Appendix 4E
Preliminary Final Report

year ended 31 December 2014
(ASX listing rule 4.3A)

Results for Announcement to the Market

- **Record underlying Profit Before Tax of $106.2 million (2013: $87.3 million)** **Up 22%**
- **Record Profit After Tax of $ 76.7 million (2013: $64.0 million)** **Up 20%**
- **Record Earnings per Share of 43.0 cents (2013: 36.4 cents)** **Up 18%**
- **Record Final Dividend of 18 cents per share (2013: 15 cents per share)** **Up 20%**

The Directors of A.P. Eagers Limited (ASX: APE) are pleased to report a record 2014 statutory Net Profit Before Tax of $ 102.8 million. This compares to a Net Profit Before Tax of $86.7 million in 2013. Net Profit After Tax was $ 76.7 million in 2014 compared to $64.0 million in 2013.

Continued increases in used car profitability and related finance/insurance income, improved NSW car dealership trading results, additional contributions from recent acquisitions, and gains on sale of businesses and property, more than offset a disappointing truck division result.

Profit Comparison	**Full Year to December 2014** **$ Million**	**Full Year to December 2013** **$ Million**	**% Change**
Statutory EPS (basic) cents	43.0	36.4	18%
Statutory profit after tax	76.7	64.0	20%
Statutory profit before tax	**102.8**	**86.7**	**19%**
Impairment adjustments (1)			
Freehold Property adjustments (reversal)	0.6	0	-
Goodwill impairment	0	0	-
Business acquisition costs(2)	2.8	0.6	366%
Underlying profit before tax	**106.2**	**87.3**	**22%**
Underlying profit after tax(3)	79.0	64.4	23%
Underlying EPS (basic) cents	44.3	36.6	21%

Notes
(1) Represents the aggregate value of freehold property fair value adjustments (positive and negative) to the Statement of Profit and Loss.
(2) Business acquisition costs include taxes, legal and other costs associated with business acquisitions.
(3) Underlying profit after tax includes the adjustments per Notes (1) above, and the related tax impact at 30% equating to $1.0 million in 2014 (2013: $0.2 million).

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
Telephone (07) 3248 9455 **Fax** (07) 3248 9459
Email corporate@apeagers.com.au

Dividend

A fully franked final dividend of 18 cents per share (2013:15.0 cents) has been approved for payment on 17 April 2015 to shareholders who are registered on 2 April 2015 (Record Date). When combined with the interim dividend of 9 cents paid in October 2014, the total dividend based on 2014 earnings is 27 cents per share (2013: 23 cents) fully franked, an increase of 17% on 2013. The Company's dividend reinvestment plan (DRP) will not operate in relation to the final dividend.

External Environment

According to Federal Chamber of Automotive Industry statistics, Australia's new motor vehicle sales decreased by 2.0% in 2014 to 1,113,224 units compared to 2.2% growth in 2013. This represents the second highest year of sales only exceeded by the record year in 2013.

In response to further contraction in the resources sector, new vehicle sales in Queensland, Northern Territory and Western Australia decreased on the previous year by 4.1%, 3.5%, and 8.1% respectively. New South Wales was the only state to record increased sales at 1.5%.

The severe hail storm event in Queensland in November 2014, which damaged some 60,000 vehicles, resulted in a 5.8% uplift in the Queensland market in December 2014, and the replacement of damaged vehicles is expected to have a positive effect on vehicle sales in the first quarter of 2015.

Business sales decreased by 6.6% in 2014, private sales were steady at 0.5% growth and government sales grew by 3.4% after declining by 20.2% in 2013. Luxury brands such as Audi, BMW, Mercedes Benz, Land Rover and Porsche all recorded record annual sales as their respective lower priced product offerings captured market share.

Australian manufactured vehicles represented only 9.0% (2013: 10.4%) of new cars sold in the national market in 2014.

Business Initiatives

The 2014 year includes a full year contribution from the Main North and Unley Nissan/Renault business acquired in September 2013, and performance from this business has exceeded our expectations.

The Company acquired the Ian Boettcher Motors business in Ipswich Queensland in July 2014, representing Mazda, Nissan, Volkswagen, Suzuki and Proton. In October 2014 the Craig Black Group operating multiple locations in South West and Central Queensland, representing Toyota, Hyundai, Volkswagen, Mitsubishi, and Great Wall was acquired. Combined these groups will increase annual group sales by approximately 15%.

Additional Subaru brand representation at Reynella, South Australia and Kedron, Queensland was established during the year, as was a Volvo representation on the Sunshine Coast.

The used car trading performance was particularly encouraging with the Carzoos branding and sales management processes instigated in 2012, driving consistent and sustained improvements in used car profitability.

A significant storm event occurred on 27th November causing extensive hail damage to vehicles over a large area of Brisbane. The Company is fully insured for such events, and a rapid response from our staff, our insurer Allianz and suppliers, meant that the disposal process for the 2,200 vehicles affected commenced within a week of the event. As at the end of December 2014, the majority of the hail insurance claim, which offsets additional cost and loss of income in car dealerships due to the repair, write-off and diminished vehicle value, was paid. In total some 60,000 vehicles in the Brisbane area are subject to insurance claims and the vehicle replacement and repair activity will be a benefit to trading in the first quarter of 2015.

The company entered into an unconditional put and call option for the sale of our 80 McLachlan Street, Fortitude Valley site at a value of $22.2million in the period, with settlement deferred for two years. The luxury brands located on this site will be relocated to redeveloped facilities on existing land holdings in Newstead.

Fully developed car dealership properties in Adelaide and Newcastle were sold and leased back on favourable terms yielding proceeds of $33.5 million.

A contract for the sale of two sites suitable for high density residential development in Woolloongabba became unconditional in September 2014. Total sale consideration of $35.9 million will be realised in staged payments over the next three to five years. A gain on sale of $2.2 million, representing the difference between the discounted present value of the staged payments and the written down value of the properties of $24.4 million, was recognised in 2014.The balance of $9.3 million will be recognised as interest income over the 5 year term of the contracts.

The strategic 19.9% shareholding in AHG as at 31 December was valued at $232.0 million based on their closing share price of $3.81. Whilst not included in the Company's profit after tax, a before tax unrealised gain of $1.3 million has been recognised in the Statement of Comprehensive Income for the 2014 year.

Financial Performance

Dealership acquisitions and increased used vehicle volumes contributed to an increase in revenue from operations of 6% to $2,809 million in 2014. Other revenue includes a full year dividend from AHG of $12.1 million, compared to $10.0 million in 2013, and insurance claim proceeds of $19.5 million related to the 27th November 2014 Brisbane hail storm event.

EBITDA increased by 12.9% to $138.1 million (2013: $122.3 million) and profit margins continued to trend upwards, with EBITDA/Revenue of 4.8% for 2014 compared to 4.6% in 2013 and NPBT/Sales improving to 3.6% for 2014 from 3.2% in 2013. Further improvements in finance and insurance incentive-based earnings, used car trading and gains on the sale of businesses and properties were the main contributors to the improved margin performance.

A before tax profit on sale of $3.9 million was realised for properties in Newcastle, Adelaide and Woolloongabba, and a car dealership business in Brisbane in 2014, as compared to a $2.0 million gain in 2013.

MTQ Insurance, in which AP Eagers holds a 20.7% interest via a holding company, was sold to Suncorp Insurance on the 29th August 2014. Part of the transaction consideration is deferred for two years, and AP Eagers expects to maintain its shareholding and significant influence in the holding company until that time. An after tax gain on sale of $3.8 million is included in the share of net profits of associates with the balance of $1.1 million representing operating net profit for the period until 29 August 2014.

Borrowing costs declined by 4.8% to $22.1 million (2013:$23.2 million), with higher average debt being offset by lower margins and interest rates.

Business acquisition costs relating to the Ian Boettcher Motors and Craig Black Group acquisitions of $ 2.8 million were expensed in the financial year, compared to $0.6 million in 2013.

The Company's net cash provided by operating activities was $98.1 million in 2014 (2013: $76.0 million), with the increase due to improved profitability and favourable insurance proceeds timing. Acquisitions were effectively funded through operating cash flow the proceeds of asset sales.

Results Summary

Consolidated results

Year Ended 31 December	2014	2013	
	$'000	$'000	Increase/(Decrease)
Revenue from operations	2,808,607	2,652,133	5.9%
Other revenue	49,506	20,680	139.4%
Total revenue	2,858,113	2,672,813	6.9%
Earnings before interest, tax, depreciation and amortisation and impairment (EBITDA)	**138,081**	**122,252**	**12.9%**
Depreciation and Amortisation	(12,583)	(12,354)	1.9%
Impairment charge/net reversal	(578)	0	-
Earnings before interest and tax (EBIT)	**124,920**	**109,898**	**13.7%**
Borrowing costs	(22,080)	(23,188)	(4.8)%
Profit before tax	**102,840**	**86,710**	**18.6%**
Income tax expense	(26,150)	(22,748)	15.0%
Profit after tax	**76,690**	**63,962**	**19.9%**
Non-controlling interest in subsidiaries	(460)	(353)	30.3%
Attributable profit after tax	**76,230**	**63,609**	**19.8%**
Earnings per share - basic	43.0 cents	36.4 cents	18.1%

This report is based on accounts which are in the process of being audited.

Segments

The Profit contribution from the Company's Car Retail segment was 19.7% higher at $68.8 million compared to $57.5 million in 2013. Improved used car profitability, better results from our NSW operations, and additional earnings from acquisitions were the primary contributors.

The parts and service business was steady with the business successfully adapting to challenges from non-genuine parts providers and fixed/capped price service programs.

The National Truck division (Truck Retail segment) recorded a poor result providing a profit contribution of $3.5 million in 2014 compared to $8.4 million in 2013, the decrease due to significant used truck trading losses. The new heavy truck market shrunk by 1.2% (VFACTS) compared to 2013, and substantial price pressure on new and used trucks was evident.

As the result of property sales the value of the property portfolio reduced to $278 million as at 31 December 2014 compared to $334 million as at 31 December 2013. Property segment profit contribution of $14.8m was lower than the previous year of $15.5 million, due primarily to negative fair value adjustments. Realised gains of $3.0m were partly offset by unrealised negative fair value adjustments of $2.2m.

The unrealised gain on the AHG investment of $22.8 million recorded in 2013 was not repeated hence the contribution from the Investment segment was $10.6 million compared to $30.2 million in 2013.

Financial Position

The Company's financial position strengthened further during the year. EBITDA Interest Cover increased to 6.2 times as at 31 December 2014 compared to 5.2 times as at 31 December 2013, due to lower average interest rates and improved profit levels. Corporate debt (Term and Capital Loan Facility) net of cash on hand as at 31 December 2014 was lower at $190.2 million (2013: $199.0 million) and total debt including vehicle bailment and finance leases net of cash on hand was higher at $556.0 million as compared to $502.8 million at 31 December 2013. The increase was primarily due to additional bailment and motor vehicle finance leases associated with acquisitions.

Total gearing (Debt /Debt + Equity), including bailment inventory financing and finance leases, was 49.5% as at 31 December 2014, as compared to 48.8% as at 31 December 2013. Bailment finance is cost effective short-term finance secured against vehicle inventory on a vehicle by vehicle basis. Gearing excluding bailment, finance leases and including cash on hand was 24.3% as at 31 December 2014 compared to 27.0% at the end of 2013.

Total inventory levels closed the year at $469.2 million, with inventory associated with acquisitions being the primary reason for the increase as compared to 2013 at $409.7 million.

The strategic 19.9% shareholding in AHG as at 31 December 2014 was valued at $232.0 million based on the closing share price of $3.81.

Net tangible assets only increased marginally to $2.38 per share as at 31 December 2014, compared to $2.34 per share as at 31 December 2013, as the sale of tangible freehold property assets funded the acquisition of dealership intangible goodwill assets.

Outlook and Strategy Update

Whilst there are a number of variables at play including less favourable exchange rates for some vehicle supply locations (no direct exposure to AP Eagers) and ongoing consumer and business confidence challenges, interest rates remain at historically very low levels, and manufacturer product offerings continue to be highly competitive both in terms of quality and value. Overall new vehicle sales are expected to remain stable on 2014 levels allowing sufficient opportunity for quality operators.

Based on the 2014 acquisitions of the Ian Boettcher Motor Group and the Craig Black Group, it is anticipated that an 8% uplift in group revenue will be achieved in 2015.

Key focus areas in 2015 are;

- earnings accretive dealership and ancillary market acquisitions,
- the ongoing development and optimisation of the Carzoos used car business model,
- a substantial redevelopment of the Newstead, Queensland dealership location to include three luxury brands,
- further rationalisation of our Parts business to reduce the cost base, improve efficiency and eliminate sub-economic business trading terms, and
- a turnaround in the performance of our truck business.

Our acquisition activities are a combination of opportunity and target based, with a reasonable expectation that suitable opportunities will be available for completion in 2015.

Martin Ward

Martin Ward
Managing Director

25 February 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.

A. P. EAGERS LIMITED

ABN 87 009 680 013

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

A.P. EAGERS LIMITED

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	CONSOLIDATED 2014 $'000	2013 $'000
Revenue	3	2,858,113	2,672,813
Other gains and losses excluding impairment	4	3,892	2,000
Share of net profits of associate	40(d)	4,939	1,959
Changes in inventories of finished goods and work in progress		59,463	(749)
Raw materials and consumables purchased		(2,385,160)	(2,193,541)
Employee benefits expense		(244,776)	(224,649)
Finance costs	5(a)	(22,080)	(23,188)
Depreciation and amortisation expense	5(a)	(12,583)	(12,354)
Impairment of non-current assets	5(b)	(578)	-
Other expenses		(158,390)	(135,581)
Profit before tax		102,840	86,710
Income tax expense	6	(26,150)	(22,748)
Profit for the year		76,690	63,962
Attributable to:			
Owners of the parent	27(b)	76,230	63,609
Non-controlling interests	29(c)	460	353
		76,690	63,962

	Note	Cents	Cents
Earnings per share:			
Basic earnings per share	37	43.0	36.4
Diluted earnings per share	37	41.6	35.3

The above Statement of Profit or Loss is to be read in conjunction with the accompanying notes.

