Appendix 4E
Preliminary Final Report
year ended 31 December 2009
(ASX listing rule 4.3A)

Results for Announcement to the Market

- **Record Underlying Net Profit Before Tax of $50.1 million, an increase of 91% on previous year.**
- **Record Final Dividend of 40 cents per share.**

The Directors of A.P. Eagers Limited (ASX: APE) are pleased to report a 2009 Net Profit Before Tax of $52.5 million. This compares to a Net Profit Before Tax of $19.9 million in 2008. Net Profit After Tax was $36.6 million in 2009 compared to $14.5 million in 2008.

Positive non cash fair value adjustments of $2.4 million (2008: negative $17.8 million) before tax are included in the 2009 income statements. The value of APE's investment in the listed Adtrans Group Limited (ASX: ADG) increased by $5.8 million before tax, and negative property revaluations of $3.4 million before tax are included in the income statement.

Profit Comparison	Full Year to December 2009 $ Million	Full Year to December 2008 $ Million	% Change
Statutory profit after tax	36.6	14.5	152%
Statutory profit before tax	52.5	19.9	164%
Less GST tax refund included (before tax)	-	11.5	-
Add back fair value adjustments (before tax)	2.4	(17.8)	-
Underlying profit before tax	50.1	26.2	91%
Underlying profit after tax	34.9	17.8	96%

Financial Highlights

- Total revenue and revenue from operating activities declined by only 2% on 2008 levels, a strong result given the overall 7.4% decline in national new car sales volumes.
- Underlying margins improved significantly reflecting improvements in all facets of APE's trading performance, but particularly new car sales margins.

	Full Year to December 2009	Full Year to December 2008	% Change
Underlying EBITDA/Sales	4.6%	3.6%	28%
Underlying PBT/Sales	3.0%	1.5%	100%

A. P. EAGERS LIMITED
ABN 87 009 680 013

Registered Office
80 McLachlan Street Fortitude Valley Q 4006
P.O. Box 199 Fortitude Valley Q 4006
Telephone (07) 3248 9455 Fax (07) 3248 9459
Email corporate@apeagers.com.au

- APE's investment in Adtrans increased in value by $5.8 million before tax (2008: negative $9.6 million) based on Adtrans' 2009 closing share price of $3.50 per share (2008: $2.45 per share).
- Corporate debt net of cash on hand was $96.1 million at end 2009 compared to $145.5 million as at 31 December 2008. Total debt including vehicle bailment net of cash on hand was $267.2 million as compared to $314.3 million as at 31 December 2008.
- EBITDA Interest Cover increased to 3.6 times as at 31 December 2009, compared to 2.7 at 31 December 2008.
- Based on a desktop review of 45% of APE's property portfolio, the overall value of the company's automotive retail property decreased by 2.0% as compared to the 30 June 2009 values. Downward revaluations on specific properties in excess of their revaluation reserves have resulted in an income statement loss for the half year of $3.4 million.
- APE's cash flow from operations was $65.2 million in 2009. This compares to $48.5 million in 2008 which included $11.5 million from a tax refund of GST on holdback payments. An additional $20.6 million of proceeds was generated in 2009 from the sale of surplus property assets.
- A fully franked final dividend of 40 cents per share has been declared (2008: 22 cents) and will be paid on 9 April 2010 to shareholders registered on 26 March 2010. The total dividend based on 2009 earnings is 62 cents per share, fully franked (2008: 44 cents). APE's dividend reinvestment plan (DRP) will not apply to the final dividend.

Operational Highlights

- Businesses representing 42% of APE's revenue produced record results for 2009. With the exception of new car sales revenue, growth occurred in all elements of operating business. New car sales volumes declined but at a rate lower than the national average.
- Vehicle inventory, labour and facility cost adjustments commenced in the second half of 2008, delivering substantially lower new car business costs throughout 2009, and in conjunction with higher gross margins delivered a significantly improved new car result.
- Improved market conditions for used cars delivered an 11% improvement in net margins.
- APE's parts and service businesses continued to generate stable and consistent earnings, with parts generating revenue and margin improvement and service generating margin improvement despite flat revenue growth.
- Development of a new BMW and Mini store in Newcastle was completed and trading from this facility commenced in the second half of the year. The previous BMW and associated facilities were reconfigured to provide upgraded Newcastle facilities for Honda, Hyundai and Suzuki, with a resulting reduction in leasehold facility costs.
- The Eagers Holden business in Brisbane was consolidated as a standalone business on its Windsor site and the Ford and Mitsubishi brands are being added to the company's Newstead strip. This inner city location will encompass new car franchises for six of the top ten brands and service for seven of the top ten brands.

Results Summary

Consolidated results

Year Ended 31 December 2009.	2009	2008	
	$'000	$'000	Increase/(Decrease)
Revenue from operations	1,655,675	1,686,514	(2)%
Other revenue	7,340	14,824	(50)%
Total revenue	1,663,015	1,701,338	(2)%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	76,188	72,537[1]	5%*
Share of associates profits (losses)	4,084	1,210	237%
Profit on sale of assets	549	14	-
EBITDA after profit on sale of assets and equity accounting.	80,821	73,761	10%
Depreciation and Amortisation	(9,593)	(9,412)	2%
Earnings before interest and tax (EBIT)	71,228	64,349	11%
Borrowing costs	(21,151)	(26,649)	(21%)
Fair value adjustments	2,393	(17,784)	-
Profit before tax	**52,470**	**19,916**	**163%**
Income tax expense	(15,882)	(5,375)	195%
Profit after tax	**36,588**	**14,541**	**152%**
Non controlling interest in subsidiary	(13)	0	**-**
Attributable profit after tax	**36,575**	**14,541**	**152%**
Earnings per share - basic	121.6 cents	49.2 cents	147%

[1] *Includes $11,469 for the GST on holdback tax refund. The underlying figure is $61,068 and percentage change is 25%.*

Results Commentary

Sales revenue from operations was $1.66 billion for 2009, a decrease of 2% on 2008 ($1.69 billion).

According to Federal Chamber of Automotive Industry statistics, Australia's new motor vehicle sales reduced by 7.4% on 2008, for total sales of 937,000 units. It is estimated that Government stimulus measures, primarily the investment allowance, contributed some 80,000 units or 8.5% of total sales in 2009.

Government and rental buyer types experienced the greatest national sales declines year on year of 12.8% and 29.0%, respectively. Private sales declined by 8.0% and business by only 1.2% highlighting the positive impact of the investment allowance.

The Northern Territory and West Australian markets experienced the largest percentage declines on 2008 levels of 15.1% and 14.0%, respectively. The Queensland market declined by 7.2% on 2008 sales levels and New South Wales by 5.4%.

