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

Basic earnings per share (cents per share)	24.5	18.7
Diluted earnings per share (cents per share)	23.4	18.2

The above condensed consolidated Statement of Profit or Loss should be read in conjunction with the accompanying notes.

A.P. EAGERS LIMITED

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 30 June 2015**

	Half-year ended 30-Jun-15	Half-year ended 30-Jun-14
	\$'000	\$'000
Profit for the period	<u>44,069</u>	<u>33,337</u>
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Gain (Loss) on revaluation of available for sale Investment	14,403	(7,807)
Income tax credit (expense)	<u>(4,321)</u>	<u>2,342</u>
	<u>10,082</u>	<u>(5,465)</u>
Fair value gain arising from cash flow hedges during the period	62	91
Income tax expense	<u>(19)</u>	<u>(27)</u>
	<u>43</u>	<u>64</u>
Total other comprehensive income for the period (net of tax)	<u>10,125</u>	<u>(5,401)</u>
Total comprehensive income for the period	<u>54,194</u>	<u>27,936</u>
Total comprehensive income attributable to:		
Owners of the parent	53,879	27,677
Non-controlling interests	<u>315</u>	<u>259</u>
	<u>54,194</u>	<u>27,936</u>

The above condensed consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

A.P. EAGERS LIMITED

**Condensed Consolidated Statement of Financial Position
As at 30 June 2015**

	30-Jun-15	31-Dec-14
	\$'000	\$'000
Current Assets		
Cash and cash equivalents	32,174	23,777
Trade and other receivables	108,787	105,792
Inventories	472,043	469,205
Property sale receivable	12,069	6,717
Available for sale investments	10,785	-
Other	5,486	1,884
	<u>641,344</u>	<u>607,375</u>
Property assets held for resale	25,352	27,781
Total Current Assets	<u>666,696</u>	<u>635,156</u>
Non-Current Assets		
Property sale receivable	20,282	18,826
Other loan receivable	9,962	9,787
Available-for-sale investments	245,353	234,391
Investment in associate	1,620	1,620
Property, plant and equipment	288,165	292,485
Intangible assets	165,664	165,733
	<u>731,046</u>	<u>722,842</u>
Total Non-Current Assets	<u>731,046</u>	<u>722,842</u>
Total Assets	<u>1,397,742</u>	<u>1,357,998</u>
Current Liabilities		
Trade and other payables	114,637	128,038
Derivative financial instruments	309	188
Borrowings - Bailment and finance lease payable	385,397	363,153
Current tax liabilities	4,639	12,979
Provisions	24,163	20,709
	<u>529,145</u>	<u>525,067</u>
Total Current Liabilities	<u>529,145</u>	<u>525,067</u>
Non-Current Liabilities		
Borrowings - Other	225,036	216,646
Derivative financial instruments	751	934
Deferred tax liabilities	1,848	17,350
Provisions	7,331	6,945
	<u>234,966</u>	<u>241,875</u>
Total Non-Current Liabilities	<u>234,966</u>	<u>241,875</u>
Total Liabilities	<u>764,111</u>	<u>766,942</u>
Net Assets	<u>633,631</u>	<u>591,056</u>
Equity		
Contributed equity	249,003	242,070
Reserves	118,286	99,020
Retained earnings	258,686	242,480
Equity attributable to equity holders of the parent	<u>625,975</u>	<u>583,570</u>
Non-controlling interests	7,656	7,486
Total Equity	<u>633,631</u>	<u>591,056</u>

The above condensed consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

A.P. EAGERS LIMITED

**Condensed Consolidated Statement of Changes in Equity
For the half-year ended 30 June 2015**

	<u>Issued capital</u>	<u>Asset revaluation reserve</u>	<u>Hedging reserve</u>	<u>Share-based payments reserve</u>	<u>Investment Revaluation reserve</u>	<u>Retained earnings</u>	<u>Attributable to equity holders of the parent</u>	<u>Non- controlling interest</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2014	231,205	73,278	(839)	4,883	31,290	198,369	538,186	939	539,125
Profit for the period	-	-	-	-	-	33,078	33,078	259	33,337
Other comprehensive income	-	-	64	-	(5,465)	-	(5,401)	-	(5,401)
Total comprehensive income for the period	-	-	64	-	(5,465)	33,078	27,677	259	27,936
Share based payment expense	-	-	-	688	-	-	688	-	688
Shares issued pursuant to Staff share plan	1,078	-	-	(1,078)	-	-	-	-	-
Payment of dividend	-	-	-	-	-	(26,515)	(26,515)	(190)	(26,705)
Balance 30 June 2014	232,283	73,278	(775)	4,493	25,825	204,932	540,036	1,008	541,044
Balance at 1 January 2015	242,070	61,668	(786)	5,941	32,197	242,480	583,570	7,486	591,056
Profit for the period	-	-	-	-	-	43,754	43,754	315	44,069
Other comprehensive income	-	-	43	-	10,082	-	10,125	-	10,125
Total comprehensive income for the period	-	-	43	-	10,082	43,754	53,879	315	54,194
Share based payment expense	-	-	-	665	-	-	665	-	665
Transfer to retained earnings	-	(3,633)	-	-	-	3,633	-	-	-
Income tax on items taken to or transferred directly from equity.	-	-	-	17,762	-	1,058	18,820	-	18,820
Shares issued pursuant to Staff share plan	6,933	-	-	(5,653)	-	-	1,280	-	1,280
Payment of dividend	-	-	-	-	-	(32,239)	(32,239)	(145)	(32,384)
Balance 30 June 2015	249,003	58,035	(743)	18,715	42,279	258,686	625,975	7,656	633,631