A.P. EAGERS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

		CONSOLIDATED	
	Note	2014	2013
		$'000	$'000
Profit for the year		76,690	63,962
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss:			
(Loss)/Gain on revaluation of property	27(a)	(1,692)	3,203
Income tax relating to items that will not be reclassified subsequently	27(a)	508	(961)
		(1,184)	2,242
Items that may be reclassified subsequently to profit or loss:			
Gain on revaluation of available for sale Investment	27(a)	1,296	22,795
Income tax expense	27(a)	(389)	(6,839)
		907	15,956
Fair value Gain arising from cash flow hedges during the year	27(a)	77	1,003
Income tax expense	27(a)	(24)	(300)
		53	703
Total other comprehensive income for the year		(224)	18,901
Total comprehensive income for the year		76,466	82,863
Total comprehensive income attributable to:			
Owners of the parent		76,006	82,510
Non-controlling interests	29(c)	460	353
		76,466	82,863

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

A.P. EAGERS LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

		CONSOLIDATED	
	Note	**2014**	**2013**
		$'000	**$'000**
Current Assets			
Cash and cash equivalents	8	23,777	12,106
Trade and other receivables	9(a)	105,792	94,919
Leasebook receivables	9(b)	-	11
Inventories	10	469,205	409,742
Other	11	1,884	7,301
		600,658	524,079
Property assets held for sale	11(a)	27,781	21,612
Property sale receivable	11(b)	6,717	-
Total Current Assets		635,156	545,691
Non-Current Assets			
Property sale receivables	12(a)	18,826	-
Other loans receivable	12(b)	9,787	1,437
Available-for-sale investments	13	234,391	195,195
Investment in associate	14	1,620	4,327
Property, plant and equipment	15	292,485	344,956
Intangible assets	16	165,733	125,259
Total Non-Current Assets		722,842	671,174
Total Assets		1,357,998	1,216,865
Current Liabilities			
Trade and other payables	17	128,038	103,590
Derivative financial instruments	18	188	665
Borrowings - bailment and finance lease payable	19(a)	363,153	303,811
Current tax liabilities	20	12,979	6,203
Provisions	21	20,709	17,389
Total Current Liabilities		525,067	431,658
Non-Current Liabilities			
Borrowings - others	22(a)	216,646	211,078
Derivative financial instruments	18	934	534
Deferred tax liabilities	23	17,350	27,483
Provisions	24	6,945	6,987
Total Non-Current Liabilities		241,875	246,082
Total Liabilities		766,942	677,740
Net Assets		591,056	539,125
Equity			
Contributed equity	26(a)	242,070	231,205
Reserves	27(a)	99,020	108,612
Retained earnings	27(b)	242,480	198,369
Equity attributable to equity holders of the parent		583,570	538,186
Non-controlling Interest	29(c)	7,486	939
Total Equity		591,056	539,125

The above Statement of Financial Position is to be read in conjunction with the accompanying notes.

A.P. EAGERS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

CONSOLIDATED	Issued capital	Asset revaluation reserve	Hedging reserve	Share-based payments reserve	Investment revaluation reserve	Retained earnings	Attributable to owners of the parent	Non Controlling Interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2014									
Balance at 1 January 2014	231,205	73,278	(839)	4,883	31,290	198,369	538,186	939	539,125
Profit for the year	-	-	-	-	-	76,230	76,230	460	76,690
Other comprehensive income/(loss)		(1,184)	53		907		(224)		(224)
Total comprehensive income for the year	-	(1,184)	53	-	907	76,230	76,006	460	76,466
Share based payments	-	-	-	2,135	-	-	2,135	-	2,135
Transfer to retained earnings	-	(10,426)	-	-	-	10,426	-	-	-
Issue of shares- others	9,788	-	-	-	-	-	9,788	-	9,788
Issue of shares to staff	1,077	-	-	(1,077)	-	-	-	-	-
Issue of shares to non-controlling entity	-	-	-	-	-	(75)	(75)	6,929	6,854
Payment of dividend	-	-	-	-	-	(42,470)	(42,470)	(842)	(43,312)
Balance 31 December 2014	242,070	61,668	(786)	5,941	32,197	242,480	583,570	7,486	591,056
2013									
Balance at 1 January 2013	206,277	71,053	(1,542)	5,791	15,334	171,113	468,026	510	468,536
Profit for the year	-	-	-	-	-	63,609	63,609	353	63,962
Other comprehensive income/(loss)		2,242	703		15,956		18,901		18,901
Total comprehensive income for the year	-	2,242	703	-	15,956	63,609	82,510	353	82,863
Share based payments	-	-	-	1,453	-	-	1,453	-	1,453
Transfer to retained earnings	-	(17)	-	-	-	17	-	-	-
Issue of shares under DRP	22,161	-	-	-	-	-	22,161		22,161
Issue of shares- others	231	-	-	-	-	-	231	-	231
Issue of shares to staff	2,536	-	-	(2,361)	-	-	175	-	175
Issue of shares to non-controlling entity	-	-	-	-	-	-	-	272	272
Payment of dividend	-	-	-	-	-	(36,370)	(36,370)	(196)	(36,566)
Balance 31 December 2013	231,205	73,278	(839)	4,883	31,290	198,369	538,186	939	539,125

The above Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014	2013
		CONSOLIDATED	
		$'000	$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,089,003	2,919,290
Payments to suppliers and employees (inclusive of GST)		(2,980,908)	(2,808,229)
Receipt from insurance claims		19,689	162
Dividends received		19,733	11,064
Interest received		866	1,220
Interest and other costs of finance paid		(21,829)	(22,943)
Income taxes paid		(28,409)	(24,597)
Net cash provided by operating activities	38	98,145	75,967
Cash flows from investing activities			
Payments for shares in other corporations		(37,901)	(56,777)
Payment for acquisition of businesses	29(a)	(36,818)	(7,137)
Payment for acquisition of brand name		-	(207)
Payments for property, plant and equipment		(8,731)	(14,529)
Proceeds from sale of property, plant and equipment		37,538	15,411
Proceeds from sale of businesses		900	900
Net cash used in investing activities		(45,012)	(62,339)
Cash flows from financing activities			
Receipt from issue of shares		1,077	2,684
Proceeds from borrowings		58,000	32,078
Repayment of borrowings		(57,584)	(30,873)
Dividends paid to minority shareholders of a subsidiary		(485)	-
Dividends paid to members of A.P. Eagers Limited		(42,470)	(14,127)
Net cash used in financing activities		(41,462)	(10,238)
Net increase in cash and cash equivalents		11,671	3,390
Cash and cash equivalents at the beginning of the financial year		12,106	8,716
Cash and cash equivalents at the end of the financial year	8	23,777	12,106

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General Information and basis of preparation

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

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

For the purpose of preparing the financial statements, the company is a for profit entity.

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

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

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the Fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those charactistics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for shrae-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or laibilities that the entity can access at the measurement date.

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly, and

- Level 3 inputs are unobservable inputs for the asset or liability.

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

The financial statements were authorised for issue by the directors on the 25th February 2015.

Accounting Policies

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

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of A.P. Eagers Limited (The Company) and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:
- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the revelant activities of the investee unilaterally.

The Company considers all revelant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:
- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the revelant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the Company ceases to control the subsidiary.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
(b) Basis of Consolidation (continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(i) Changes in the Groups ownership interests in existing subsidiaries.
Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(ii) Investments in associates
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the assoociate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liablilties over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment of assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carryng amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 139. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be classified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Operating Segments

Operating segments are identified based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance.
The Group has four operating segments being (i) Car Retail (ii) Truck Retail (iii) Property (iv) Investments. Currently the segment of "Other" is not required.

(d) Revenue

(i) Sales revenue

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

(ii) Service revenue

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

(iii) Rental income

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

(iv) Interest revenue

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

(v) Dividend revenue

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

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

(vi) Goods and Services Tax (GST)

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

(e) Finance costs

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

(f) Taxes

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

(g) Leases

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

(h) Business Combinations

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

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

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

If the initial accounting for a business acquisition is incomplete by the end of the reporting period in which the combination occurs, the consolidated entity reports provisional amounts for the items for which accounting is incomplete. The provisional amounts are adjusted during the measurement period (no longer than 12 months from the initial acquisition) on a retrospective basis by restating the comparative information presented in the financial statements.

(i) Impairment of long lived assets (excluding Goodwill)

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units "CGU") and these cash flows are discounted using the estimated weighted average cost of capital of the asset/CGU. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease (refer Note 1(p)). Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment losses been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case, the reversal of the impairment loss is treated as a revaluation increase(refer Note1(p)).

(j) Cash and cash equivalents

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

(k) Receivables

Leasebook receivables

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 a method that ensures that income earned over the term of the contract bears a constant relationship to the funds employed.

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 60 days from the date of recognition.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Inventories

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

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

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

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

(m) Investments and other financial assets

Investments are recognised and derecognised on settlement date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements.

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

(i) Available-for-sale financial assets

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

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

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

(ii) Loans and receivables

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Fair value estimation

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

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

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

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

(o) Derivatives

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

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items. Refer further details in Note 18.

(i) Cash flow hedges

The change in the fair value from remeasuring derivatives that are designated and qualify as cash flow hedges is deferred in equity as a hedging reserve, to the extent that the hedge is effective. The ineffective portion is recognised in profit or loss immediately.

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

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

(p) Property, plant and equipment

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

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

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

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

- Buildings	40 years
- Plant & equipment	3 - 10 years
- Leasehold improvements	5 - 30 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(i)).
Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in profit or loss.
When revalued assets are sold, it is Group policy to transfer the amounts included in the asset revaluation reserve in respect of those assets to retained earnings.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Franchise Rights

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

(r) Trademarks / Brand Names

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

(s) Goodwill

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

Goodwill is allocated to cash-generating units for the purpose of impairment testing (refer Note 16(a)).

(t) Trade and other payables

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

(u) Borrowings

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

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

(v) New motor vehicle stock and related bailment

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

(w) Provisions

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

Provision for Warranties
Provision is made for the estimated claims in respect of extended warranties provided on the majority of the Group's retail new and used vehicle sales. These claims are generally 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, when it is probable that setttlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

The Group recognises a liability and an expense for long-term incentive plans for selected exceutives based on targets set for diluted earning per growth.

Contributions are made by the Group to defined contribution employee superannuation funds and are charged as expenses when incurred.

(y) Dividends

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

(z) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

(ii) Diluted earnings per share

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:
- Costs of servicing equity (other than dividends)
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element

(aa) Non-Current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

(ab) Rounding of Amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(ac) New or revised Standards and Interpretations that are first effective in the current reporting period

The group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.
The adoption of all the new and revised Standards and Interpretations has resulted in changes to the Group's accounting policies and has effect on the amounts reported for the current and prior periods. The new and revised Standards and Interpretations has not had a material impact on profit or loss and other comprehensive income but has resulted in changes to the Group's presentation of, or disclosure in,its financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amendments to AASB 10, AASB 12 and AASB 127 Investment Entities

The Group has applied the amendments to AASB 10, AASB 12, and AASB 127 Investment Entities for the first time in the current year. The amendments to AASB 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value throught profit or loss in its consolidtaed and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:
- Obtain funds from one or more investors for the purpose of providing them with investment management services,
- commit to its investors that its business purpose is to invest funds solely for returns from capital appreciation,investment income or both, and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to AASB 12 and AASB 127 to introduce new disclosure requirements for investment entities

As the Company is not an investment entity (assessed based on the criteria set out in AASB 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to AASB 132 offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to AASB 132 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to AASB 132A clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legal enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. [As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements. The Group has assessed whether certain of its financial assets and financial liablities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Group's consolidated financial statements.]

Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied the amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to AASB 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by AASB 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

Amendments to AASB 139 Novation of Derivatives and Continuation of Hedge Accounting

The Group has applied the amendments to AASB 139 Novation of Derivatives and Continuation of Hedge Accounting for the first time in the current year. The amendments to AASB 139 provide relief from the requirements to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument ariisng from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ad) Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the following Standards and Interpretations revelant to the Group were in issue but not yet effective.
The potential impact of the new or revised Standards and Interpretations has not yet been determined.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1-Jan-18	31-Dec-18
AASB 2014-1 'Amendments to Australian Accounting Standards' - Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles' - Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)' - Part C: 'Materiality'	1-Jul-14	31-Dec-15
AASB 2014-4 'Amendments to Australian Accounting Standards' 'Clarification of Acceptable Methods of Depreciation and Amortisation'	1-Jan-16	31-Dec-16
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5' 'Amendments to Australian Accounting Standards arising from AASB 15'	1-Jan-17	31-Dec-17
AASB 2014-10 'Amendments to Australian Accounting Standards' 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1-Jan-16	31-Dec-16
AASB 2015-1 'Amendments to Australian Accounting Standards' Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1-Jan-16	31-Dec-16
AASB 2015-2 'Amendments to Australian Accounting Standards' 'Disclosure Initiative: Amendments to AASB 101'	1-Jan-16	31-Dec-16
AASB 2015-3 'Amendments to Australian Accounting Standards' 'arising from the Withdrawal of AASB 1031 Materiality'	1-Jul-15	31-Dec-16

At the date of authorisation of the financial statements,there were no IASB Standards or IFRIC Interpretations on issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical accounting estimates, assumptions and judgements

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

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

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

Goodwill and other intangibles with indefinite useful lives with a carrying value of $165,733,000 (2013: $125,259,000) are tested annually for impairment, based on estimates made by directors. The recoverable amount of the intangibles is based on the greater of 'Value in use' or 'Fair value less costs to dispose'. Value in use is assessed by the directors through a discounted cash flow analysis which includes significant estimates and assumptions related to growth rates, margins, working capital requirements and cost of capital. Fair value less costs to dispose is assessed by the directors based on their knowledge of the industry and recent market transactions. Further information on the intangibles impairment test can be found in Note 16(a).

(ii) Fair value estimation of land and buildings

Land and buildings with a carrying value of $250,317,000 (2013: $312,660,000) are carried at fair value. This fair value is determined by the directors and is supported by formal independent valuations conducted periodically but at least every three years.
Further information on the fair value estimation of land and buildings can be found in Note 15.

(iii) Provisions for warranties

A provision for warranties of $3,863,000 (2013: $3,350,000) has been recognised for extended warranties provided for the Group's retail new and used vehicle sales. This provision has been estimated based on past experience and confirmation of future costs by the administrators of the warranty programmes. Further information on the provision for warranties can be found in Note 21.