Toyota was the best selling brand for the seventh consecutive year with sales of 200,588 units (2008: 238,893 units) and a 21.4% market share (2008: 23.6%). Holden's market share was slightly lower at 12.8% compared to 12.9% in 2008. Ford's market share was stable at 10.3%, the same as 2008. Hyundai increased its market share significantly to 6.7% from 4.5%. Other top ten brands to experience market share gains were Mazda +0.4%, Volkswagen +0.3%, Subaru +0.1% and Mitsubishi +0.1%. Honda experienced the largest decline in market share, -0.8%, followed by Nissan -0.2%.

APE's Franchised Automotive Retail operating segment contributed a profit before tax of $48.4 million compared to $15.7 million in 2008. The 2009 result represents a 23.2% after tax return on segment net assets, compared to 7.6% in 2008.

APE's new car sales decreased by 5% to 32,312 units (2008: 34,016 units) compared to a 7.4% decline in national new car sales volumes. The company's net profit margins on new cars improved substantially as a result of lower inventory levels, interest rates and labour costs, and to a lesser degree an improvement in gross margins.

Used car sales increased by 5% to 17,279 units (2008: 16,472 units) and profit margin per unit increased by 10%, reflecting improved used car market conditions and stable cost levels.

Parts sales growth of 3% did not result in profit growth due to the highly competitive nature of the market.

Despite a lack of sales growth and higher fixed costs, service margins improved as a result of continued gains from margin improvement initiatives and cost containment.

EBITDA Interest Cover increased to 3.6 times as at 31 December 2009, compared to 2.7 times at 31 December 2008.

Total gearing (Debt /Debt + Equity), including bailment inventory financing, decreased to 46.4%, as compared to 50.3% in 2008. Bailment finance is cost effective short term finance secured against vehicle inventory on a vehicle by vehicle basis. Gearing excluding bailment and cash on hand reduced substantially to 22.6% compared to 31.9% in 2008. Net corporate debt was $96.1 million as at 31 December 2009, compared to $145.5 million as at 31 December 2008.

Borrowing costs decreased by 21% to $21.2 million (2008: $26.6 million), reflecting lower average debt levels and average interest rates, which were partially offset by an unfavourable interest rate hedge.

Cash flow from operations of $65.2 million in 2009 compared to $48.5 million in 2008 which included an $11.5 million refund of GST. An additional $20.6 million of cash proceeds was generated in 2009 from the sale of surplus property assets.

APE's 25% interest in Adtrans contributed an equity accounted net profit after tax of $2.4 million (2008: $2.0 million). The fair value of the investment increased by $5.8 million before tax reflecting Adtran's closing share price as at 31 December 2009 of $3.50 per share (2008: 2.45 per share).

The company's 19.4% interest in MTQ Insurance provided an equity accounted profit after tax and unrealised mark to market gains on investments of $1.7 million (2008: $0.8 million loss).

Following a desktop review of 45% of APE's property portfolio, the Director's adopted valuations that resulted in a 2% reduction in total property value as compared to 30 June 2009. Three specific properties were subject to devaluations in excess of any associated property valuation reserve and an income statement loss of $(3.4) million before tax was incurred in relation to those properties.

Operational profit before tax from the Property operating segment was $9.8 million, before revaluation, and $1.3 million inclusive of the revaluation, representing an after tax return on net assets of 3.6% and 0.5%, respectively.

In accordance with APE's on-market share buy-back plan announced on 23 March 2009, 445,329 shares at an average price of $9.006 per share were acquired in 2009.

Earnings per share increased by 147% to 122 cents per share compared to 49 cents per share in 2008. Net tangible assets increased to $8.81 per share compared to $8.11 per share as at 31 December 2008.

Outlook

Our business planning for 2010 is based on an overall national vehicle sales outlook similar to 2009, that is 900,000 to 950,000 units.

The continued global economic restrictions on liquidity (relative to pre-GFC levels) should prevent a build up of excess new vehicle inventory. Retail conditions are expected to be firm, with improving economic conditions being balanced by the removal of government stimulus measures and higher interest rates.

Our focus will continue to be on developing and improving our existing businesses in conjunction with growth by acquisition.

Whilst we have no intention of changing our successful long-standing strategy of combining automotive dealership operations with property ownership, a review of our property portfolio has resulted in properties being categorised as either core or non-core holdings based on their strategic value and potential.

Currently approximately 75% ($302 million) of the property we occupy is owned by us, with the remainder on mostly long term leases. Our expectation is that 5-10% of our owned properties, representing non-core underutilised assets, will be selectively sold without any impact on dealership operations. Sale proceeds will be used to fund growth initiatives.

The acquisition of value accretive automotive retail businesses in locations and franchises that provide further diversification remains a core part of our strategy. Consistent with this strategy, it is expected that our acquisition of the Caloundra City Autos business will be completed at the end of March 2010. This business comprises Holden, Honda, Mitsubishi, Suzuki and Great Wall new car franchises on two prime sites in Queensland's growing Sunshine Coast region, and complements our existing luxury brand business located nearby.

Martin Ward
Managing Director

26 February 2010

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

or visit: www.apeagers.com.au

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

		CONSOLIDATED		PARENT ENTITY	
	Note	**2009**	**2008**	**2009**	**2008**
		$'000	**$'000**	**$'000**	**$'000**
Revenue	3	1,663,015	1,701,338	26,444	27,463
Other income excluding impairment reversal	4	549	14	-	-
Reversal of impairment of non-current assets		5,817	-	5,817	-
Changes in inventories of finished goods and work in progress		10,277	(23,201)	-	-
Raw materials and consumables used		(1,396,992)	(1,408,536)	-	-
Employee benefits expense		(124,877)	(124,050)	-	-
Finance costs	5(a)	(21,151)	(26,649)	-	-
Depreciation and amortisation expense	5(a)	(9,593)	(9,412)	-	-
Impairment of non-current assets	5(b)	(3,424)	(17,784)	-	(14,995)
Other expenses		(75,235)	(73,014)	-	-
Share of net profits of associates accounted for using the equity method	42(d)	4,084	1,210	-	-
Profit before tax		52,470	19,916	32,261	12,468
Income tax (expense) / benefit	6	(15,882)	(5,375)	(1,745)	2,472
Profit for the year		36,588	14,541	30,516	14,940
Attributable to:					
Owners of the parent	29(b)	36,575	14,541	30,516	14,940
Non-controlling interests		13	-	-	-
		36,588	14,541	30,516	14,940

		Cents	Cents
Earnings per share:			
Basic earnings per share	39	121.6	49.2
Diluted earnings per share	39	120.7	48.8

The above Income Statement is to be read in conjunction with the accompanying notes.