The above condensed consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

A.P. EAGERS LIMITED

**Condensed Consolidated Statement of Cash Flows
For the half-year ended 30 June 2015**

	6 months ended 30-Jun-15	6 months ended 30-Jun-14
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	1,771,071	1,502,765
Payments to suppliers and employees (inclusive of GST)	(1,696,890)	(1,438,556)
Receipts from insurance claims	5,238	189
Dividends received	5,934	4,474
Interest received	798	540
Interest and other costs of finance paid	(11,367)	(10,651)
Income tax paid	(24,818)	(15,933)
Net cash provided by operating activities	49,966	42,828
Cash flows from investing activities		
Payment for shares in other corporations	(7,345)	(24,005)
Payments for property, plant and equipment	(8,422)	(5,765)
Proceeds from sale of property, plant and equipment	644	2,220
Net cash used in investing activities	(15,123)	(27,550)
Cash flows from financing activities		
Receipt from issue of shares	1,280	-
Proceeds from borrowings	30,000	48,000
Repayment of borrowings	(25,422)	(23,029)
Dividends paid to minority shareholders of a subsidiary	(65)	(190)
Dividends paid to members of A.P. Eagers Limited	(32,239)	(26,515)
Net cash used in financing activities	(26,446)	(1,734)
Net increase in cash and cash equivalents	8,397	13,544
Cash and cash equivalents at the beginning of the period	23,777	12,106
Cash and cash equivalents at the end of the period	32,174	25,650

The above condensed consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

A.P. EAGERS LIMITED

Notes to the Condensed Consolidated Financial Statements 30 June 2015

1 Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and any public announcements made by A P Eagers Limited made during the interim reporting period in accordance with continuous disclosure requirements of the *Corporations Act 2001*.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise stated.

The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2014 annual financial report for the financial year ended 31 December 2014. These accounting policies are consistent with the Australian Accounting Standards and with International Financial Reporting Standards. The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and effective for the current half-year.

2 Segment information

Segments are identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker, being the board of directors, in order to allocate resources to the segment and to assess its performance.

The consolidated entity operates in four operating and reporting segments being (i) Car Retailing (ii) Truck Retailing (iii) Property and (iv) Investments, these being identified on the basis of being the components of the consolidated entity that are regularly reviewed by the chief decision maker for the purpose of resource allocation and assessment of segment performance.

Information regarding the consolidated entity's reporting segments is presented below.

(i) Car Retailing

Within the Car Retail segment, the consolidated entity offers a diversified range of automotive products and services, including new vehicles, used vehicles, vehicle maintenance and repair services, vehicle parts, extended service contracts, vehicle protection products and other aftermarket products. They also facilitate financing for vehicle purchases through third-party sources. New vehicles, vehicle parts, and maintenance services are predominantly supplied in accordance with franchise agreements with manufacturers. This segment also includes a motor auction and car rental business.

(ii) Truck Retailing

Within the Truck Retail segment, the consolidated entity offers a diversified range of products and services, including new trucks, used trucks, truck maintenance and repair services, truck parts, extended service contracts, truck protection products and other aftermarket products. They also facilitate financing for truck purchases through third-party sources. New trucks, truck parts, and maintenance services are predominantly supplied in accordance with franchise agreements with manufacturers.

(iii) Property

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

(iv) Investments

This segment includes the investment in One Way Traffic Pty Ltd, trading as Carsguide, the investment in Automotive Holdings Group Limited and the investment in Smartgroup Corporation Limited.