(iv) Estimation of make good provisions

An amount of $1,787,000 (2013: $1,767,000) has been estimated in respect of a leased property for any expenditure required to be incurred to restore the property back to its original state. The lease has approximately 14 years to run at balance date, with a bank guarantee being given for the $1,767,000 recognised. In terms of the lease, this amount will be indexed and will increase in the future, therefore it is the maximum estimate of what would be payable today. An additional $20,000 has been estimated for an additional leased property to restore the property back to its original state. Further information on the estimate of make good provisions can be found in Note 24.

3. REVENUE

	CONSOLIDATED	
	2014	2013
	$'000	$'000
Sales revenue		
New vehicles	1,737,717	1,624,187
Used vehicles	557,331	531,505
Parts	342,109	335,713
Service	170,273	160,660
Other	1,177	68
	2,808,607	2,652,133
Other revenue		
Dividend received	12,087	9,970
Rents	54	107
Interest	1,670	1,214
Proceeds of insurance claims	19,587	162
Commissions	11,151	7,140
Other	4,957	2,087
	49,506	20,680
Total revenue	2,858,113	2,672,813

4. OTHER GAINS

Gains on disposal of other assets	3,892	2,000

5. EXPENSES

(a) Profit before income tax includes the following specific expenses:

Depreciation		
Buildings	3,540	3,915
Plant and equipment	5,960	6,285
Leased Motor Vehicles	744	-
Total depreciation	10,244	10,200
Amortisation		
Leasehold improvements	2,201	2,049
Brand names	138	105
Total depreciation and amortisation (Note 15 & 16)	12,583	12,354
Finance costs		
Vehicle bailment & related hedge	10,691	11,597
Other	11,389	11,591
Total finance expense	22,080	23,188
Rental expense relating to operating leases		
Minimum lease payments	21,310	17,587
Contributions to superannuation funds	21,362	18,865
Provision expenses		
Inventory	7,977	(314)
Warranties	6,167	5,421
Bad debts	459	439
	14,603	5,546
Share-based payments	2,135	1,453
Business acquisition costs	2,761	594

(b) Impairment of non-current assets

Revaluation loss of land & buildings (Note 15)	578	-
	578	-

	CONSOLIDATED	
	2014	2013
	$'000	$'000

6. INCOME TAX

	2014 $'000	2013 $'000
(a) Income tax expense (benefit)		
Current income tax expense	28,243	23,667
Deferred income tax benefit (Note 23)	(2,093)	(919)
	26,150	22,748
Deferred income tax expense/(benefit) included in income tax expense comprises:		
Decrease in deferred tax liabilities	(2,093)	(919)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	102,840	86,710
Income tax calculated at 30% (2013 - 30%)	30,852	26,013
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Depreciation and amortisation	212	364
Non-taxable dividends	(5,827)	(3,319)
Non allowable expenses	1,692	953
Sundry items	(779)	(1,263)
Income tax expense	26,150	22,748
(c) Amounts recognised directly in equity		
Aggregate deferred tax arising in the reporting period and not recognised in net profit or loss but directly credited (debited) to equity (Note 23)	(95)	8,100

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

7. DIVIDENDS

	2014 $'000	2013 $'000
Ordinary dividends fully franked based on tax paid @ 30%		
Final dividend for the year ended 31 December 2013 of 15.0 cents per share (2012 - 13.0 cents) paid on 16 April 2014	26,516	22,246
Interim dividend of 9.0 cents (2013 - 8.0 cents) per share paid on 3 October 2014	15,954	14,124
Total dividends paid	42,470	36,370
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 31 December 2014 and 31 December 2013 were as follows:		
Paid in cash	42,470	14,127
Satisfied by issue of shares under Dividend Reinvestment Plan	-	22,243
	42,470	36,370
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 17 April 2015 out of the retained profits at 31 December 2014, but not recognised as a liability at year end, is:	32,176	26,515

7. DIVIDENDS (continued)

Franked dividends

The final dividend recommended after 31 December 2014 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 2015.

	CONSOLIDATED	
	2014	**2013**
	$'000	**$'000**
Franking credits available for subsequent financial years based on a tax rate of 30% (2013 - 30%)	148,995	120,300

The above amounts represent the balances of the franking account as at the end of the financial year, adjusted for:
(a) franking credits that will arise from the payment of the current tax liability
(b) franking debits that will arise from the payment of the dividends recognised as a liability at the reporting date; and
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

Impact on franking credits of dividends not recognised	(13,790)	(11,364)

8. CURRENT ASSETS - Cash and cash equivalents

Cash at bank and on hand	10,777	3,106
Short Term Deposits	13,000	9,000
	23,777	12,106
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	23,777	12,106
Less: Bank overdrafts	-	-
Balance per statement of cash flows	23,777	12,106

9 CURRENT ASSETS - Receivables

(a) Trade and other receivables (i)	108,414	97,313
Less: Provision for doubtful receivables (ii)	2,622	2,394
	105,792	94,919
(b) Leasebook receivables	-	27
Less: Provision for doubtful receivables (ii)	-	16
	-	11

(i)The ageing of lease, property and trade receivables at 31 December 2014 is detailed below:

	CONSOLIDATED			
	2014		2013	
	Gross	**Provision**	**Gross**	**Provision**
	$000	$000	$000	$000
Not past due	100,857	1,778	89,950	1,552
Past due 0 -30 days	4,339	102	3,603	77
Past due 31 plus days	3,218	742	3,787	781
Total	108,414	2,622	97,340	2,410

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

Included in the Group’s trade receivables balance are debtors with a carrying amount of $6,713,000 (2013: $6,532,000) which are past due at the reporting date.The Group have not provided for these balances as there has not been any specifically identified factors that would indicate a deterioration of credit quality.The Group therefore still considers the amounts recoverable.
The Group does not hold any collateral over these balances.The average age of these receivables is 62 days (2013: 62 days).

9. CURRENT ASSETS - Receivables (continued)

(ii) Movement in provision for doubtful receivables

	CONSOLIDATED	
	2014	**2013**
	$000	$000
Opening Balance	2,410	2,504
Additional provisions	459	439
Addition due to acquisitions	29	-
Amounts written off during the year	(276)	(533)
Closing Balance	2,622	2,410

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

	CONSOLIDATED	
	2014	**2013**
	$'000	**$'000**
10. CURRENT ASSETS - Inventories		
New motor vehicles & trucks - Bailment stock - at cost	343,812	290,343
Less: Write-down to net realisable value	7,835	4,152
	335,977	286,191
Used vehicles & trucks - at cost	89,446	77,915
Less: Write-down to net realisable value	7,855	3,783
	81,591	74,132
Parts and other consumables - at cost	53,618	51,178
Less: Write-down to net realisable value	1,981	1,759
	51,637	49,419
Total Inventories	469,205	409,742
11. CURRENT ASSETS - Other current assets		
Prepayments and deposits	1,884	7,301
11(a) Property assets held for sale		
Land & buildings held for sale	27,781	21,612

This asset relates to properties surplus to the ongoing business requirements of the group and are expected to be sold within 12 months of balance date.

11(b) Property sale receivable

Property sale receivable	6,717	-

Sale of Property where proceeds are expected to be received within 12 months of balance date.

12. NON-CURRENT ASSETS - Receivables

(a) Property Sale Receivables	18,826	-
(b) Loans receivables	9,787	1,437

	CONSOLIDATED	
	2014	2013
	$'000	$'000
13 NON-CURRENT ASSETS - Available-for-sale investments carried at fair value		
Shares in an unlisted company - One Way Traffic Pty Ltd (Carsguide)[1]	2,345	2,345
Shares in a listed company - Automotive Holdings Group Limited [2]	232,046	192,850
	234,391	195,195

(1) The Directors have assessed the fair value of the investment as at 31 December 2014 is materially consistent with its cost of acquisition. This is a level 3 fair value measurement asset being derived from inputs other than quoted prices that are unobservable from the asset either directly or indirectly.
(2) The Directors have assessed the fair value of the investment as at 31 December 2014 based on the market price of the shares on the last trading day of the reporting period. This is a level 1 fair value measurement asset being derived from inputs based on quoted prices that are observable.

Valuation of Available for sale investments

Details of the group's available for sale investments and information about the fair value hierarchy as at 31 December 2014 are as follows:

Unobservable Inputs used in determination of fair values.				
Class of Financial Assets and Liabilities	**Carrying Amount 31/12/14 $000's**	**Carrying Amount 31/12/13 $000's**	**Valuation Technique**	**Key Input**
Level 1 Available for sale investments - listed entities	232,046	192,850	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 year.

	CONSOLIDATED	
	2014	2013
14 NON-CURRENT ASSETS - Investment in associate	$'000	$'000
Shares in an associate - Norna Limited(formerly M T Q Insurance Services Limited)	1,620	4,327
	1,620	4,327

Investment in associates is accounted for in the consolidated financial statements using the equity method of accounting (refer Note 40).
Reconciliation of the carrying amount of investment in associate is set out in Note 40(b).

15. NON-CURRENT ASSETS - Property, plant and equipment	CONSOLIDATED 2014	2013
Freehold land and buildings - at fair value	**$'000**	**$'000**
Directors' valuation		
Land	152,879	193,500
Buildings	97,251	112,357
Construction in progress	187	6,803
Total land and buildings	250,317	312,660
Leasehold improvements		
At cost	27,625	26,405
Less: Accumulated amortisation	13,179	11,872
Total leasehold improvements	14,446	14,533
Plant and equipment		
At cost	55,644	50,106
Less: Accumulated depreciation	33,842	32,343
Total plant and equipment	21,802	17,763
Motor Vehicles Under Lease		
At cost	8,901	-
Less: Accumulated depreciation	2,981	-
Total plant and equipment	5,920	-
Total property, plant and equipment	292,485	344,956

Valuation of land and buildings

The basis of the directors' valuation of land and buildings is the assessed fair value, being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction at balance date, based on current prices in an active market for similar properties in the same location and condition. The assessed fair value is supported by periodic, but at least triennial valuations, by external third party valuers. The 2014 valuations were made by the directors based on their assessment of prevailing market conditions and supported by fair value information received from independent expert property valuers on certain properties, and the group's own market activities and market knowledge.

Details of the group's freehold land and buildings and information about the fair value hierarchy as at 31 December 2014 are as follows:

Unobservable Inputs used in determination of fair values.

Class of Financial Assets and Liabilities	Carrying Amount 31/12/14 $000's	Carrying Amount 31/12/13 $000's	Valuation Technique	Key Input	Input	Average/ Range 2014	Average/ Range 2013	Other key Information	Range (weighted avg) 2014	Range (weighted avg) 2013
Level 3 Car - HBU Alternate Use	44,601	80,962	Direct comparison	External valuations Specific incomplete transactions	Price /sqm Land	Average $1,875/sqm Range $1,623 - $2,688/sqm	Average $1,924/sqm Range $821 - $5,036/sqm	Land size	Average 7,173 sqm Range 779 - 18,160 sqm	Average 5,981 sqm Range 779 - 18,160 sqm
Level 3 Car Dealership	167,389	184,719	Summation method, income capitalisation and direct comparison	External valuations Industry benchmarks	Net Rent/Gross Income 8% - 12% (Non-luxury) 10% - 14% (Luxury)	Average 9.6% Range 3.4% - 15.9%	Average 9.6% Range 3.0% - 19.2%	Net Rent/Sqm Land	Average $96 sqm Range $25 to $297 sqm	Average $90 sqm Range $22 to $297 sqm
					Capitalisation Rate	Average 8.2% Range 6.7% - 9.8%	Average 8.0% Range 5.2% - 10.7%	Net Rent/Sqm GBA	Average $197 sqm Range $100 to $750 sqm	Average $192 sqm Range $100 to $584 sqm
Level 3 Development - Car Dealership	9,350	11,075	Direct comparison	External valuations	Price /sqm Land	Average $459/sqm Range $330 - $821/sqm	Average $375/sqm Range $212 - $531/sqm			
Level 3 Truck Dealership	20,734	20,968	Direct comparison	External valuations	Price /sqm Land Price /sqm GBA	Average $371/sqm Range $209-$526/sqm	Average $375/sqm Range $212-$531/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 Sqm	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 8.1% Range 8.0% to 8.2%
Level 3 Other Logistics	8,056	8,133	Income capitalisation method supported by market comparison	External valuations	Capitalisation Rate	Average 8.1% Range 8.0% to 8.2%	Average 7.4% Range 6.8% to 8.2%	Net Rent/sqm GBA	Average $90 sqm Range $79-$143 sqm	Average $83 sqm Range $63-$153 sqm
Sub Total	250,130	305,857								
Construction in Progress	187	6,803								
Total	**250,317**	**312,660**								

There were no transfers between Levels in the year.

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

Explanation of asset classes; Car - HBU Alternate Use refers to properties currently operated as car dealerships which have a higher and best use (HBU) greater than that of a car dealership; Car Dealership refer to properties operating as car dealership with a consistent HBU; Development Car Dealership refers to properties which are in progress of, or being held for future development as a car dealership; Truck Dealership referes 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.

Carrying amounts that would have been recognised if land and buildings were stated at cost
If freehold land was carried at historical cost, its current carrying value would be $98,129,000 (2013 : $115,560,000).
If freehold buildings (including construction in progress) were carried at historical cost, its current carrying value (after depreciation) would be $97,438,000 (2013 : $119,160,000).