A.P. EAGERS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

		CONSOLIDATED		PARENT ENTITY	
	Note	2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Profit for the year		36,588	14,541	30,516	14,940
Other comprehensive income					
Gain(loss)on cash flow hedge taken to equity		3,295	(3,895)	-	-
Gain(loss)on revaluation of property	29(a)	(4,925)	1,524	-	-
Income tax relating to components of other comprehensive income	6	95	712	-	-
Other comprehensive income for the year(net of tax)		(1,535)	(1,659)	-	-
Total comprehensive income for the year		35,053	12,882	30,516	14,940
Total comprehensive income attributable to:					
Owners of the parent		35,040	12,882	30,516	14,940
Non-controlling interests		13	-		-
		35,053	12,882	30,516	14,940

The above Statement of Comprehensive Income is to be read in conjunction with the accompanying notes.

A.P. EAGERS LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	Note	CONSOLIDATED		PARENT ENTITY	
		2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Current Assets					
Cash and cash equivalents	8	18,898	46	-	-
Trade and other receivables	9(a)	58,206	57,150	-	-
Leasebook receivables	9(b)	6,222	9,319	-	-
Property sale receivables	9(c)	5,500	0	-	-
Inventories	10	217,083	206,807	-	-
Other	11	2,492	3,771	-	1,269
		308,401	277,093	-	1,269
Non-current Property Assets held for sale	11(a)	17,458	-	-	-
Total Current Assets		325,859	277,093	-	1,269
Non-Current Assets					
Leasebook receivables	12(a)	10,383	17,037	-	-
Other loan receivable	12(b)	242	-	-	-
Amounts receivables from subsidiaries	12(c)	-	-	111,635	87,595
Investments accounted for using the equity method	13(a)	26,899	17,638	-	-
Available-for-sale financial assets	13(b)	-	-	22,921	16,570
Derivative financial instruments	14	160	-	-	-
Other financial assets	13(c)	-	-	71,791	71,791
Property, plant and equipment	15	305,645	358,748	-	-
Deferred tax assets	16	-	-	4	1,749
Intangible assets	17	67,507	67,615	-	-
Total Non-Current Assets		410,836	461,038	206,351	177,705
Total Assets		736,695	738,131	206,351	178,974
Current Liabilities					
Trade and other payables	18(a)	57,144	45,728	-	-
Derivative financial instruments	18(b)	0	3,135	-	-
Borrowings - bailment and bank overdraft	19(a)	170,938	168,470	-	-
Borrowings - leasebook liabilities	19(b)	5,617	7,553	-	-
Current tax liabilities	20	12,414	-	12,414	-
Provisions	21	9,239	8,452	-	-
Other	22	0	250	-	-
Total Current Liabilities		255,352	233,588	12,414	-
Non-Current Liabilities					
Borrowings - leasebook liabilities	23(a)	9,676	17,616	-	-
Borrowings - others	23(b)	115,177	145,860	-	-
Deferred tax liabilities	24	21,722	25,085	-	-
Provisions	25	4,129	3,904	-	-
Other	26	0	971	-	-
Total Non-Current Liabilities		150,704	193,436	-	-
Total Liabilities		406,056	427,024	12,414	-
Net Assets		330,639	311,107	193,937	178,974
Equity					
Contributed equity	28(a)	145,502	148,135	145,502	148,135
Reserves	29(a)	75,208	106,672	2,320	2,028
Retained earnings	29(b)	109,884	56,300	46,115	28,811
Equity attributable to equity holders of the parent		330,594	311,107	193,937	178,974
Non controlling Interest		45	-	-	-
Total Equity		330,639	311,107	193,937	178,974

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 2009

CONSOLIDATED	**Issued capital** $'000	**Non Controlling Interest** $'000	**Asset revaluation reserve** $'000	**Capital reserve** $'000	**Hedging reserve** $'000	**Share-based payments reserve** $'000	**Retained earnings** $'000	**Total** $'000
2009								
Balance at 1 January 2009	148,135	-	87,363	21,158	(2,194)	345	56,300	311,107
Profit for the year	-	13	-	-	-	-	36,575	36,588
Gain / (Loss) on revaluation of								-
property	-	-	(5,256)	-	-	-		(5,256)
Gain on cash flow hedge	-	-	-	-	3,295	-	-	3,295
Income tax relating to components								
of other comprehensive income			1,415		(989)			426
Total comprehensive								
income for the year	-	13 -	3,841	-	2,306	-	36,575	35,053
Share based payments	-	-	-	-	-	605	-	605
Issue of shares to non								
controlling entity	-	32	-	-	-		-	32
Transfers	-		(9,063)	(21,158)	-	-	30,221	-
Issue of shares to staff	313	-	-	-	-	(313)	-	-
Dividend reinvestment plan	1,074	-	-	-	-	-	-	1,074
Share buy-back scheme	(4,020)	-	-	-	-	-	-	(4,020)
Payment of dividend	-	-	-	-	-	-	(13,212)	(13,212)
Balance 31 December 2009	145,502	45	74,459	0	112	637	109,884	330,639
2008								
Balance at 1 January 2008	135,812	-	86,296	21,158	532	876	58,870	303,544
Profit for the year	-	-	-	-	-	-	14,541	14,541
Gain on revaluation of								
property			1,524					1,524
Loss on cash flow hedge	-	-	-	-	(3,895)	-	-	(3,895)
Income tax relating to components								
of other comprehensive income			(457)		1,169			712
Total comprehensive								
income for the year	-	-	1,067	- -	2,726	-	14,541	12,882
Share based payments	-	-	-	-	-	1,163	-	1,163
Issue of shares to staff	3,080	-	-	-	-	(1,694)	-	1,386
Issue of shares to vendors								
of Bill Buckle Group	2,836	-	-	-	-	-	-	2,836
Dividend reinvestment plan	6,407	-	-	-	-	-	-	6,407
Payment of dividend	-	-	-	-	-	-	(17,111)	(17,111)
Balance 31 December 2008	148,135	-	87,363	21,158	(2,194)	345	56,300	311,107

A.P. EAGERS LIMITED

STATEMENT OF CHANGES IN EQUITY (continued)
FOR THE YEAR ENDED 31 DECEMBER 2009

PARENT ENTITY

	Issued capital $'000	Asset revaluation reserve $'000	Share-based payments reserve $'000	Retained earnings $'000	Total $'000
2009					
Balance at 1 January 2009	148,135	1,683	345	28,811	178,974
Profit for the year	-	-	-	30,516	30,516
Total comprehensive income for the year	-	-	-	30,516	30,516
Share based payments	-	-	605	-	605
Issue of shares to staff	313	-	(313)	-	-
Dividend reinvestment plan	1,074	-	-	-	1,074
Share buy-back scheme	(4,020)	-	-	-	(4,020)
Payment of dividend	-	-	-	(13,212)	(13,212)
Balance 31 December 2009	145,502	1,683	637	46,115	193,937
2008					
Balance at 1 January 2008	135,812	1,683	876	30,982	169,353
Profit for the year	-	-	-	14,940	14,940
Total comprehensive income for the year	-	-	-	14,940	14,940
Share based payments	-	-	1,163	-	1,163
Issue of shares to staff	3,080	-	(1,694)	-	1,386
Issue of shares to vendors of Bill Buckle Group	2,836	-	-	-	2,836
Dividend reinvestment plan	6,407	-	-	-	6,407
Payment of dividend	-	-	-	(17,111)	(17,111)
Balance 31 December 2008	148,135	1,683	345	28,811	178,974