(v) Other

Currently the segment "Other" is not required

A.P. EAGERS LIMITED

Notes to the Condensed Consolidated Financial Statements 30 June 2015 (continued)

2 Segment information (continued)

	Car Retailing \$'000	Truck Retailing \$'000	Property \$'000	Investments \$'000	Eliminations \$'000	Consolidated \$'000
6 months ended 30 June 2015						
Revenue - external	1,460,639	169,506	3,605	5,770	-	1,639,520
Inter-segment sales	-	-	12,988	-	(12,988)	-
TOTAL REVENUE	1,460,639	169,506	16,593	5,770	(12,988)	1,639,520
SEGMENT RESULT						
Operating profit before interest	53,128	2,082	10,884	5,705	-	71,799
External interest expense allocation	(5,635)	(1,323)	(3,311)	(1,161)	-	(11,430)
OPERATING CONTRIBUTION	47,493	759	7,573	4,544	-	60,369
Share of net profit of equity accounted investments	164	-	-	-	-	164
Investment Revaluation	-	-	-	14,403	(14,403)	-
SEGMENT PROFIT	47,657	759	7,573	18,947	(14,403)	60,533
Unallocated corporate expenses/income						(1,014)
Income tax expense						59,519
NET PROFIT						(15,450)
Depreciation and amortisation	4,113	601	1,836	-	-	6,550
ASSETS						
Segment assets	696,100	116,851	330,998	253,793	-	1,397,742
LIABILITIES						
Segment liabilities	435,712	87,520	160,955	79,924	-	764,111
NET ASSETS	260,388	29,331	170,043	173,869	-	633,631
Acquisitions of non current assets	6,245	234	1,943	7,345	-	15,767
6 months ended 30 June 2014						
Revenue - external	1,175,690	194,703	894	4,474	-	1,375,761
Inter-segment sales	-	-	14,437	-	(14,437)	-
TOTAL REVENUE	1,175,690	194,703	15,331	4,474	(14,437)	1,375,761
SEGMENT RESULT						
Operating profit before interest	35,607	4,440	10,863	4,418	-	55,328
External interest expense allocation	(5,301)	(1,002)	(3,373)	(1,224)	-	(10,900)
OPERATING CONTRIBUTION	30,306	3,438	7,490	3,194	-	44,428
Share of net profit of equity accounted investments	880	-	-	-	-	880
Investment Revaluation	-	-	-	(7,807)	7,807	-
Business Acquisition Costs	(100)	-	-	-	-	(100)
SEGMENT PROFIT	31,086	3,438	7,490	(4,613)	7,807	45,208
Unallocated corporate expenses/income						770
Income tax expense						45,978
NET PROFIT						(12,641)
Depreciation and amortisation	3,199	547	2,076	-	-	5,822
ASSETS						
Segment assets	549,226	133,359	356,185	211,393	-	1,250,163
LIABILITIES						
Segment liabilities	366,839	101,774	164,646	75,860	-	709,119
NET ASSETS	182,387	31,585	191,539	135,533	-	541,044
Acquisitions of non current assets	2,653	524	3,071	24,005	-	30,253

Geographic Information

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

A.P. EAGERS LIMITED

Notes to the Condensed Consolidated Financial Statements 30 June 2015 (continued)

3 Dividends	6 months ended 30-Jun-15	6 months ended 30-Jun-14
	\$'000	\$'000
Ordinary shares		
Dividends paid during the half-year	32,239	26,515

Dividends not recognised at the end of the half-year

Since the end of the half-year the directors have determined the payment of an interim dividend of 12.0 cents (2014 - 9.0 cents) per fully paid ordinary share, fully franked based on tax paid at 30%. The aggregate amount of the interim dividend expected to be paid on 07 October 2015 out of retained profits at the end of the half-year, but not recognised as a liability, is

21,998	15,954
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4 Equity securities movements

	6 months ended 30-Jun-15	6 months ended 30-Jun-14	6 months ended 30-Jun-15	6 months ended 30-Jun-14
	Shares	Shares	\$'000	\$'000
Movements in ordinary shares during the half-year				
Issue of shares to staff under the share incentive schemes	859,475	221,155	6,933	1,078
	859,475	221,155	6,933	1,078

5 Financial Instruments

The directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair value (2014: fair value).

The fair value and net fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Details of the group's available for sale investments and information about the fair value hierarchy as at 30 June 2015 are as follows:

Unobservable Inputs used in determination of fair values.				Key Input
Class of Financial Assets and Liabilities	Carrying Amount 30/06/15 \$'000's	Carrying Amount 31/12/14 \$'000's	Valuation Technique	
Level 1 Available for sale investments - listed entities	253,793	232,046	Quoted bid prices in an active market.	Quoted bid prices in an active market.
Level 3 Available for sale investments - unlisted entities	2,345	2,345	Net asset assessment and available bid prices from equity participants	Pre tax operating margin taking into account managements' experience and knowledge of market conditions and financial position Market information based on available bid prices

There were no transfers between Levels in the period.