Non-current assets pledged as security
Refer to Note 22 for information on non-current assets pledged as security by the group.
Reconciliations
Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the year is set out below:

	Freehold land $'000	Freehold buildings $'000	Construction in progress $'000	Leasehold improvements $'000	Motor Vehicles Under Lease $'000	Plant and equipment $'000	Total $'000
Consolidated 2014							
Carrying amount at start of year	193,500	112,357	6,803	14,533	-	17,763	344,956
Additions	-	6,549	187	2,114	6,664	9,999	25,513
Disposals/transfers	(23,666)	(14,223)	(6,803)	-	-	-	(44,692)
Revaluation loss debited to asset revaluation reserve	(1,692)	-	-	-		-	(1,692)
Revaluation loss charged to profit and loss	(578)	-	-	-		-	(578)
Depreciation/amortisation expense (Note 5)	-	(3,540)	-	(2,201)	(744)	(5,960)	(12,445)
Transfer to property assets held for sale	(14,685)	(3,892)	-	-		-	(18,577)
Carrying amount at end of year	152,879	97,251	187	14,446	5,920	21,802	292,485
Consolidated 2013							
Carrying amount at start of year	198,515	118,320	406	14,587	-	19,034	350,862
Additions	-	2,525	6,459	1,995	-	5,014	15,993
Disposals/transfers	(3,414)	(4,632)	(62)	-	-	-	(8,108)
Revaluation gain credited to asset revaluation reserve	3,203	-	-	-	-	-	3,203
Depreciation/amortisation expense (Note 5)	-	(3,915)	-	(2,049)	-	(6,285)	(12,249)
Transfer (to)/from property assets held for sale	(4,804)	59	-	-	-	-	(4,745)
Carrying amount at end of year	193,500	112,357	6,803	14,533	-	17,763	344,956

16. NON-CURRENT ASSETS - Intangibles

	CONSOLIDATED 2014 $'000	2013 $'000
Goodwill	75,574	62,580
Franchise rights	83,263	56,962
Trade marks/brand names	6,896	5,717
	165,733	125,259
Movement - Goodwill		
Balance at the beginning of the financial year	62,580	59,958
Additional amounts recognised:		
- from business combinations during the year (Note 29(a))	12,994	3,329
Less: Reclassification	-	(707)
Balance at the end of the financial year	75,574	62,580
Movement - Franchise rights		
Balance at the beginning of the financial year	56,962	51,829
Purchase of Franchise Rights during the year	26,301	5,133
Balance at the end of the financial year	83,263	56,962
Movement - Trade marks/Brand names		
Balance at the beginning of the financial year	5,717	5,734
Purchase of brand name during the year	1,317	88
Less: Amortisation of Brand names	(138)	(105)
Balance at the end of the financial year	6,896	5,717

16. NON-CURRENT ASSETS - Intangibles (continued)

(a) Impairment tests for goodwill, franchise rights and trade marks / brand names
For the purpose of impairment testing, goodwill and other intangible assets with indefinite useful lives (being franchise rights and trade marks/brand names) are allocated to each of the consolidated entity's cash generating units (CGU), or groups of CGU's, that are expected to benefit from the synergies of the combinations. Each unit or groups of units to which goodwill and other indefinite life intangible assets is allocated represents the lowest level at which assets are monitored for internal management purposes and is not larger than an identified operating segment.

The CGU or groups of CGU's to which goodwill and other indefinite life intangible assets is allocated are as follows;

	CONSOLIDATED	
	2014	**2013**
	$'000	**$'000**
Automotive Dealership Operations:		
Goodwill	66,597	53,603
Franchise rights	78,763	52,462
Trade marks / brand names	5,846	4,667
	151,206	110,732
Truck Dealership Operations:		
Goodwill	8,977	8,977
Franchise rights	4,500	4,500
Trade marks / brand names	1,050	1,050
	14,527	14,527

The recoverable amount of a CGU or group of CGU's to which goodwill and other indefinite life intangible assets is allocated is determined based on the greater of its value in use and its fair value less costs to sell. Fair value is determined as being the amount obtainable from the sale of a CGU in an arms length transaction between knowledgeable and willing parties at balance date. This fair value assessment less costs to sell is conducted by the directors based on their extensive knowledge of the automotive and truck retailing industry including the current market conditions prevailing in the industry. The value in use assessment is conducted using a discounted cash flow (DCF) methodology requiring the directors to estimate the future cash flows expected to arise from the cash generating units and then applying a discount rate to calculate the present value.

The DCF model adopted by directors was based on the 2015 financial budgets approved by the Board, a 3% (2014:3%) perpetual growth rate and a pre-tax discount rate of 11% (2014:11%). This growth rate does not exceed the long term average growth rate for the industry.

The directors believe that any reasonable possible change in the key assumptions on which recoverable amount is based is not expected to cause that aggregate of the carrying amounts to exceed the aggregated amounts of the CGUs.

(b) Impairment charge
The Directors' assessment in 2014 determined that goodwill and other intangible assets with indefinite useful lives was not impaired in both 2014 and 2013.

17. CURRENT LIABILITIES - Payables

	CONSOLIDATED	
	2014	**2013**
	$'000	**$'000**
Trade and other payables		
Trade payables (i)	73,005	65,320
Other payables	55,033	38,270
	128,038	103,590

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

18. Derivative financial instruments

		CONSOLIDATED	
		2014	2013
		$'000	$'000
Interest rate swap contracts - cash flow hedges (i)			
Classified as:	Current liabilities	188	665
	Non-current liabilities	934	534
		1,122	1,199

The group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates in accordance with the Group's financial risk management policies (refer to Note 28).

Bailment finance of the Group currently bears an average variable interest rate of 4.78% (2013: 4.67%). The policy to protect part of this finance exposure against increasing interest rates was amended in 2013, such that in future this exposure will not be hedged.
As at the end of the year there were no bailment interest swap contracts in place.

The interest rate swaps currently in place are providing a fixed rate of interest on the variable cash advances drawn down under the term facility.
The swap contracts in place cover approximately 55% (2013:52%) of the term facility outstanding at the year end.
The contracts require settlement of net interest receivable or payable each 30 days.

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

At balance date, a loss from remeasuring the hedging instruments at fair value of $1,122,000 (2013: $1,199,000) has been recognised in equity in the hedging reserve (Note 27(a)). No portion was ineffective.

Valuation of Derivative financial instruments

Details of the group’s Derivative financial instruments and information about the fair value hierarchy as at 31 December 2014 are as follows:

Unobservable Inputs used in determination of fair values.				
Class of Financial Assets and Liabilities	**Carrying Amount 31/12/14 $000's**	**Carrying Amount 31/12/13 $000's**	**Valuation Technique**	**Key Input**
Level 2 Cash flow hedges - Interest rate swaps	1,122	1,199	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 year.

19. CURRENT LIABILITIES - Borrowings (secured)

	CONSOLIDATED	
	2014	2013
	$'000	$'000
(a) Bailment and finance lease payable		
Bailment finance	357,555	303,782
Finance lease payable	5,598	29
	363,153	303,811

(i) Bailment finance
Bailment finance is provided on a vehicle by vehicle basis by various finance providers at an average interest rate of 4.78% p.a. applicable at 31 December 2014 (2013: 4.67%).
Bailment finance is repayable within a short period after the vehicle is sold to a third party, generally within 48 hours.
(ii) Finance Lease
The finance lease liability is secured against associated leased assets and is provided by various finance providers at an average interest rate of 6.03% p.a. applicable at 31 December 2014 (2013: 7.6%).
(iii) Interest rate risk exposures
Details of the Group's exposure to interest rate changes on interest bearing liabilities is set out in Note 28.
(iv) Fair value disclosures
Details of the Group's fair value of interest bearing liabilities is set out in Note 28.
(v) Security
Details of the security relating to each of the secured liabilities and further information on bank loans is set out in Note 22.

20. CURRENT LIABILITIES - Current tax liabilities

	CONSOLIDATED	
	2014	2013
	$'000	$'000
Income tax	12,979	6,203

21. CURRENT LIABILITIES - Provisions

Employee benefits	16,846	14,039
Warranties	3,863	3,350
	20,709	17,389

Movement in provisions

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

	Warranties
Consolidated - 2014	$'000
Carrying amount at start of year	3,350
Provisions acquired	115
Additional provisions recognised	6,167
Payments charged against provisions	(5,769)
Carrying amount at end of year	3,863

Warranty Provision

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

	CONSOLIDATED	
	2014	2013
	$'000	$'000
22. NON-CURRENT LIABILITIES - Borrowings (secured)		
(a) Borrowings - others		
Term facility	144,000	139,000
Capital Loan	70,000	72,078
Finance lease payables	2,646	-
	216,646	211,078

SECURED LIABILITIES

Total secured liabilities (current and non-current) are:		
Term facility (i)	144,000	139,000
Capital Loan (ii)	70,000	72,078
Working Capital Facility (Includes Bank overdraft)	-	-
Finance lease payables (iii)	8,244	29
Bailment finance (iv)	357,555	303,782
Total secured liabilities	579,799	514,889

(i) The Term Facility is secured by a general security agreement which includes registered first mortgages held by a security trustee over specific freehold land and buildings and a general charge over assets excluding new and used inventory and related receivables; letter of set off given by and on account of the parent entity and its subsidiaries, and a Corporate Guarantee and Indemnity unlimited as to amount given by the parent entity and its subsidiaries.

(ii) The Capital loan is secured by registered first mortgages given by subsidiaries over specific freehold land and buildings; letter of set off given by and on account of the parent entity and its subsidiaries, and a Corporate Guarantee and Indemnity unlimited as to amount given by the parent entity and its subsidiaries.

(iii) The finance lease liability is secured against associated leased assets.

(iv) Vehicle bailment finance reflects a liability payable to the consolidated entity's bailment financiers. This liability is represented by and secured over debtors included in current assets receivables in respect of recent vehicle deliveries to customers, and by new vehicles,demonstrator vehicles and some used vehicles all included in inventories (bailment stock). Refer Note 10.

22. NON-CURRENT LIABILITIES - Borrowings (continued)

ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security are:

	CONSOLIDATED	
	2014	**2013**
	$'000	**$'000**
Non-current assets pledged as security -		
Freehold land and buildings - first mortgage	248,833	311,485
Other non-current assets	472,525	358,514
Current assets pledged as security -		
Property assets held for sale	27,781	21,612
Inventories	357,555	303,782
Other current assets	143,968	127,211
Total assets pledged as security	1,250,662	1,122,604

FINANCING ARRANGEMENTS

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

Total facilities		
Term facility (i)	199,000	179,000
Working Capital facility(includes bank overdraft)(iii)	25,000	25,000
Capital Loan (ii)	70,000	72,078
Bailment finance (iv)	485,315	428,065
Bank guarantees	17,089	13,089
Finance lease payables (v)	19,500	29
	815,904	717,261
Used at balance date		
Term facility	144,000	139,000
Working Capital facility(includes bank overdraft)	-	-
Capital Loan	70,000	72,078
Bailment finance	357,555	303,782
Bank guarantees	16,298	12,858
Finance lease payables	8,244	29
	596,097	527,747
Unused at balance date		
Term facility	55,000	40,000
Working Capital facility(includes bank overdraft)	25,000	25,000
Capital Loan	-	-
Bailment finance	127,760	124,283
Bank guarantees	791	231
Finance lease payables	11,256	-
	219,807	189,514

(i) Term facility at balance date was provided on a non-amortisable (interest only) basis subject to compliance with specific covenants for a fixed term.
(ii) Capital Loan facility at balance date was provided on a non-amortisable (interest only) basis for a fixed term.
(iii) Working Capital Facility at balance date was provided on a non-amortisable (interest only) basis subject to compliance with specific covenants and an annual review.
(iv) Bailment facilities are used to finance the acquisition of new vehicle and some used vehicle trading stock.
These facilities include a combination of fixed term and open ended arrangements and are subject to review periods ranging from quarterly to annual. These facilities generally include short term termination notice periods and are disclosed as current liabilities in the statement of financial position.
(v) The Finance lease liability provides direct and specific funding to a portfolio of finance leases associated with the Black Group acquisition.

23. NON-CURRENT LIABILITIES - Deferred tax liabilities

	CONSOLIDATED	
	2014	2013
	$'000	$'000
Deferred tax liabilities	17,350	27,483
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Book versus tax carrying value of plant and equipment	1,668	1,912
Finance lease book	-	5
Inventory valuation	1,059	1,713
Prepayments	330	308
Provisions - Doubtful Debts	(787)	(969)
- Employee benefits	(12,388)	(10,375)
- Warranties	(1,170)	(1,009)
- Inventory write downs	(595)	(587)
Investment in associate	-	808
Property receivable	(6,999)	-
Sundry items	(35)	(904)
	(18,917)	(9,098)
Amounts recognised directly in equity		
Revaluation of available-for-sale investment	13,799	13,410
Revaluation of property, plant and equipment	22,805	23,531
Hedge liability	(337)	(360)
	36,267	36,581
Net deferred tax liabilities	17,350	27,483

The deferred tax expense included in income tax expense in respect of the above temporary differences resulted from the following movements :

	2014	2013
Opening balance at 1 January	27,483	20,599
Deferred tax assets relating to business combinations	(945)	(297)
Property Receivable	(6,999)	-
Charged/(credited) to profit and loss (Note 6)	(2,093)	(919)
Deferred tax recognised directly in equity		
- Revaluation of available-for-sale investment(Note 27(a))	389	6,839
- Revaluation of property plant and equipment (Note 27(a))	(508)	961
- Movement in fair value of cash flow hedge (Note 27(a))	24	300
Closing balance at 31 December	17,350	27,483

24. NON-CURRENT LIABILITIES - Provisions

	CONSOLIDATED 2014 $'000	CONSOLIDATED 2013 $'000
Employee benefits	5,158	5,220
Make good provision on leasehold premises - refer (a) and (b) below	1,787	1,767
	6,945	6,987

(a) A make good clause under a long term property lease has been recognised in the financial statements. The lessor of the property has been provided with a bank guarantee of $1,900,000 in respect of the estimated make good cost and rental costs.

	2014 $'000	2013 $'000
(b) Movement in the provision:		
Balance at start of year	1,767	1,767
Recognition of additional provision during the year	20	-
Carrying amount at end of year	1,787	1,767

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

25. 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 the Car 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, and the investment in Automotive Holdings Group Limited.

(v) Other
Currently the segment "Other" is not required.

25. SEGMENT INFORMATION (continued)

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

Segment profit represents the profit earned by each segment without allocation of unrecouped corporate / head office costs and income tax. External bailment is allocated to the Car Retailing and Truck Retailing segments. Bills payable funding costs are allocated to the Car Retailing,Truck Retailing,Property and Investment segments based on notional market based covenant levels .
This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance. For the purpose of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible, and financial assets attributable to each segment. All assets are allocated to reportable segments.