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	CONSOLIDATED		PARENT ENTITY	
		2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		1,828,762	1,865,142	-	-
Payments to suppliers and employees (inclusive of GST)		(1,738,670)	(1,790,620)	-	-
Receipt from insurance claim		-	847	-	-
Dividends received		1,173	1,683	-	-
GST on holdback refund (net of costs)	3	-	11,469	-	-
Interest received		281	609	-	-
Interest and other costs of finance paid		(20,978)	(27,327)	-	-
Income taxes paid		(5,371)	(13,281)	-	-
Net cash provided by operating activities	40	65,197	48,522	-	-
Cash flows from investing activities					
Payments for shares in associated entity		(534)	(2,719)		
Payment for acquisition of subsidiaries and businesses	31(a)	-	(32,357)	-	-
(including payment for land and buildings occupied by subsidiaries acquired)		-	-		
Payment for acquisition of brand name		(3)	(47)	-	-
Payments for property, plant and equipment		(8,858)	(10,613)	-	-
Proceeds from sale of property, plant and equipment		20,611	459	-	-
Proceeds from sale of business		362	-	-	-
Net cash used in investing activities		11,578	(45,277)	-	-
Cash flows from financing activities					
Buy-back of shares		(4,020)	-		
Proceeds from borrowings		65,000	26,900	-	-
Repayment of borrowings		(105,558)	(21,567)	-	-
Dividends paid	7	(12,138)	(10,704)	-	-
Net cash (used in)/provided by financing activities		(56,716)	(5,371)	-	-
Net decrease in cash and cash equivalents		20,059	(2,126)	-	-
Cash and cash equivalents at the beginning of the financial year		(1,161)	965	-	-
Cash and cash equivalents at the end of the financial year	8	18,898	(1,161)	-	-

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) and A.P. Eagers Limited as an individual parent entity (parent entity financial statements). A.P. Eagers Limited is a publicly listed company, incorporated and domiciled in Australia.

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

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

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

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

Accounting Policies

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

(b) Principles of consolidation

(i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of A.P. Eagers Limited (the 'company' or 'parent entity') as at 31 December 2009 and the results of all subsidiaries for the year then ended. A.P. Eagers Limited and its subsidiaries together are referred to in this financial report as the 'Group' or the 'consolidated entity'.

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Operating Segments

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 three operating Segments being (i) automotive franchised retail (ii) property (iii) and all other.

(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 leaseback liabilites
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings

(f) Taxes

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Taxes (continued)

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

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

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

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

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

Cash flows are included in the 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 the income statement on a straight-line basis over the period of the lease.

(h) Business Combinations

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of 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 the profit and loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease (refer Note 1(p)). Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment losses been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the profit and loss immediately, unless the relevant asset is carried at fair value, in which case, the reversal of the impairment loss is treated as a revaluation increase(refer Note 1(p)).

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the 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 the actuarial method so 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 provisions for doubtful debts is raised where some doubt as to collectability exists. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(l) Inventories

New motor vehicles are stated at 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 trade 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 subsidiaries are measured at cost in the company financial statements.
Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements, less any impairment.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Investments and other financial assets (continued)

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

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

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

(ii) Loans and receivables
Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance 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.

(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 14.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Property, plant and equipment

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

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

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

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

- Buildings	40 years
- Plant & equipment	3 - 10 years
- Leasehold improvements	5 - 10 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 the income statement. When revalued assets are sold, it is Group policy to transfer the amounts included in the asset revaluation reserve in respect of those assets to retained earnings.

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

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

(q) Franchise Rights

Franchise rights are those rights conferred to the Group under its agreements with vehicle manufacturers and distributors. Such rights primarily include the right to sell and service the franchisor's product within specified geographical boundaries. Franchise rights are valued on acquisition using a discounted cash flow methodology. The Group generally expects its franchise agreements to survive for the foreseeable future and anticipates routine renewals of the agreements without substantial cost. The contractual terms of the Group's franchise agreements provide for various durations. It is generally difficult for the manufacturer or distributor to terminate or not renew a franchise unless good cause exists. The Group's experience has been that such franchise agreements are rarely involuntarily terminated or not renewed. Accordingly the Group believes that its franchise agreements will contribute to cash flows for the foreseeable future and have indefinite lives. 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 the 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 17(a))

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 the income statement over the period of the borrowings using the effective interest rate method.

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

(x) Employee benefits

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

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

(iii) Share based payments
The Group provides benefits to selected employees in the form of a Share Incentive Plan. The relevant employees are deemed to provide services to the Group in exchange for shares. The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date that they are granted. The fair value is determined using an option pricing model (see Note 36 for details of the calculation). In valuing the instruments, no account has been taken of the non-market performance conditions, these are assessed at each reporting date to determine the number of performance rights expected to vest, and the necessary adjustments made. The fair value of the share based payment is recognised over the relevant vesting period as an expense, with a corresponding increase in equity via a share based paymetn reserve.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(ii) Diluted earnings per share

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ac) Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.
Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the consolidated entity's and the company's financial report:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Initial application of the following Standards and Interpretations is not expected to have any material impact on the financial report of the consolidated entity and the company:		
- AASB 3 'Business Combinations' (revised), AASB 127 'Consolidated and Separate Financial Statements' and AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127'	Business combinations occurring after the beginning of annual reportig periods beginning 1 July 2009	31 December 2010
- AASB 2008-6 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	1 July 2009	31 December 2010
- AASB 2008-8 'Amendment to Australian Accounting Standards - Eligible Hedged Items'	1 July 2009	31 December 2010
- AASB 2009-4 'Amendment to Australian Accounting Standards arising from the Annual Improvements Project'	1 July 2009	31 December 2010
- AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	1 January 2010	31 December 2010
- AASB 2009-7 ‘Amendment to Australian Accounting Standards’	1 July 2009	31 December 2010
- AASB 1 ‘First-time Adoption of Australian Accounting Standards’	1 July 2009	31 December 2010
- AASB Interpretation 17 ‘Distributions of Non-cash Assets to Owners’, AASB 2008-13 ‘Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners’	1 July 2009	31 December 2010
- AASB 2009-8 ‘Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions’	1 January 2010	31 December 2010
- AASB 124 ‘Related Party Disclosures (2009)’, AASB 2009-12 ‘Amendments to Australian Accounting Standards’	1 January 2011	31 December 2011
- AASB 9 ‘Financial Instruments’, AASB 2009-11 ‘Amendments to Australian Accounting Standards arising from AASB 9’	1 January 2013	31 December 2013
- AASB 2009-9 ‘Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters’	1 January 2010	31 December 2010
- AASB 2009-10 ‘Amendments to Australian Accounting Standards – Classification of Rights Issues’	1 February 2010	31 December 2011
- AASB 2009-14 ‘Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement’	1 January 2011	31 December 2011
- AASB Interpretation 19 ‘Extinguishing Liabilities with Equity Instruments’	1 July 2010	31 December 2011

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical accounting estimates, assumptions and judgements

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

The group makes estimates, 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 $67,507,000 (2008: $67,615,000) 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 sell. Value is 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 sell 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 17(a).