Details of the group's freehold land and buildings and information about the fair value hierarchy as at 30 June 2015 are as follows:

Explanation of asset classes; Car - HBU Alternate Use refers to properties currently operated as car dealerships but for which have a higher and best use (HBU) greater than that of a car dealership; Car Dealership refers to properties operating as a car dealership with a HBU consistent with that use; Development Car Dealership refers to properties which are in the progress of, or are being held for future development as a car dealership; Truck Dealership refers to properties being operated as a truck dealership with a HBU consistent with that use; Other Logistics are industrial properties used for parts warehousing and vehicle logistics.

Unobservable Inputs used in determination of fair values.										
Class of Financial Assets and Liabilities	Carrying Amount 30/06/15 \$000's	Carrying Amount 31/12/14 \$000's	Valuation Technique	Key Input	Input	Average/Range 2015	Average/Range 2014	Other key Information	Range (weighted avg) 2015	Range (weighted avg) 2014
Level 3 Car - HBU Alternate Use	40,952	44,601	Direct comparison	External valuations Specific incomplete transactions	Price /sqm Land	Average \$1,724/sqm Range \$1,616 - \$2,655 /sqm	Average \$1,875/sqm Range \$1,623 - \$2,688 /sqm	Land size	Average 6,843 sqm Range 779 - 18,124 sqm	Average 7,173 sqm Range 779 - 18,160 sqm
Level 3 Car Dealership	166,446	167,389	Summation method, income capitalisation and direct comparison	External valuations Industry benchmarks	Net Rent/Gross Income	Average 9.6% Range 3.4% - 15.9%	Average 9.6% Range 3.4% - 15.9%	Net Rent/Sqm Land	Average \$96 sqm Range \$25 to \$297 sqm	Average \$96 sqm Range \$25 to \$297 sqm
					Capitalisation Rate	Average 8.3% Range 6.7% - 9.9%	Average 8.2% Range 6.7% - 9.8%	Net Rent/Sqm GBA	Average \$197 sqm Range \$100 to \$750 sqm	Average \$197 sqm Range \$100 to \$750 sqm
Level 3 Development - Car Dealership	9,350	9,350	Direct comparison	External valuations	Price /sqm Land	Average \$459/sqm Range \$330 - \$821/ sqm	Average \$459/sqm Range \$330 - \$821/ sqm	Not Required	Not Required	Not Required
Level 3 Truck Dealership	20,639	20,734	Direct comparison	External valuations	Price /sqm Land Price /sqm GBA	Average \$369/sqm Range \$207-\$524/sqm	Average \$371/sqm Range \$209-\$526/ sqm	Land Size	Average 18,641 sqm Range 7,218 - 25,700 sqm	Average 18,641 sqm Range 7,218 - 25,700 sqm
								Net Rent/Land Sq	Average \$30 sqm Range \$17 to \$43 sqm	Average \$30 sqm Range \$17 to \$43 sqm
								Capitalisation Rate	Average 8.2% Range 8.1% to 8.4%	Average 8.2% Range 8.1% to 8.4%
Level 3 Other Logistics	8,013	8,056	Income capitalisation method supported by market comparison	External valuations	Capitalisation Rate	Average 8.2% Range 8.1% to 8.3%	Average 8.1% Range 8.0% to 8.2%	Net Rent/sqm GBA	Average \$90 sqm Range \$79-\$143 sqm	Average \$90 sqm Range \$79-\$143 sqm
Sub Total	245,400	250,130								
Construction in Progress	1,658	187								
Total	247,058	250,317								

There were no transfers between Levels in the period.

Details of the group's Derivative financial instruments and information about the fair value hierarchy as at 30 June 2015 are as follows:

Unobservable Inputs used in determination of fair values.				
Class of Financial Assets and Liabilities	Carrying Amount 30/06/15 \$000's	Carrying Amount 31/12/14 \$000's	Valuation Technique	Key Input
Level 2 Cash flow hedges - Interest rate swaps	1,060	1,122	Discounted cash flow.	Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

There were no transfers between Levels in the period.

6 Business combinations

There were no business combinations during the 6 months to 30 June 2015 and 6 months to 30 June 2014.

7 Contingent liabilities

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

8 Subsequent events

There has been no material events occurring after the balance date requiring disclosure in the financial report

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of A.P. Eagers Limited, which comprises the condensed statement of financial position as at 30 June 2015, and the condensed statement of profit or loss, the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of A.P. Eagers Limited's financial position as at 30 June 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of A.P. Eagers Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of A.P. Eagers Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Alfred Nehama

Alfred Nehama

Partner

Chartered Accountants

Sydney, 26 August 2015