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

Segment reporting 2014

	Car Retailing	Truck Retailing	Property	Investments	Eliminations	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000
Sales to external customers	2,435,176	373,431	54	-	-	2,808,661
Inter-segment sales	-	-	28,515	-	(28,515)	-
Total sales revenue	2,435,176	373,431	28,569	-	(28,515)	2,808,661
Other revenue	35,232	754	1,379	12,087	-	49,452
TOTAL REVENUE	2,470,408	374,185	29,948	12,087	(28,515)	2,858,113
SEGMENT RESULT						
Operating profit before interest	76,007	5,825	20,889	11,990	-	114,711
External interest expense allocation	(10,282)	(2,315)	(6,832)	(2,651)	-	(22,080)
OPERATING CONTRIBUTION	65,725	3,510	14,057	9,339	-	92,631
Share of net profit of equity accounted investments	4,939	-	-	-	-	4,939
Business Acquisition costs	(2,761)	-	-	-	-	(2,761)
Investment revaluation	-	-	-	1,295	(1,295)	-
Property revaluation	-	-	(2,270)	-	1,692	(578)
Profit on sale of property / businesses	900	-	2,992	-	-	3,892
SEGMENT PROFIT	68,803	3,510	14,779	10,634	397	98,123
Unallocated corporate expenses						4,717
PROFIT BEFORE TAX						102,840
Income tax expense						(26,150)
NET PROFIT						76,690
Depreciation and amortisation	7,453	1,082	4,048	-	-	12,583
Non cash expenses (reversal of expenses) other than depreciation and amortisation	3,620	(217)	-	-	-	3,403
Impairment of trade receivables	277	(94)	-	-	-	183
Write down (back) of inventories to net realisable value	5,387	2,084	-	-	-	7,471
ASSETS						
Segment assets	657,062	146,085	320,460	234,391	-	1,357,998
LIABILITIES						
Segment liabilities	438,010	106,285	162,345	60,302	-	766,942
NET ASSETS	219,052	39,800	158,115	174,089	-	591,056
Acquisitions of non-current assets, including assets of businesses acquired	58,593	776	6,757	37,901	-	104,027

25. SEGMENT INFORMATION (continued)

Segment reporting 2013

	Car Retailing	Truck Retailing	Property	Investments	Eliminations	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000
Sales to external customers	2,242,152	409,981	107	-	-	2,652,240
Inter-segment sales	-	-	28,035	-	(28,035)	-
Total sales revenue	2,242,152	409,981	28,142	-	(28,035)	2,652,240
Other revenue	9,029	779	795	9,970	-	20,573
TOTAL REVENUE	2,251,181	410,760	28,937	9,970	(28,035)	2,672,813
SEGMENT RESULT						
Operating profit before interest	65,854	10,359	19,401	9,843	-	105,457
External interest expense allocation	(11,502)	(1,941)	(7,293)	(2,452)	-	(23,188)
OPERATING CONTRIBUTION	54,352	8,418	12,108	7,391	-	82,269
Share of net profit of equity accounted investments	1,959	-	-	-	-	1,959
Business Acquisition costs	(594)	-	-	-	-	(594)
Investment revaluation	-	-	-	22,795	(22,795)	-
Property revaluation	-	-	3,203	-	(3,203)	-
Profit on sale of property / businesses	1,793	-	207	-	-	2,000
SEGMENT PROFIT	57,510	8,418	15,518	30,186	(25,998)	85,634
Unallocated corporate expenses						1,076
PROFIT BEFORE TAX						86,710
Income tax expense						(22,748)
NET PROFIT						63,962
Depreciation and amortisation	6,437	1,462	4,455	-	-	12,354
Non cash expenses (reversal of expenses) other than depreciation and amortisation	1,827	508	-	-	-	2,335
Impairment of trade receivables	(216)	123	-	-	-	(93)
Write down (back) of inventories to net realisable value	(292)	(89)	-	-	-	(381)
ASSETS						
Segment assets	542,018	138,229	341,422	195,195	-	1,216,864
LIABILITIES						
Segment liabilities	349,794	95,114	166,558	66,274	-	677,740
NET ASSETS	192,224	43,115	174,864	128,921	-	539,124
Acquisitions of non-current assets, including assets of businesses acquired	14,742	798	9,003	9,810	-	34,353

The 2013 Comparative information has been restated following the reallocation of non-franchised dealerships operating solely in the used car market from 'Other' to 'Car Retailing".

	CONSOLIDATED	
	2014	2013
	$'000	$'000

26. CONTRIBUTED EQUITY

(a) Paid up capital		
Ordinary shares fully paid	242,070	231,205

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

(b) Movements in ordinary share capital:

Date	Details	Number of shares	Issue price	$'000
01-Jan-13	Balance	170,686,558		206,277
18-Mar-13	Issue of shares to staff under share incentive schemes.	439,268	$5.38	2,362
16-Apr-13	Issue of shares under Dividend Reinvestment Plan.	3,754,815	$4.20	15,771
	Dividend reinvestment Plan shortfall underwritten by broker.	1,540,676	$4.20	6,472
	Underwriting commission paid to broker.			(82)
	New Shares issued.	55,000	$4.20	231
18-Jul 13 to 22-Jul-13	Issue of shares to staff under share incentive schemes.	72,001	$2.42	174
01-Jan-14	Balance	176,548,318		231,205
10-Mar-14	Issue of shares to staff under share incentive schemes.	221,155	$4.87	1,077
01-Jul-14	Issue of shares as partial consideration for acquisition of Ian Boettcher Motors.	500,000	$5.70	2,850
01-Oct-14	Issue of shares as partial consideration for acquisition of Craig Black Group.	1,250,000	$5.55	6,938
31-Dec-14	Balance	178,519,473		242,070

(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. In 2013 the shares were issued at a special 10% discount in recognition of the company's 100 year anniversary. The plan was fully underwritten by the broker, RBS Morgan.

	CONSOLIDATED	
	2014	2013
27. RESERVES AND RETAINED PROFITS	$'000	$'000
(a) Reserves:		
Property, plant and equipment revaluation reserve	61,668	73,278
Hedging reserve - cash flow hedge	(786)	(839)
Share-based payments reserve	5,941	4,883
Investment revaluation reserve	32,197	31,290
	99,020	108,612
Movements:		
Property, plant and equipment revaluation reserve :		
Balance at beginning of the financial year	73,278	71,053
Revaluation surplus during the year - gross (Note 15)	(1,692)	3,203
Transfer to retained earnings relating to properties sold	(10,426)	(17)
Deferred tax (Note 23)	508	(961)
Balance at the end of the financial year	61,668	73,278
Hedging reserve - cash flow hedge:		
Balance at beginning of the financial year	(839)	(1,542)
Transfer to profit or loss	1,199	2,202
Transfer to derivative financial instruments (gross)	(1,122)	(1,199)
Deferred tax (Note 23)	(24)	(300)
Balance at the end of the financial year	(786)	(839)
Share-based payments reserve:		
Balance at beginning of the financial year	4,883	5,791
Share based payments	2,135	1,453
Transfer to share capital (shares issued)	(1,077)	(2,361)
Balance at the end of the financial year	5,941	4,883
Investment revaluation reserve:		
Balance at beginning of the financial year	31,290	15,334
Gain on revaluation of available-for-sale investment	1,296	22,795
Deferred tax (Note 23)	(389)	(6,839)
Balance at the end of the financial year	32,197	31,290

(b) Retained earnings

	2014	2013
Retained profits at the beginning of the financial year	198,369	171,113
Net profit for the year	76,230	63,609
Transfer from asset revaluation reserve re properties sold	10,426	17
Loss on Sale of Non Controlling Interest	(75)	-
Dividends provided for or paid (Note 7)	(42,470)	(36,370)
Retained profits at the end of the financial year	242,480	198,369

27. RESERVES AND RETAINED PROFITS (continued)

(c) Nature and purpose of reserves.

(1) Property, plant and equipment revaluation reserve

The property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets as described in Note 1(p).

(2) Hedging reserve

The hedging reserve contains the effective portion of interest rate hedge arrangements incurred as at the reporting date.

(3) Share-based payments reserve

The share-based payment reserve is used to recognise the fair value of performance rights expected to vest and the fair value of equity expected to be issued under various share incentive schemes referred to in Notes 34 and 35.

(4) Investment revaluation reserve

The investments revaluation reserve represents the cumulatve gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

28. FINANCIAL INSTRUMENTS

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

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

The Board of Directors has overall responsibility for the establishment and oversight of the consolidated entity's risk management framework. The Board has established an Audit, Risk and Remuneration Committee which is responsible for monitoring, assessing and reporting on the consolidated entity's risk management system. The committee will provide regular reports to the Board of Directors on its activities.

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

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

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

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

28. FINANCIAL INSTRUMENTS (continued)

CREDIT RISK

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

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

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

With respect to credit risk arising from financial assets of the Group comprised of cash, cash equivalents and receivables, the Group's maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date is in the carrying amount as disclosed in the statement of financial position and notes to the financial statements.

The Group's credit risk on liquid funds is limited as the counter parties are major Australian banks with favourable credit ratings assigned by international credit rating agencies.

LIQUIDITY RISK

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

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

The Group also manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Information on available facilities can be found in Note 22.

MARKET RISK

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

Interest rate risk

The Group is exposed to interest rate risk as a consequence of its financing facilities as set out in Notes 19 & 22. Funds are borrowed by the Group at both fixed and floating interest rates. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt. The Group's policy is to keep between 50% and 80% of its borrowings at fixed rates of interest. As at 31 December 2014, approximately 65% (2013: 67%) of the Group's borrowings were at a fixed rate of interest. The Group hedges part of the interest rate risk (see Note 18) by swapping floating for fixed interest rates.

In 2013 the Group amended its policy such that exposure to the changes in interest rates on its variable rate borrowings relating to inventories are unhedged. Existing hedges will not be replaced once they expire. There were no interest rate swaps in place for bailment as at 31 December 2014.

The consolidated entity classifies interest rate swaps as cash flow hedges.
The net fair value of the swaps at 31 December 2014 was $1,122,000 liability (2013:$1,199,000 liability) and has been recognised in equity for the consolidated entity.

Interest rate sensitivity

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

At reporting date, if interest rates had been 50 basis points higher or lower and all other variable were held constant, the Group's net profit after tax would increase/decrease by $1,425,000 (2013: $968,000) per annum. This is mainly due to the Group's exposures to interest rates on its variable rate borrowings.

28. FINANCIAL INSTRUMENTS (continued)

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting future cash flows using the curves at reporting date and the credit risk inherent in the contract, and are disclosed below. The average interest rate is based on the outstanding balances at the start of the financial period.
The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

	Average contracted fixed interest rate		Notional principal amount		Fair value	
Outstanding floating	2014	2013	2014	2013	2014	2013
for fixed contracts	%	%	$'000	$'000	$'000	$'000
Less than 1 year	3.49%	3.74%	22,500	103,700	(188)	(666)
Between 1 - 2 years	3.31%	3.49%	33,500	22,500	(472)	(280)
Between 2 - 3 years	3.22%	3.46%	23,700	25,500	(462)	(253)
	3.33%	3.66%	79,700	151,700	(1,122)	(1,199)

The interest rate swaps settle on a monthly basis. The floating rate on the interest rate swaps is the Australian BBSW. The Group will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount deferred in equity is recognised in profit or loss over the loan period.

CAPITAL MANAGEMENT

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

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

CREDIT RISK

Exposure to Credit Risk

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

	CONSOLIDATED	
	2014	**2013**
	$'000	**$'000**
Trade and other receivables	143,744	98,777
Less: Provision for doubtful receivable	2,622	2,410
	141,122	96,367

Impairment Losses

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

28. FINANCIAL INSTRUMENTS (continued)

Fair values & Exposures to Credit & Liquidity Risk
Detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair value (2013: fair value).

	CARRYING AMOUNT	
	2014	2013
	$'000	$'000
Financial assets		
Trade and other receivables net of doubtful debts	141,122	96,366
Cash and cash equivalents	23,777	12,106
	164,899	108,472
Financial liabilities		
Bills payable and fully drawn advances	144,000	139,000
Capital Loan	70,000	72,078
Vehicle bailment	357,555	303,782
Bank overdraft	-	-
Finance lease payables	8,244	29
Trade and other payables	128,036	103,590
Derivative financial instrument	1,122	1,199
	708,957	619,678

The 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. 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.

28. FINANCIAL INSTRUMENTS (continued)

Maturity profile

The below table provides a maturity profile for the Group's financial instruments that are exposed to interest rate risk at balance date.
The amounts disclosed in the table are gross contractual undiscounted cash flows (principal and interest) required to settle the respective liabilities. The interest rate is based on the rate applicable as at the end of the financial period.

At 31 December 2014

INTEREST BEARING	**Less than 1 year**	**1 - 2 years**	**2 - 3 years**	**3 - 4 years**	**4 - 5 years**	**5+ years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Floating rate							
Financial assets							
Cash and cash equivalents	23,777		-	-	-	-	23,777
Loan receivable	566	566	566	566	566	10,353	13,183
	24,343	566	566	566	566	10,353	36,960
Average interest rate	3.48%	5.78%	5.78%	5.78%	5.78%	5.78%	-
Financial liabilities							
Vehicle bailment (current)	361,831	-	-	-	-	-	361,831
Fully Drawn Advances	2,393	55,997	-	-	-	-	58,390
Fully Drawn Advances (1)	26,143	35,440	24,026	-	-	-	85,609
Capital Loan (Non-Current)	938	938	938	938	938	21,960	26,650
	391,305	92,375	24,964	938	938	21,960	532,480
Average interest rate	4.76%	4.62%	4.70%	4.69%	4.69%	4.69%	-
Fixed rate							
Financial liabilities							
Bills payable	473	9,737	-	-	-	-	10,210
Capital loan (Non-Current)	2,600	2,600	2,600	51,300	-	-	59,100
Finance lease payables	6,018	1,920	837	-	-	-	8,775
	9,091	14,257	3,437	51,300	-	-	78,085
Average Interest Rate	5.32%	5.12%	5.18%	5.20%	-	-	-
NON INTEREST BEARING							
Financial assets							
Property sale receivables	6,717	6,717	6,884	6,884	6,884	-	34,086
Trade debtors	105,792	-	-	-	-	-	105,792
	112,509	6,717	6,884	6,884	6,884	-	139,878
Financial liabilities							
Trade and other payables	128,036	-	-	-	-	-	128,036

(1) The amount included in fully drawn advances relate to variable rates that are hedged with interest rate swaps to fixed rates.