(ii) Fair value estimation of land and buildings

Land and buildings with a carrying value of $284,046,000 (2008: $326,554,000) 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.

(iii) Provisions for warranties

A provision for warranties of $2,668,000 (2008: $2,597,000) has been recognised for extended warranties provided for the Group’s retail new and used vehicle sales. This provision has been estimated based on past experience and confirmation of future costs by the administrators of the warranty programmes.

(iv) Estimation of make good provisions

An amount of $1,767,000 (2008: $1,700,000) 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 19 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.

(v) Recoverable value of investments in Associates

The recoverable value of investments in associates is determined by reference to greater of 'Value in Use' or ''Fair value less cost to sell'. In respect of the investment in Adtrans Limited, the fair value has been determined based on the number of shares held multiplied by the balance date mid market value of Adtrans Limited shares of $3.50 plus a large holding premium of 10%.

3. REVENUE

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Sales revenue				
New cars	1,037,879	1,043,179	-	-
Used cars	307,694	338,413	-	-
Parts	209,734	202,895	-	-
Service	97,782	99,251	-	-
Other	2,588	2,776	-	-
	1,655,675	1,686,514	-	-
Other revenue				
Rents	460	475	-	-
Interest	355	589	-	-
Dividends	-	0	26,444	27,463
Proceeds of insurance claim for hail damage	-	847	-	-
GST on holdback refund (net of costs)	-	11,469	-	-
Commissions	5,880	1,154	-	-
Other	644	290	-	-
	7,339	14,824	26,444	27,463
Total revenue	1,663,014	1,701,338	26,444	27,463

4. OTHER INCOME

Gain on disposal of other assets	549	14	-	-

5. EXPENSES

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

Depreciation				
Buildings	3,339	3,273	-	-
Plant and equipment	5,318	5,464	-	-
Total depreciation	8,657	8,737	-	-
Amortisation				
Leasehold improvements	936	675	-	-
Total Depreciation and Amortisation (Note 15)	9,593	9,412	-	-
Finance costs				
New vehicle bailment	6,225	14,028	-	-
Other	14,926	12,621	-	-
Total finance expense	21,151	26,649	-	-
Rental expense relating to operating leases				
Minimum lease payments	9,024	7,298	-	-
Contributions to superannuation funds	10,596	9,591	-	-
Provision expenses				
Inventory	784	(650)	-	-
Warranties	1,446	1,897	-	-
Bad debts	753	397	-	-
	2,983	1,644	-	-
Share-based payments				
Equity- settled share-based payments	605	2,549	-	-

(b) Impairment of non-current assets

Impairment of value of investment in associate - Adtrans Limited (note 42(b))	-	9,550	-	8,236
Impairment of intangibles (note 17)	-	6,759	-	-
Impairment of land & buildings	3,424	1,475	-	-
Impairment of investment in subsidiaries	-	-	-	6,759
	3,424	17,784	-	14,995

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

6. INCOME TAX

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
(a) Income tax expense(benefit)				
Current income tax expense	19,049	6,536	-	-
Deferred income tax expense/(benefit)	(3,167)	(1,074)	1,745	(2,472)
Over provision in prior years	-	(87)	-	-
	15,882	5,375	1,745	(2,472)
Deferred income tax expense/(benefits) included in income tax expense comprises:				
(Increase) decrease in deferred tax assets	-	-	1,745	(2,472)
Increase (decrease) in deferred tax liabilities	(3,167)	(1,074)	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit before income tax expense	52,470	19,916	32,261	12,468
Income tax calculated at 30% (2008 - 30%)	15,741	5,975	9,678	3,740
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Depreciation and amortisation	176	148	-	-
Non-taxable dividends	(352)	(505)	(7,933)	(8,240)
Non-taxable other income	-	(2,388)	-	-
Non allowable expenses	232	257	-	-
Non allowable impairment expense	-	2,028	-	2,028
Sundry items	85	(53)	-	-
Under (over) provision in previous year	-	(87)	-	-
Income tax expense (benefit)	15,882	5,375	1,745	(2,472)
(c) Amounts recognised directly in equity				
Aggregate deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited to equity (Note 24)	(95)	(712)	-	-

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

7. DIVIDENDS

	PARENT ENTITY	
	2009	2008
	$'000	$'000
Ordinary dividends fully franked based on tax paid @ 30%		
Final dividend for the year ended 31 December 2008 of 22 cents per share (2007 -36 cents) paid on 9 April 2009	6,619	10,546
Interim dividend of 22 cents (2008 - 22 cents) per share paid on 30 September 2009	6,593	6,565
Total dividends paid	13,212	17,111
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 31 December 2008 and 31 December 2007 were as follows:		
Paid in cash	12,138	10,704
Satisfied by issue of shares	1,074	6,407
	13,212	17,111
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 40 cents per share, fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 9 April 2010 out of the retained profits at 31 December 2009, but not recognised as a liability at year end, is:	11,939	6,619

7. DIVIDENDS (continued)

Franked dividends

The final dividend recommended after 31 December 2008 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 2009.