28. FINANCIAL INSTRUMENTS (continued)

At 31 December 2013

INTEREST BEARING	Less than 1 year $'000	1 - 2 years $'000	2 - 3 years $'000	3 - 4 years $'000	4 - 5 years $'000	5+ years $'000	Total $'000
Floating rate							
Financial assets							
Cash and cash equivalents	12,106	-	-	-	-	-	12,106
Loan receivable	81	1,518	-	-	-	-	1,599
Leasebook receivables	27	-	-	-	-	-	27
	12,214	1,518	-	-	-	-	13,732
Average interest rate	3.17%	5.63%	-	-	-	-	-
Financial liabilities							
Vehicle bailment (current)	307,321	-	-	-	-	-	307,321
Fully Drawn Advances	2,264	43,607	7,675	-	-	-	53,546
Fully Drawn Advances (1)	26,561	33,938	15,398	-	-	-	75,897
Capital Loan (Non-Current)	904	904	904	904	904	22,793	27,313
	337,050	78,449	23,977	904	904	22,793	464,077
Average interest rate	4.74%	4.86%	4.82%	4.52%	4.52%	4.52%	-
Fixed rate							
Financial liabilities							
Bills payable	8,726	546	10,773	-	-	-	20,045
Capital loan (Non-Current)	4,678	2,600	2,600	2,600	51,300	-	63,778
Finance lease payables	30	-	-	-	-	-	30
	13,434	3,146	13,373	2,600	51,300	-	83,853
Average Interest Rate	5.01%	5.03%	5.20%	5.20%	5.20%	-	-
NON INTEREST BEARING							
Financial assets							
Trade debtors	94,902	-	-	-	-	-	94,902
Financial liabilities							
Trade and other payables	103,590	-	-	-	-	-	103,590

(1) The amount included in fully drawn advances relate to variable rates that are hedged with interest rate swaps to fixed rates.

Estimation of Fair Value

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

Loans and Borrowings

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

Trade and other Receivables/Payables

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

Interest rate swaps

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

29. INVESTMENTS IN SUBSIDIARIES

Name of entity		Equity holding	
		2014	**2013**
		%	%
Eagers Retail Pty Ltd	*	100	100
Eagers MD Pty Ltd		80	80
Eagers Finance Pty Ltd	*	100	100
Nundah Motors Pty Ltd	*	100	100
Eagers Nominees Pty Ltd	*	100	100
Austral Pty Ltd	*	100	100
E G Eager & Son Pty Ltd	*	100	100
A.P. Group Ltd	*	100	100
A.P. Ford Pty Ltd	*	100	100
A.P. Motors Pty Ltd	*	100	100
A.P. Motors (No.1) Pty Ltd	*	100	100
A.P. Motors (No.2) Pty Ltd	*	100	100
A.P. Motors (No.3) Pty Ltd	*	100	100
Associated Finance Pty Limited	*	100	100
Leaseline & General Finance Pty Ltd	*	100	100
City Automotive Group Pty Ltd	*	100	100
PPT Investments Pty Ltd	*	100	100
PPT Holdings No 1 Pty Ltd	*	100	100
PPT Holdings No 2 Pty Ltd	*	100	100
PPT Holdings No 3 Pty Ltd	*	100	100
Bill Buckle Holdings Pty Ltd	*	100	100
Bill Buckle Autos Pty Ltd	*	100	100
Bill Buckle Leasing Pty Ltd	*	100	100
Adtrans Group Limited	*	100	100
Adtrans Corporate Pty Ltd	*	100	100
Adtrans Automotive Group Pty Ltd	*	100	100
Stillwell Trucks Pty Ltd	*	100	100
Adtrans Trucks Pty Ltd	*	100	100
Graham Cornes Motors Pty Ltd		90	90
Whitehorse Trucks Pty Ltd	*	100	100
Adtrans Used Pty Ltd	*	100	100
Adtrans Hino Pty Ltd	*	100	100
Adtrans Australia Pty Ltd	*	100	100
Melbourne Truck and Bus Centre Pty Ltd	*	100	100
Adtrans Truck Centre Pty Ltd	*	100	100
Adtrans Trucks Adelaide Pty Ltd	*	100	100
Precision Automotive Technology Pty Ltd	*	100	100
IB Motors Pty Ltd	*	100	-
IB MD Pty Ltd		80	-
Black Auto South West Pty Ltd	*	100	-
South West Queensland Motors Pty Ltd		80	-
BASW Pty Ltd		80	-
Western Equipment Rentals Pty Ltd		80	-
Boonarga Welding Works Pty Ltd		80	-
Black Auto CQ Pty Ltd	*	100	-
CH Auto Pty Ltd	*	100	-

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

29. INVESTMENTS IN SUBSIDIARIES (continued)

Information relating to A.P. Eagers Limited ('the parent entity')		2014	2013
Financial position		**$'000**	**$'000**
Assets			
Current assets		-	27,641
Non-current assets		425,612	352,968
Total assets		425,612	380,609
Liabilities			
Current liabilities		21,168	6,056
Non-current liabilities		14,520	13,261
Total liabilities		35,688	19,317
Equity			
Issued capital		242,070	231,205
Retained earnings		108,033	92,229
Reserves	- Asset revaluation reserve	1,684	1,684
	- Investment revaluation reserve	32,196	31,290
	- Share based payments reserve	5,941	4,884
		389,924	361,292
Financial performance			
Profit for the year		58,159	50,219
Other comprehensive income		1,021	15,956

All subsidiaries were parties to a deed of cross guarantee with A.P. Eagers Limited pursuant to ASIC Class Order 98/1418 which has been lodged with and approved by Australian Securities and Investments Commission as at 31 December 2014. Under the deed of cross guarantee each of these companies guarantee the debts of the other named companies. The aggregate assets and liabilities of these companies at 31 December 2014 and their aggregate net profit after tax for the year ended 31 December 2014 match the reported balances within the Statement of Financial Position and the Statement of Profit or Loss respectively.

As a party to the deed of cross guarantee, each of the wholly-owned subsidiaries (marked *) is relieved from the requirement to prepare and lodge an audited financial report.
Also refer Notes 30(a) and 30(b) in respect of guarantees entered into by the parent entity in relation to debts of its subsidiaries.

29. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Acquisition of businesses

The Group acquired the following businesses during the 2014 year as detailed below:

Year	Name of business	Date of acquisition	Principal activity	Proportion acquired
2014	Ian Boettcher Group	01-Jul-14	Motor Dealership	100%
2014	Volvo Franchise from Currimundi Motors Pty Ltd	25-Jul-14	Volvo Franchise	100%
2014	Black Group	01-Oct-14	Motor Dealership	100%

During 2014 the acquired businesses contributed revenues of $110,711,000 and profit before tax of $698,000.
If the acquisition had occurred on 1 January 2014, the consolidated revenue and the consolidated profit before tax would have been $3,069 million and $108.0 million respectively.

Allocation of purchase consideration
The purchase price of business acquired has been allocated as follows:

	Volvo Franchise Sunshine Coast	Ian Boettcher Group	Black Group	2014 Total consolidated
	$'000	$'000	$'000	$'000
Cash consideration	100	11,257	26,510	37,867
Issue of ordinary shares	-	2,850	6,938	9,788
Total purchase consideration	100	14,107	33,448	47,655
Fair Value of net identifiable assets	100	10,708	23,853	34,661
Goodwill	-	3,399	9,595	12,994
	100	14,107	33,448	47,655

	2014 Consolidated fair value at acquisition date
Net assets acquired	$'000
Cash	1,049
Receivables, prepayments	5,577
Inventory	10,979
Property, plant and equipment	16,008
Deferred tax assets	945
Creditors, borrowings and provisions	(27,515)
Identifiable intangible assets	27,618
Net assets acquired	34,661
Acquisition cost	47,655
Goodwill on acquisition (i)	12,994

(i) Goodwill arose in the business combinations because as at the date of acquisition the consideration paid for the combination included amounts in relation to the benefit of expected synergies and future revenue and profit growth from the businesses acquired.
These benefits were not recognised separately from goodwill as the future economic benefits arising from them could not be reliably measured in time for inclusion in this finnacial statements. Therefore, the amount allocated to goodwill on acquistion has been provisionally determined at the end of the reporting period.

	2014 $'000
Cash consideration on acquistion	37,867
Cash acquired on acquisition	(1,049)
Net cash flow on acquistion of business	36,818

29. INVESTMENTS IN SUBSIDIARIES (continued)

The Group acquired the following business during the 2013 year as detailed below:

Year	Name of business	Date of acquisition	Principal activity	Proportion acquired
2013	Main North Nissan & Unley Nissan	02-Sep-13	Motor Dealership	100%

During 2013 the acquired businesses contributed revenues of $29,712,000 and profit before tax of $532,000.
If the acquisition had occurred on 1 January 2013, the consolidated revenue and the consolidated profit before tax would have been $2,737 million and $87.8 million respectively.

Allocation of purchase consideration
The purchase price of business acquired has been allocated as follows:

	2013 Total consolidated
	$'000
Cash consideration	7,137
Total purchase consideration	7,137
Fair Value of net identifiable assets	3,808
Goodwill	3,329
	7,137

	2013 Consolidated fair value at acquisition date
Net assets acquired	
	$'000
Inventory	58
Property, plant and equipment	782
Deferred tax assets	385
Creditors, borrowings and provisions	(2,431)
Identifiable intangible assets	5,014
Net assets acquired	3,808
Acquisition cost	7,137
Goodwill on acquisition (i)	3,329

(i) Goodwill arose in the business combination because as at the date of acquisition the consideration paid for the combination included amounts in relation to the benefit of expected synergies and future revenue and profit growth from the businesses acquired.
In the previous year, the amount allocated to goodwill was provisionally determined.

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29. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Disposal of businesses

The Group sold the following business during the 2014 year as detailed below:

Year	Name of business	Date of sale	Principal activity	Proportion disposed
2014	Eagers Mitsubishi	31-Oct-14	Motor Dealership	100%

	2014 Consolidated
Net assets disposed of	
	$'000
Property, plant and equipment	48
Creditors, borrowings and provisions	(214)
Net assets disposed	(166)
Total consideration received(100% Cash)	734
Gain on Sale	900

The Group sold the following business during the 2013 year as detailed below:

Year	Name of business	Date of sale	Principal activity	Proportion disposed
2013	Hidden Valley Ford	21-Jun-13	Motor Dealership	100%

	2013 Consolidated
Net assets disposed of	
	$'000
Inventory	4,707
Property, plant and equipment	294
Deferred tax assets	88
Creditors, borrowings and provisions	(4,559)
Net assets disposed	530
Total consideration received (100% Cash)	1,430
Gain on Sale	900

(c) Details of non-wholly owned subsidiaries

The table below shows details of non-wholly owned subsidiaries of the Group. The Group have reviewed its subsidiaries that have non-controlling interests and note that they are not material to the reporting entity.

	Profit allocated to non-controlling interests		**Accumulated non-controlling interests**	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
Individually immaterial subsidiaries with non-controlling interest	460	353	7,486	939

	2014 $'000	**2013 $'000**
Movement - Non Controlling Interest		
Balance at the beginning of the financial year	939	510
Profit for the Year	460	353
Other Comprehensive Income	-	-
Issue of Shares	6,929	272
Payment of Dividend	(842)	(196)
Balance as at the end of the financial year	7,486	939

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30. CONTINGENT LIABILITIES

(a) Parent entity

Unsecured guarantees, indemnities and undertakings have been given by the parent entity in the normal course of business in respect of financial and trade arrangements entered into by its subsidiaries. It is not anticipated that the parent entity will become liable for any amount in respect thereof. At 31 December 2014 no subsidiary was in default in respect of any arrangement guaranteed by the parent entity and all amounts owed have been brought to account as liabilities in the financial statements.

(b) Deed of cross guarantee

A.P. Eagers Limited and all of its subsidiaries were parties to a deed of cross guarantee lodged with the Australian Securities and Investments Commission as at 31 December 2014.
Under the deed of cross guarantee each company within the closed group guarantees the debts of the other companies.
The maximum exposure of the parent entity in relation to the cross guarantees is $731,254,000 (2013 :$658,939,000).

(c) Buy back agreements

As at 31 December 2014, entities within the Group had entered into sale and buy back agreements for new vehicles.
The financial exposure to the Group is immaterial.

	CONSOLIDATED	
	2014	**2013**
31. COMMITMENTS FOR EXPENDITURE	**$'000**	**$'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	74	4,413
Finance Lease Liabilities		
Commitments for minimum lease payments in relation to finance lease liabilities are payable as follows:		
Within 1 year	6,026	30
Later than 1 year but not later than 5 years	1,914	-
Later than 5 years	835	-
	8,775	30
Less future finance charges	(531)	(1)
Present value of minimum lease payments	8,244	29
Operating Lease Commitments		
Commitments for minimum lease payments in relation to non-cancellable operating leases for premises are payable as follows:		
Within 1 year	25,633	16,588
Later than 1 year but not later than 5 years	68,754	38,869
Later than 5 years	47,612	13,866
	141,999	69,323

The consolidated entity leases property under non-cancellable operating leases with expiry dates between 31 January 2015 and 1 July 2035 Leases generally provide for a right of renewal at which time the lease is renegotiated. Lease rental payments comprise a base amount plus an incremental contingent rental based on movements in the consumer price index or a fixed percentage increase.

	CONSOLIDATED	
	2014	2013
	$	$
32. REMUNERATION OF AUDITOR		
Amounts received or due and receivable by Deloitte Touche Tomatsu ("Deloitte") for:		
- audit or review of the financial report of the parent entity and any other entity in the consolidated entity	525,500	504,875
Amounts received or due and receivable by related entities of Deloitte for:		
- other services in relation to the parent entity and any other entity in the consolidated entity	62,882	64,474
	588,382	569,349

33. SUBSEQUENT EVENTS

Nil.

34. KEY MANAGEMENT PERSONNEL

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

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

(a) Details of key management personnel

(I) Directors	T B Crommelin	Chairman (non-executive)
	M A Ward	Managing Director and Chief Executive Officer
	P W Henley	Director (non-executive)
	N G Politis	Director (non-executive)
	D T Ryan	Director (non-executive)
	D A Cowper	Director (non-executive)
(ii) Executives	S G Best	Chief Financial Officer
	K T Thornton	General Manager - Queensland and Northern Territory
	D G Stark	General Counsel & Company Secretary

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

	CONSOLIDATED	
	2014	2013
	$	$
Short term	3,305,611	3,185,135
Post employment	136,006	128,397
Share based payment	597,699	552,438
	4,039,316	3,865,970

(c) Option holdings of key management personnel
Details of options held by key management personnel can be found in Note 34 (f).

(d) Loans to key management personnel
There are no loans to key management personnel

(e) Other transactions with key management personnel
Other transactions with key management personnel are detailed in Note 36: Related parties

34. KEY MANAGEMENT PERSONNEL (continued)

(f) Share Based Payments

Plan A: EPS Performance Rights and Options - Key Executives

The Group commenced a new Earnings Per Share (EPS) based performance rights and option compensation scheme for specific executive officers in 2009. The fair value of these performance rights and options is calculated on grant date, and recognised over the period to vesting. The vesting of the performance rights and options granted is based on the achievement of specified earnings per share growth targets and interest cover thresholds. The fair value has been calculated using a binomial option pricing model based on numerous variables including the following:

Performance Rights

Award date 28 August 2009					
Vesting date	27-Mar-11	27-Mar-12	27-Mar-13	27-Mar-14	27-Mar-15
Expiry date	28-Aug-16	28-Aug-16	28-Aug-16	28-Aug-16	27-Sep-17
Share price at grant date	$ 1.82	$ 1.82	$ 1.82	$ 1.82	$ 1.82
Expected life	1.6 years	2.6 years	3.6 years	4.6 years	5.6 years
Volatility	30%	30%	30%	30%	30%
Risk free interest rate	4.37%	4.89%	5.18%	5.31%	5.33%
Dividend yield	6.0%	6.0%	6.0%	6.0%	6.0%

Performance Options

Award date 28 August 2009					
Vesting date	27-Mar-11	27-Mar-12	27-Mar-13	27-Mar-14	27-Mar-15
Expiry date	28-Aug-16	28-Aug-16	28-Aug-16	28-Aug-16	27-Sep-17
Share price at grant date	$ 1.82	$ 1.82	$ 1.82	$ 1.82	$ 1.82
Exercise price	$ 1.82	$ 1.82	$ 1.82	$ 1.82	$ 1.82
Expected life	4.3 years	4.8 years	5.3 years	5.8 years	6.8 years
Volatility	30%	30%	30%	30%	30%
Risk free interest rate	5.29%	5.32%	5.33%	5.33%	5.33%
Dividend yield	6.0%	6.0%	6.0%	6.0%	6.0%

The General Manager, Queensland and Northern Territory, General Manager Kloster Motor Group and Chief Financial Officer have been granted rights and options under the EPS share incentive plan (Plan A). The modified grant date method (AASB 2) is applied to this incentive plan whereby the cost of the plan is determined by the value of the rights and options at grant date and the probability of the EPS and interest cover targets being achieved and vesting occurring. The number of performance rights and options granted under the plan is as follows:

Performance Rights

Number	Grant Date	End Performance Period	Expiry Date	Fair Value at Grant Date
82,830	28-Aug-09	31-Dec-10	28-Aug-16	$ 1.66
112,035	28-Aug-09	31-Dec-11	28-Aug-16	$ 1.56
118,880	28-Aug-09	31-Dec-12	28-Aug-16	$ 1.47
126,265	28-Aug-09	31-Dec-13	28-Aug-16	$ 1.39
134,205	28-Aug-09	31-Dec-14	28-Sep-17	$ 1.30

Performance Options

Number	Grant Date	End Performance Period	Expiry Date	Fair Value at Grant Date
381,945	28-Aug-09	31-Dec-10	28-Aug-16	$ 0.36
475,545	28-Aug-09	31-Dec-11	28-Aug-16	$ 0.36
472,975	28-Aug-09	31-Dec-12	28-Aug-16	$ 0.37
475,545	28-Aug-09	31-Dec-13	28-Aug-16	$ 0.37
465,430	28-Aug-09	31-Dec-14	27-Sep-17	$ 0.38

No rights or options were forfeited or expired during the year. As a result of the EPS and interest cover targets being achieved the Performance Rights and Performance Options relating to the 31 December 2014 Performance Period as set out above have vested since balance date.

The fair value of the performance rights and options was estimated as $1,675,000 (2013:$1,675,000) in total, with a cumulative expense being recognised at 31 December 2014 of $1,675,000 (2013: $1,609,375).

34. KEY MANAGEMENT PERSONNEL (continued)

(f) Share Based Payments (continued)

Plan B: EPS Performance Rights and Options - Managing Director

The Group commenced a new Earnings Per Share (EPS) based performance rights and option compensation scheme for the Managing Director in 2010. The fair value of these performance rights and options is calculated on grant date, and recognised over the period to vesting. The vesting of the performance rights and options granted is based on the achievement of specified earnings per share growth targets and interest cover thresholds. The fair value has been calculated using a binomial option pricing model based on numerous variables including the following:

Performance Rights

Award date 28 May 2010					
Vesting date	27-Mar-11	27-Mar-12	27-Mar-13	27-Mar-14	27-Mar-15
Expiry date	28-Aug-16	28-Aug-16	28-Aug-16	28-Aug-16	27-Sep-17
Share price at grant date	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50
Expected life	0.8 years	1.8 years	2.8 years	3.8 years	4.8 years
Volatility	30%	30%	30%	30%	30%
Risk free interest rate	4.87%	4.97%	5.02%	5.08%	5.19%
Dividend yield	4.90%	4.90%	4.90%	4.90%	4.90%

Performance Options

Award date 28 May 2010					
Vesting date	27-Mar-11	27-Mar-12	27-Mar-13	27-Mar-14	27-Mar-15
Expiry date	28-Aug-16	28-Aug-16	28-Aug-16	28-Aug-16	27-Sep-17
Share price at grant date	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50
Exercise price	$ 1.82	$ 1.82	$ 1.82	$ 1.82	$ 1.82
Expected life	3.5 years	4.0 years	4.5 years	5.0 years	6.1 years
Volatility	30%	30%	30%	30%	30%
Risk free interest rate	4.87%	4.97%	5.02%	5.08%	5.19%
Dividend yield	4.90%	4.90%	4.90%	4.90%	4.90%

The Managing Director has been granted rights and options under the EPS share incentive plan (Plan B). The modified grant date method (AASB 2) is applied to this incentive plan whereby the cost of the plan is determined by the value of the rights and options at grant date and the probability of the EPS and interest cover targets being achieved and vesting occurring. The number of performance rights and options granted under the plan is as follows;

Performance Rights

Number	Grant Date	End Performance Period	Expiry Date	Fair Value at Grant Date
36,890	28-May-10	31-Dec-10	28-Aug-16	$ 2.40
82,440	28-May-10	31-Dec-11	28-Aug-16	$ 2.29
89,000	28-May-10	31-Dec-12	28-Aug-16	$ 2.18
94,890	28-May-10	31-Dec-13	28-Aug-16	$ 2.07
105,140	28-May-10	31-Dec-14	28-Sep-17	$ 1.97

Performance Options

Number	Grant Date	End Performance Period	Expiry Date	Fair Value at Grant Date
416,665	28-May-10	31-Dec-10	28-Aug-16	$ 0.81
815,215	28-May-10	31-Dec-11	28-Aug-16	$ 0.81
810,810	28-May-10	31-Dec-12	28-Aug-16	$ 0.81
815,215	28-May-10	31-Dec-13	28-Aug-16	$ 0.80
797,870	28-May-10	31-Dec-14	27-Sep-17	$ 0.81

No rights or options were forfeited or expired during the year. As a result of the EPS and interest cover targets being achieved the Performance Rights and Performance Options relating to the 31 December 2014 Performance Period as set out above have vested since balance date.

The fair value of the performance rights and options was estimated as $3,826,828 (2013:$3,826,828) in total, with a cumulative expense being recognised at 31 December 2014 of $3,826,828 (2013:$3,641,322).

34. KEY MANAGEMENT PERSONNEL (continued)

(f) Share Based Payments (continued)

Plan C: EPS Performance Rights and Options - Key Executives 2014

The Group commenced a new Earnings Per Share (EPS) based performance rights and option compensation scheme for specific executive officers in 2014. The fair value of these performance rights and options is calculated on grant date, and recognised over the period to vesting. The vesting of the performance rights and options granted is based on the achievement of specified earnings per share growth targets and interest cover thresholds. The fair value has been calculated using a binomial option pricing model based on numerous variables including the following:

Performance Rights

Award date 4 July 2014					
Vesting date	31-Mar-16	31-Mar-17	31-Mar-18	31-Mar-19	31-Mar-20
Expiry date	04-Jul-21	04-Jul-21	04-Jul-21	30-Sep-22	30-Sep-22
Share price at grant date	$ 5.47	$ 5.47	$ 5.47	$ 5.47	$ 5.47
Expected life	1.7 years	2.7 years	3.7 years	4.7 years	5.7 years
Volatility	25%	25%	25%	25%	25%
Risk free interest rate	2.51%	2.63%	2.79%	2.96%	3.13%
Dividend yield	4.2%	4.2%	4.2%	4.2%	4.2%

Performance Options

Award date 4 July 2014					
Vesting date	31-Mar-16	31-Mar-17	31-Mar-18	31-Mar-19	31-Mar-20
Expiry date	04-Jul-21	04-Jul-21	04-Jul-21	30-Sep-22	30-Sep-22
Share price at grant date	$ 5.47	$ 5.47	$ 5.47	$ 5.47	$ 5.47
Exercise price	$ 5.47	$ 5.47	$ 5.47	$ 5.47	$ 5.47
Expected life	4.4 years	4.9 years	5.4 years	6.5 years	7.0 years
Volatility	25%	25%	25%	25%	25%
Risk free interest rate	2.90%	2.98%	3.06%	3.24%	3.31%
Dividend yield	4.2%	4.2%	4.2%	4.2%	4.2%

The Managing Director, General Manager Queensland and Northern Territory, Chief Financial Officer, General Counsel and Company Secretary and four other senior executives have been granted rights and options under the EPS share incentive plan (Plan C). The modified grant date method (AASB2) is applied to this incentive plan whereby the cost of the plan is determined by the value of the rights and options at grant date and the probability of the EPS and interest cover targets being achieved and vesting occurring. The number of performance rights and options granted under the plan is as follows:

Performance Rights

Number	Grant Date	End Performance Period	Expiry Date	Fair Value at Grant Date
137,791	04-Jul-14	31-Dec-15	04-Jul-21	$ 5.08
143,731	04-Jul-14	31-Dec-16	04-Jul-21	$ 4.87
149,888	04-Jul-14	31-Dec-17	04-Jul-21	$ 4.67
156,248	04-Jul-14	31-Dec-18	30-Sep-22	$ 4.48
163,166	04-Jul-14	31-Dec-19	30-Sep-22	$ 4.29

Performance Options

Number	Grant Date	End Performance Period	Expiry Date	Fair Value at Grant Date
769,228	04-Jul-14	31-Dec-15	04-Jul-21	$ 0.91
744,675	04-Jul-14	31-Dec-16	04-Jul-21	$ 0.94
736,837	04-Jul-14	31-Dec-17	04-Jul-21	$ 0.95
693,066	04-Jul-14	31-Dec-18	30-Sep-22	$ 1.01
686,269	04-Jul-14	31-Dec-19	30-Sep-22	$ 1.02

No rights or options were forfeited or expired during the year. No rights or options vested during the year.

The fair value of the performance rights and options was estimated as $1,166,667 (2013: Nil) in total, with a cumulative expense being recognised at 31 December 2014 of $388,889 (2013: Nil).

35. OTHER SHARE BASED PAYMENTS

Recognised share-based payments expenses

Refer Note 27 for movements on share based payments reserve.

Plan D: EPS Performance Rights and Options - Senior Management (A)

The Group commenced a new Earnings Per Share (EPS) based performance rights and option compensation scheme for nineteen specific management personnel in 2010. The fair value of these performance rights and options is calculated on grant date, and recognised over the period to vesting. The vesting of the performance rights and options granted is based on the achievement of specified earnings per share growth targets and interest cover thresholds. The fair value has been calculated using a binomial option pricing model based on numerous variables including the following:

Performance Rights

Award date 27 January 2010			
Vesting date	27-Mar-11	27-Mar-12	27-Mar-13
Expiry date	27-Jan-17	27-Jan-17	27-Jan-17
Share price at grant date	$ 2.42	$ 2.42	$ 2.42
Expected life	1.2 years	2.2 years	3.2 years
Volatility	30%	30%	30%
Risk free interest rate	5.06%	5.11%	5.17%
Dividend yield	5.10%	5.10%	5.10%

Performance Options

Award date 27 January 2010			
Vesting date	27-Mar-11	27-Mar-12	27-Mar-13
Expiry date	27-Jan-17	27-Jan-17	27-Jan-17
Share price at grant date	$ 2.42	$ 2.42	$ 2.42
Exercise price	$ 2.42	$ 2.42	$ 2.42
Expected life	4.1 years	4.6 years	5.1 years
Volatility	30%	30%	30%
Risk free interest rate	5.06%	5.11%	5.17%
Dividend yield	5.10%	5.10%	5.10%

Specific executives have been granted rights and options under the EPS share incentive plan (Plan D). This includes the General Counsel & Company Secretary. The modified grant date method (AASB 2) is applied to this incentive plan whereby the cost of the plan is determined by the value of the rights and options at grant date and the probability of the EPS and interest cover targets being achieved and vesting occurring. The number of performance rights and options granted under the plan is as follows:

Performance Rights

Number	Grant Date	End Performance Period	Expiry Date	Fair Value at Grant Date
139,285	27-Jan-10	31-Dec-10	27-Jan-17	$ 2.28
186,975	27-Jan-10	31-Dec-11	27-Jan-17	$ 2.17
196,770	27-Jan-10	31-Dec-12	27-Jan-17	$ 2.06

Performance Options

Number	Grant Date	End Performance Period	Expiry Date	Fair Value at Grant Date
597,705	27-Jan-10	31-Dec-10	27-Jan-17	$ 0.50
731,250	27-Jan-10	31-Dec-11	27-Jan-17	$ 0.52
714,690	27-Jan-10	31-Dec-12	27-Jan-17	$ 0.53

As a result of the EPS and interest cover targets being achieved the performance rights and options for each Performance Period have vested.