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2008 - 30%)	52,000	35,000	52,000	35,000

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	(5,120)	(2,837)	(5,120)	(2,837)

8. CURRENT ASSETS - Cash and cash equivalents

Cash at bank and on hand	6,898	46	-	-
Short Term Deposits	12,000	0	-	-
	18,898	46	-	-
The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows:				
Balances as above	18,898	46	-	-
Less: Bank overdrafts (note 19)	0	(1,207)	-	-
Balance per statement of cash flows	18,898	(1,161)	-	-

9 CURRENT ASSETS - Receivables

(a) Trade and other receivables (i)	59,736	58,430	-	-
Less: Provision for doubtful receivables (ii)	1,530	1,280	-	-
	58,206	57,150	-	-
(b) Leasebook receivables	6,222	9,319	-	-
(c) Property sale receivables	5,500	0	-	-

(i)The ageing of lease, property and trade receivables at 31 December 2009 is detailed below:

	CONSOLIDATED			
	2009		2008	
	Gross	Provision	Gross	Provision
	$000	$000	$000	$000
Not past due	66,424	-	62,121	-
Past due 0 -30 days	3,371	-	2,760	-
Past due 31 plus days	1,663	1,530	2,868	1,280
Total	71,458	1,530	67,749	1,280

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 lease and trade receivable balance are debtors with a carrying amount of $3,504,000 (2008: $4,348,000) which are past due at the reporting date which the Group has not provided for as there has not been a significant change in credit quality and the Group believes that the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 62 days (2008:62 days)

9. CURRENT ASSETS - Receivables (continued)

(ii) Movement in provision for doubtful receivables

	CONSOLIDATED	
	2009	2008
	$000	$000
Opening Balance	1,280	1,090
Additional provisions	753	397
Addition due to acquistions	0	120
Amounts written off duirng the year	(503)	(327)
Closing Balance	1,530	1,280

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

	CONSOLIDATED		PARENT ENTITY	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
10. CURRENT ASSETS - Inventories				
New motor vehicles - Bailment stock - at cost (Refer notes 1(v), and 19)	154,928	154,485	-	-
Less: Write-down to net realisable value	3,081	4,021	-	-
	151,847	150,464	-	-
Used vehicles - at cost	37,995	26,757	-	-
Less: Write-down to net realisable value	2,660	1,726	-	-
	35,335	25,031	-	-
Parts and other consumables - at cost	31,627	32,250	-	-
Less: Write-down to net realisable value	1,726	938	-	-
	29,901	31,312	-	-
Total Inventories	217,083	206,807	-	-
11. CURRENT ASSETS - Other current assets				
Income tax refund	-	1,269	-	1,269
Prepayments and deposits	2,492	2,502	-	-
	2,492	3,771	-	1,269
11(a) CURRENT ASSETS - Non current assets classified as held for sale				
Land & Buildings held for sale (i)	17,458	-	-	-

(i) Property assets surplus to ongoing business requirements expected to be sold within 12 months of balance date. An impairment loss was recognised on reclassification. No further impairment loss was recognised at reporting date.

	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000
12. NON-CURRENT ASSETS - Receivables				
(a)Leasebook receivables	10,383	17,037	-	-
(b)Loans receivables	242	0	-	-
(c)Amounts receivable from subsidiaries	-	-	111,635	87,595

At balance date, the related party receivable balances are repayable at call.
However, the parent entity does not expect the related entities to settle the
balances within the next 12 months and hence these are classified as non-current receivables.

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000

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

	2009	2008	2009	2008
Shares in an associate - Adtrans Group Limited	24,301	16,570	-	-
Shares in an associate - M T Q Insurance Limited	2,598	1,068	-	-
	26,899	17,638	-	-

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting (refer note 42).
In the current year the Group recognised a reversal of a prior year impairment of $5,817,000.
Reconciliation of the carrying amount of investment in associates is set out in note 42(b).

13(b) NON-CURRENT ASSETS - Available-for-sale financial assets

	2009	2008	2009	2008
Listed Securities				
Shares in other corporations - At fair value	-	-	22,921	16,570
Total Available-for-sale financial assets	-	-	22,921	16,570

13(c) NON-CURRENT ASSETS - Other financial assets

	2009	2008	2009	2008
Unlisted Securities				
Investments in subsidiaries - at cost (note 31)	-	-	78,550	78,550
Less: Accumulated impairment	-	-	(6,759)	(6,759)
	-	-	71,791	71,791

14. NON-CURRENT ASSETS - Derivative financial instruments

	2009	2008	2009	2008
Interest rate swap contracts - cash flow hedges (i)	160	-	-	-

(i) This is classified as a level 2 fair value measurement, being derived from inputs other then quoted prices that are observable for the asset either directly (i.e as prices) or indirectly (i.e derived from prices)

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

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Freehold Land and buildings - at fair value				
Directors' valuation at 31 December 2008				
Land	-	214,001	-	-
Buildings	-	112,553	-	-
Directors' valuation at 31 December 2009				
Land	179,925	-	-	-
Buildings	104,121	-	-	-
Construction in progress - at cost	113	6,334	-	-
Total land and buildings	284,159	332,888	-	-
Leasehold improvements				
At cost	9,587	9,639	-	-
Less: Accumulated amortisation	2,760	2,038	-	-
Total leasehold improvements	6,827	7,601	-	-
Plant and equipment				
At cost	34,311	35,003	-	-
Less: Accumulated depreciation	19,652	16,744	-	-
Total plant and equipment	14,659	18,259	-	-
Total property, plant and equipment	305,645	358,748	-	-

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 2009 valuations were made by the directors based on their assessment of prevailing market conditions and supported by valuation information received from independent expert property valuers, and the company's own market activities.

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 $85,250,000 (2008 : $99,523,000).

If freehold buildings (including construction in progress) was carried at historical cost, its current carrying value (after depreciation) would be $104,234,000 (2008 : $118,887,000).

Non-current assets pledged as security

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

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

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	Plant and equipment $'000	Total $'000
Consolidated 2009						
Carrying amount at start of year	214,001	112,553	6,334	7,601	18,259	358,748
Additions	618	100	5,837	162	1,848	8,565
Additions through business acquisitions			-			0
Disposals/Transfers	(16,308)	915	(12,058)	-	(130)	(27,581)
Revaluation deficit	(7,036)		-	-	-	(7,036)
Depreciation/amortisation expense (Note 5)	-	(3,339)	-	(936)	(5,318)	(9,593)
Transfer to Property Assets held for resale	(11,350)	(6,108)				(17,458)
Carrying amount at end of year	179,925	104,121	113	6,827	14,659	305,645
Consolidated 2008						
Carrying amount at start of year	199,838	104,900	2,561	6,539	18,229	332,067
Additions	525	863	5,218	1,161	4,439	12,206
Additions through business acquisitions	15,600	7,000	-	576	1,107	24,283
Disposals/Transfers	(395)	1,447	(1,445)	-	(52)	(445)
Revaluation surplus (deficit)	(1,567)	1,616	-	-	-	49
Depreciation/amortisation expense (Note 5)	-	(3,273)	-	(675)	(5,464)	(9,412)
Carrying amount at end of year	214,001	112,553	6,334	7,601	18,259	358,748

16. NON-CURRENT ASSETS - Deferred tax assets

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Deferred tax assets	-	-	4	1,749
The deferred tax revenue included in income tax expense in respect of the above temporary differences resulted from the following movements:				
Opening balance at 1 January	-	-	1,749	-
Transfer from deferred tax liability	-	-	-	(722)
Credited (charged) to the Income Statement (Note 6)	-	-	(1,745)	2,471
Closing balance at 31 December	-	-	4	1,749

17. NON-CURRENT ASSETS - Intangible assets

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Goodwill	33,958	34,068	-	-
Franchise rights	29,853	29,853	-	-
Trade marks/brand names	3,696	3,694	-	-
	67,507	67,615	-	-
Movement - Goodwill				
Balance at the beginning of the financial year	34,068	36,417	-	-
Additional amounts recognised:				
- from business combinations during the year (Note 31(a))	0	3,867	-	-
- from previous acquisition	0	5	-	-
Less: Impairment during the year	0	(6,221)	-	-
Less: Disposal of business	(110)	0		
Balance at the end of the financial year	33,958	34,068	-	-
Movement - Franchise rights				
Balance at the beginning of the financial year	29,853	21,921	-	-
Additional amounts recognised from business combinations during the year	-	8,470	-	-
Less: Impairment during the year	-	(538)	-	-
Balance at the end of the financial year	29,853	29,853	-	-
Movement - Trade marks/Brand names				
Balance at the beginning of the financial year	3,694	2,598	-	-
Additional amounts recognised from business combinations during the year	-	1,055	-	-
Purchase of brand name during the year	2	41	-	-
Balance at the end of the financial year	3,696	3,694	-	-

17. NON-CURRENT ASSETS - Intangibles (continued)

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

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

	CONSOLIDATED	
	2009	2008
	$'000	$'000
Motor Dealership Operations:		
Goodwill	33,958	34,068
Franchise rights	29,853	29,853
Trade marks / brand names	3,696	3,694
	67,507	67,615

The recoverable amount of a CGU 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 motor 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 2010 financial budgets approved by the management, a 3% perpetual growth rate and a discount rate of 12%. This growth rate does not exceed the long term average growth rate for the industry. The directors have applied a sensitivity analysis to the impairment assessment by increasing the discount rate by 1%. This analysis did not impact the goodwill impairment assessment.

(b) Impairment charge

The Directors' assessment in 2009 determined that goodwill and other intangible assets with indefinite useful lives is not impaired for any CGUs. Accordingly an impairment charge of $NIL (2008 - $6,759,000) has been recognised in respect of the above classes of intangible assets.

18. CURRENT LIABILITIES - Payables

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
(a) Trade and other payables				
Trade payables (i)	37,214	26,624	-	-
Other payables	19,930	19,104	-	-
	57,144	45,728	-	-

(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.

	CONSOLIDATED 2009	CONSOLIDATED 2008	PARENT ENTITY 2009	PARENT ENTITY 2008
(b) Derivative financial instruments				
Interest rate swap contracts - cash flow hedges	-	3,135	-	-

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 30).
Bailment finance of the Group currently bears an average variable interest rate of 5.75% (2008 - 6.23%). It is policy to protect part of this finance exposure against increasing interest rates. Accordingly, the Group enters into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.
The swaps contracts in place cover approximately 23% (2008: 60%) of the bailment finance outstanding at the year end. The fixed interest rates ranged from 2.94% to 7.79% and average 7.17% (2008: 7.79%) and the variable rates were between 4.8% and 7.5% (2008: 4.7% and 7.2%).
The contracts require settlement of net interest receivable or payable each 30 days.
The gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve to the extent that the hedge is effective and re-classified into profit and loss when the hedged interest expense is recognised. The ineffective portion is recognised in the income statement immediately.
At balance date, a gain from remeasuring the hedging instruments at fair value of $160,000 (2008: $3,135,000 Loss) has been recognised in equity in the hedging reserve (note 29(a)). No portion was ineffective.

19. CURRENT LIABILITIES - Borrowings (secured)

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
(a) Bailment and bank overdraft				
Bailment finance - (Refer notes 1(v) and 10)	170,938	167,263	-	-
Bank overdraft	-	1,207	-	-
	170,938	168,470	-	-
(b) Leasebook liabilities	5,617	7,553	-	-

(i) Bailment finance
Bailment finance is provided on a vehicle by vehicle basis by various finance providers at an average interest rate of 5.75% p.a. applicable at 31 December 2009 (2008 - 6.23%)
Bailment finance is repayable within a short period after the vehicle is sold to a third party, generally within 48 hours.
(ii) Interest rate risk exposures
Details of the Group's exposure to interest rate changes on interest bearing liabilities is set out in note 30.
(iii) Fair value disclosures
Details of the Group's fair value of interest bearing liabilities is set out in note 30.
(iv) Security
Details of the security relating to each of the secured liabilities and further information on bank loans is set out in note 23.
(v) The leasebook liabilities are with Toyota Finance Corporation and are secured over the leased assets. The loans are under "back to back" lease arrangements with a weighted average interest rate of 7.52%

20. CURRENT LIABILITIES - Current tax liabilities

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Income tax (refund due in 2008 -refer note 11)	12,414	-	12,414	-

21. CURRENT LIABILITIES - Provisions

	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000
Employee benefits	6,571	5,855	-	-
Warranties	2,668	2,597	-	-
	9,239	8,452	-	-

Movement in provisions

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

Consolidated - 2009	Warranties $'000
Carrying amount at start of year	2,597
Provisions acquired	0
Additional provisions recognised	1,446
Payments charged against provisions	(1,375)
Carrying amount at end of year	2,668

Warranty Provision

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

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
22. CURRENT LIABILITIES - OTHER				
Unearned income	0	250	-	-
	0	250	-	-
23. NON-CURRENT LIABILITIES - Borrowings (secured)				
(a) Leasebook liabilities (note 19(v))	9,676	17,616	-	-
(b) Borrowings - others				
Bills payable and fully drawn advances	50,000	145,500	-	-
Capital Loan	65,000	0		
Finance lease payables	177	360	-	-
	115,177	145,860	-	-
SECURED LIABILITIES				
Total secured liabilities (current and non-current) are:				
Bills payable (i)	50,000	145,500	-	-
Capital Loan (i)	65,000	-	-	-
Bank overdraft (i)	-	1,207	-	-
Leasebook liabilities (ii)	15,293	25,169	-	-
Finance lease payables (iii)	177	360	-	-
Bailment finance (iv)	170,938	167,263	-	-
Total secured liabilities	301,408	339,499	-	-

(i) The bank overdraft, bills payable and Capital loan are 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 Company and its subsidiaries, and Corporate Guarantee and Indemnity unlimited as to amount given by the company and its subsidiaries.
(ii) Leasebook liabilities are secured against associated leasebook receivables, and a charge over the assets of a specific subsidiary.
(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 and demonstrator vehicles included in inventories (bailment stock). Refer Note 10.