The fair value of the performance rights and options for 2012 was $2,151,641 ,with a cumulative expense being recognised as 31 December 2012 of $2,151,641.

35. OTHER SHARE BASED PAYMENTS (continued)

Plan E: EPS Performance Rights and Options - Senior Management (B)

The Group commenced a new Earnings Per Share (EPS) based performance rights and option compensation scheme for three specific executive officers in 2010. The fair value of these performance rights and options is calculated on grant date, and recognised over the period to vesting. The vesting of the performance rights and options granted is based on the achievement of specified earnings per share growth targets and interest cover thresholds. The fair value has been calculated using a binomial option pricing model based on numerous variables including the following:

Performance Rights

Award date 22 October 2010			
Vesting date	27-Mar-11	27-Mar-12	27-Mar-13
Expiry date	27-Jan-17	27-Jan-17	27-Jan-17
Share price at grant date	$ 2.52	$ 2.52	$ 2.52
Expected life	0.4 years	1.4 years	2.4 years
Volatility	30%	30%	30%
Risk free interest rate	4.91%	4.93%	4.95%
Dividend yield	5.00%	5.00%	5.00%

Performance Options

Award date 22 October 2010			
Vesting date	27-Mar-11	27-Mar-12	27-Mar-13
Expiry date	27-Jan-17	27-Jan-17	27-Jan-17
Share price at grant date	$ 2.52	$ 2.52	$ 2.52
Exercise price	$ 2.52	$ 2.52	$ 2.52
Expected life	3.3 years	3.8 years	4.3 years
Volatility	30%	30%	30%
Risk free interest rate	4.91%	4.93%	4.95%
Dividend yield	5.00%	5.00%	5.00%

Specific executives have been granted rights and options under the EPS share incentive plan (Plan E). The modified grant date method (AASB 2) is applied to this incentive plan whereby the cost of the plan is determined by the value of the rights and options at grant date and the probability of the EPS and interest cover targets being achieved and vesting occurring. The number of performance rights and options granted under the plan is as follows:

Performance Rights

Number	Grant Date	End Performance Period	Expiry Date	Fair Value at Grant Date
7,785	22-Oct-10	31-Dec-10	27-Jan-17	$ 2.47
40,650	22-Oct-10	31-Dec-11	27-Jan-17	$ 2.35
42,735	22-Oct-10	31-Dec-12	27-Jan-17	$ 2.23

Performance Options

Number	Grant Date	End Performance Period	Expiry Date	Fair Value at Grant Date
39,825	22-Oct-10	31-Dec-10	27-Jan-17	$ 0.48
187,785	22-Oct-10	31-Dec-11	27-Jan-17	$ 0.51
181,365	22-Oct-10	31-Dec-12	27-Jan-17	$ 0.53

As a result of the EPS and interest cover targets being achieved the performance rights and options for each Performance Period have vested.

The fair value of the performance rights and options for 2012 was $419,936, with a cumulative expense being recognised at 31 December 2012 of $419,936.

Plan F: EPS Performance Options - Senior Management 2013

The Group commenced a new Earnings Per Share (EPS) based share option compensation scheme for 57 specific senior staff, including the Company Secretary/General Counsel and the Group Human Resources Manager. The fair value of these performance options is calculated on grant date and recognised over the period to vesting. The vesting of the performance options granted is based on the achievement of specified earnings per share growth targets. The fair value has been calculated using a binomial option pricing model based on numerous variables including the following.

Performance Options

Award date 27 March 2013					
Vesting date	31-Mar-15	31-Mar-16	31-Mar-17	31-Mar-18	31-Mar-19
Expiry date	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20
Share price at grant date	$ 4.84	$ 4.84	$ 4.84	$ 4.84	$ 4.84
Exercise price	$ 5.04	$ 5.04	$ 5.04	$ 5.04	$ 5.04
Expected life	4.5 years	4.5 years	5.0 years	5.5 years	6.0 years
Volatility	30%	30%	30%	30%	30%
Risk free interest rate	3.08%	3.08%	3.13%	3.17%	3.22%
Dividend yield	4.20%	4.20%	4.20%	4.20%	4.20%

35. OTHER SHARE BASED PAYMENTS (continued)

Specific executives have been granted options under the EPS share incentive plan (Plan F). The modified grant date method (AASB 2) is applied to this incentive plan whereby the cost of the plan is determined by the value of the options at grant date and the probability of the EPS targets being achieved and vesting occurring. The number of options granted under the plan is as follows:

Performance Options

Number	Grant Date	End Performance Period	Expiry Date	Fair Value at Grant Date
951,450	27-Mar-13	31-Dec-14	31-Mar-20	$ 0.93
951,450	27-Mar-13	31-Dec-15	31-Mar-20	$ 0.93
921,930	27-Mar-13	31-Dec-16	31-Mar-20	$ 0.96
903,040	27-Mar-13	31-Dec-17	31-Mar-20	$ 0.98
893,850	27-Mar-13	31-Dec-18	31-Mar-20	$ 0.99

A total of 548,330 options were forfeited or expired during the year. As a result of the EPS target being achieved the performance options relating to the 31 December 2014 Performance Period have vested since balance date.

The fair value of the performance rights and options for 2014 was $2,340,000 (2013: $885,000) with a cumulative expense being recognised at 31 December 2014 of $2,080,000 (2013: $885,000).

Plan G: Specifc Target Performance Rights and Options

The Group commenced a new performance rights and option compensation scheme for a specific senior staff member, based on achieving certain defined operating targets for a specifc business entity. The fair value of these performance rights and options is calculated on grant date and recognised over the period to vesting. The fair value has been calculated using a binomial option pricing model based on numerous variables inclduing the following.

Performance Rights

Award date 27 March 2013					
Vesting date	31-Mar-15	31-Mar-16	31-Mar-17	31-Mar-18	31-Mar-19
Share price at grant date	$ 4.84	$ 4.84	$ 4.84	$ 4.84	$ 4.84
Expected life	2.0 years	2.0 years	3.0 years	4.0 years	5.0 years
Volatility	30%	30%	30%	30%	30%
Risk free interest rate	2.88%	2.88%	2.95%	3.04%	3.13%
Dividend yield	4.20%	4.20%	4.20%	4.20%	4.20%

Performance Options

Award date 27 March 2013					
Vesting date	31-Mar-15	31-Mar-16	31-Mar-17	31-Mar-18	31-Mar-19
Expiry date	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20
Share price at grant date	$ 4.84	$ 4.84	$ 4.84	$ 4.84	$ 4.84
Expected life	4.5 years	4.5 years	5.0 years	5.5 years	6.0 years
Volatility	30%	30%	30%	30%	30%
Risk free interest rate	3.08%	3.08%	3.13%	3.17%	3.22%
Dividend yield	4.20%	4.20%	4.20%	4.20%	4.20%

A specific executive have been granted performance rights and options under the Specific Target share plan (Plan F). The modified grant date method (AASB 2) is applied to this incentive plan whereby the cost of the plan is determined by the value of the rights and options at grant date and the probability of specifc targets being achieved and vesting occurring. The number of options granted under the plan is as follows:

Performance Rights

Number	Grant Date	End Performance Period	Expiry Date	Fair Value at Grant Date
11,240	27-Mar-13	31-Dec-14	31-Mar-20	$ 4.45
11,240	27-Mar-13	31-Dec-15	31-Mar-20	$ 4.45
11,740	27-Mar-13	31-Dec-16	31-Mar-20	$ 4.26
12,220	27-Mar-13	31-Dec-17	31-Mar-20	$ 4.09
12,760	27-Mar-13	31-Dec-18	31-Mar-20	$ 3.92

Performance Options

Number	Grant Date	End Performance Period	Expiry Date	Fair Value at Grant Date
107,530	27-Mar-13	31-Dec-14	31-Mar-20	$ 0.93
107,530	27-Mar-13	31-Dec-15	31-Mar-20	$ 0.93
104,170	27-Mar-13	31-Dec-16	31-Mar-20	$ 0.96
102,040	27-Mar-13	31-Dec-17	31-Mar-20	$ 0.98
101,010	27-Mar-13	31-Dec-18	31-Mar-20	$ 0.99

No performance rights or options were forfeited or expired during the year. As a result of the specific targets being achieved the performance rights and options relating to the 31 December 2013, and 31 December 2014 Performance Period have vested since balance date.

The fair value of the performance rights and options for 2014 was $300,000 (2013: nil), with a cumulative expense being recognised as at 31 December 2014 of $300,000 (2013: nil).

36. RELATED PARTIES

Key Management Personnel
Other information on key management personnel has been disclosed in the Directors report.

Remuneration and retirement benefits
Information on the remuneration of key individual management personnel has been disclosed in the Remuneration Report included in the Directors' Report.

Other transactions of directors and director related entities
The aggregate amount of "Other transactions" with key management personnel are as follows:

(i) Mr N G Politis is a director and shareholder of a number of companies involved in the motor industry with whom the consolidated entity transacts business. These transactions, sales of $580,024 (2013 :$593,886) and purchases of $354,239 (2013: $313,122) 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.

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

Wholly-owned group

The parent entity of the wholly-owned group is A.P. Eagers Limited. Information relating to the wholly-owned group is set out in Note 29.

37. EARNINGS PER SHARE

	CONSOLIDATED	
	2014	2013
	Cents	Cents
(a) Basic earnings per share		
Earnings attributable to the ordinary equity holders of the company	43.0	36.4
(b) Diluted earnings per share		
Earnings attributable to the ordinary equity holders of the company	41.6	35.3

(c) Reconciliations of earnings used in calculating earnings per share

	CONSOLIDATED	
	2014	2013
Basic Earnings per Share	$' 000	$' 000
Profit for the year	76,690	63,962
Less: attributable to non-controlling interest	(460)	(353)
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	76,230	63,609
Diluted Earnings per Share		
Profit for the year	76,690	63,962
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	76,230	63,609
Weighted average number of ordinary shares outstanding during the year	177,289,994	174,862,288
Adjustments for calculation of diluted earnings per share		
- Performance rights and options	5,873,128	5,174,058
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share	183,163,122	180,036,346

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

	CONSOLIDATED	
	2014	**2013**
	$'000	**$'000**
Net profit after tax	76,690	63,962
Depreciation and amortisation	12,583	12,354
Profit on sale of property, plant and equipment	(2,414)	(207)
Share of profit of associate	(4,939)	(1,959)
Dividends from investments	7,646	1,094
Employee share scheme expense	2,135	1,455
Employee share payment to trust	(1,077)	(2,361)
Non cash impairment adjustments	-	708
Non Controlling Interest Adjustments	(1,850)	(822)
Profit on sale of business	(900)	(900)
Deposit on Mclachlan & Gabba Adjustment	22,553	-
(Increase)/decrease in assets -		
Receivables	(31,370)	2,470
Inventories	(49,336)	125
Prepayments	5,810	(4,705)
Increase/(decrease) in liabilities -		
Creditors (including bailment finance)	64,608	6,836
Provisions	1,051	456
Taxes payable	(3,045)	(2,539)
Net cash inflow from operating activities	98,145	75,967

39. NON-CASH TRANSACTIONS

No component of dividends were settled by the issuance of ordinary shares under the Dividend Reinvestment Plan in 2014 (2013: $22,242,785 representing 5,295,491 ordinary shares).

On 15 September 2014, the group announced that it had entered into unconditional contracts for the sale of 44 Ipswich Road, 33 Jurgens Street and 79 Logan Road in Woolloongabba, and as a result recognised a profit on sale of $2.211m included within the amount disclosed in Note 4. Consideration for the sale totalling $35.879m is to be realised in staged payments over the next 5 years. To balance date, the group has received $1.794m of the consideration, with the balance recognised on the statement of financial position under “Property Sale Receivable”.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
31 DECEMBER 2014 (continued)

40. INVESTMENTS IN ASSOCIATE

(a) Carrying amounts
Investments in associate are accounted for in the consolidated financial statements using the equity method of accounting. Information relating to the associate is set out below:

	OWNERSHIP INTEREST		CONSOLIDATED	
	2014	2013	2014	2013
Name of Company	%	%	$'000	$'000
Unlisted Securities				
Norna Limited (formerly M T Q Insurance Services Limited)	20.65	20.65	1,620	4,327

During the year M T Q Insurance Services Limited changed its name to Norna Limited. On 29 August 2014 MTA Insurance Limited (a wholly owned subsidiary of Norna Limited) was sold to AAI Limited with settlement to take place in instalments, the final of which is expected to be realised in 2016. Once the sale is completed Norna Limited will be liquidated.

AP Eagers Limited will remain a shareholder in Norna Limited with a 20.65% interest (PY: 20.65%) and will continue to equity account the investment in the associate which has been equity accounted from 1 January 2006 (refer Note 14), until the final distributions are received and Norna Limited is liquidated.

Norna Limited is incorporated in Australia. Its principal activities for the period up to the sale remained the sale of consumer credit and insurance products, as well as undertaking investment activities. Since the sale, the entity will realise the transaction until liquidated.

	CONSOLIDATED	
	2014	2013
	$'000	$'000
(b) Movement in the carrying amounts of investment in associate -		
Carrying amount at the beginning of the financial year	4,327	3,461
Equity share of profit from ordinary activities after income tax	4,939	1,959
Dividends received during current year	(7,646)	(1,094)
Carrying amount at the end of the financial year	1,620	4,327
(c) Summarised financial information of associate		
The aggregate profits, assets and liabilities of associate are:		
Revenue	31,244	43,128
Profits from ordinary activities after income tax expense	23,519	9,842
Assets	10,049	89,201
Liabilities	53	65,668
(d) Share of associate profit		
(based on the last published results for the 12 months to 30 June 2014 plus unaudited results up to 31 December 2014)		
Profit from ordinary activities after income tax	4,939	1,959
(e) Share of associate expenditure commitments		
Lease commitments	-	151
(f) Dividends received from associate	7,646	1,094

(g) Reporting date of associate
The associate reporting dates are 30 June annually.