23. NON-CURRENT LIABILITIES - Borrowings (continued)

ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security are:

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Non-current assets pledged as security -				
Freehold land and buildings -first mortgage	257,591	289,865	-	-
Leasebook receivables	10,383	17,037	-	-
Finance leased assets	177	373	-	-
Current assets pledged as security -				
Inventories	170,938	167,263	-	-
Leasebook receivables	6,222	9,319	-	-
Total assets pledged as security	445,311	483,857	-	-

FINANCING ARRANGEMENTS

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

	CONSOLIDATED 2009	CONSOLIDATED 2008	PARENT ENTITY 2009	PARENT ENTITY 2008
Total facilities				
Bank overdrafts (ii)	5,000	5,000	-	-
Bills facilities (i)	80,000	173,500	-	-
Capital Loan (i)	65,000	0		
Bailment finance (iii)	276,025	278,950	-	-
Bank guarantees	14,387	13,887	-	-
Revolving credit facility (ii)	15,000	15,000	-	-
Leasebook liabilities (iv)	15,293	25,169	-	-
Finance lease payables	177	360	-	-
	470,882	511,866	-	-
Used at balance date				
Bank overdrafts	-	1,207	-	-
Bills facilities	50,000	145,500	-	-
Capital Loan	65,000	-		
Bailment finance	170,938	167,263	-	-
Bank guarantees	13,308	11,522	-	-
Revolving credit facility	-	-	-	-
Leasebook liabilities	15,293	25,169	-	-
Finance lease payables	177	360	-	-
	314,716	351,021	-	-
Unused at balance date				
Bank overdrafts	5,000	3,793	-	-
Bills facilities	30,000	28,000	-	-
Capital Loan	-	-		
Bailment finance	105,087	111,687	-	-
Bank guarantees	1,079	2,365	-	-
Revolving credit facility	15,000	15,000	-	-
Leasebook liabilities	-	-		
Finance lease payables	-	-	-	-
	156,166	160,845	-	-

23. NON-CURRENT LIABILITIES - Borrowings (continued)

ASSETS PLEDGED AS SECURITY (continued)

(i) Bills and Capital Loan facilities at balance date were provided on a non-amortisable (interest only) basis subject to compliance with specific covenants and an annual review. Subsequent to balance date, in February 2010, arrangements with the financiers were altered reducing the facility limit to $65,000,000.
(ii) The revolving credit facility is utilised in conjunction with the bank overdraft facility to cover short term cash flow requirements. This facility is subject to annual review.
(iii) 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.
(iv) The lease book liability provides direct and specific funding to a portfolio of leases associated with the Bill Buckle Auto Group acquisition. New business is not being written under this facility and the leasebook liability will gradually wind down over a four year period in line with collection of the associated lease receivables.

24. NON-CURRENT LIABILITIES - Deferred tax liabilities

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Deferred tax liabilities	21,722	25,085	-	-
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss				
Book versus tax carrying value of plant and equipment	2,926	3,079	-	-
Finance lease book	854	2,033	-	-
Inventory valuation	786	484	-	-
Prepayments	397	450	-	-
Provisions - Doubtful Debts	(459)	(384)	-	-
- Employee benefits	(4,841)	(4,800)	-	-
- Warranties	(800)	(817)	-	-
- Inventory write downs	(519)	(287)	-	-
Writedown of investment in associate	(312)	(2,865)	-	-
Sundry items	8	54	-	-
	(1,960)	(3,053)	-	-
Amounts recognised directly in equity				
Revaluation of property, plant and equipment	23,634	29,078	-	-
Hedge asset (liability)	48	(940)	-	-
	23,682	28,138	-	-
Net deferred tax liabilities	21,722	25,085	-	-
The deferred tax expense included in income tax expense in respect of the above temporary differences resulted from the following movements :				
Opening balance at 1 January	25,085	27,124	-	722
Deferred tax assets relating to business combinations	-	(253)	-	-
Charged/ (credited) to Income Statement (Note 6)	(3,167)	(1,074)	-	-
Deferred tax recognised directly in equity				
- Revaluation of property plant and equipment (Note 29(a))	(1,084)	457	-	-
- Movement in fair value of cash flow hedge (Note 29(a))	989	(1,169)	-	-
- Miscellaneous items	(101)	-	-	-
Transfer to deferred tax assets (Note 16)	-	-	-	(722)
Closing balance at 31 December	21,722	25,085	-	-

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
25. NON-CURRENT LIABILITIES - Provisions				
Employee benefits	2,362	2,204	-	-
Make good provision on leasehold premises - refer (a) and (b) below	1,767	1,700	-	-
	4,129	3,904	-	-
(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.				
(b) Movement in the provision:				
Balance at start of year	1,700	1,700	-	-
Recognition of additional provision during the year	67	-	-	-
Carrying amount at end of year	1,767	1,700	-	-

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

26. NON -CURRENT LIABILITIES - OTHER

Unearned income	0	971	-	-
	0	971	-	-

27. SEGMENT INFORMATION

(a) Adoption of AASB 8 Operating Segments

The consolidated entity adopted AASB 8 Operating Segments in advance of its effective date, with effect from 1 January 2007. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker, being the board of directors, in order to allocate resources to the segment and to assess its performance.

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

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

(iii) All Other
This segment includes dealerships within the non franchise market currently dealing in the used car market.

27. SEGMENT INFORMATION (continued)

Segment reporting 2009	Automotive Franchised Retailing	Property	All Other	Eliminations	Consolidated
	$'000	$'000	$'000	$'000	$'000
Sales to external customers	1,599,937	460	55,738		1,656,135
Inter-segment sales		28,690		(28,690)	-
Total sales revenue	1,599,937	29,150	55,738	(28,690)	1,656,135
Other Revenue	6,649	231		-	6,880
TOTAL REVENUE	1,606,586	29,381	55,738	(28,690)	1,663,015
SEGMENT RESULT					
Operating Profit before interest	48,585	20,368	(343)	-	68,610
External Interest Expense Allocation	(10,609)	(10,541)	0	-	(21,151)
OPERATING CONTRIBUTION	37,976	9,827	(343)	-	47,459
Share of net profit of equity accounted investments	4,084	-	-	-	4,084
Property revaluation	-	(8,499)	-	-	(8,499)
Profit on sale of property/ business	533	16	-	-	549
Non cash fair value adjustments,including impairment reversal	5,817	-	-	-	5,817
SEGMENT PROFIT	48,410	1,343	(343)	0	49,410
Unallocated corporate expenses					(2,015)
PROFIT BEFORE TAX					47,395
Income tax expense					(15,882)
NET PROFIT					31,513
Depreciation and other amortisation	5,134	4,275	184	-	9,593
Non cash expenses other than depreciation and amortisation	262	-	12	-	274
Impairment of trade receivables	748	-	5	-	753
Write down of inventories to net realisable value	643	-	141	-	784
ASSETS					
Segment assets	404,201	327,342	5,152	-	736,695
LIABILITIES					
Segment liabilities	258,542	146,446	1,068	-	406,056
NET ASSETS	145,659	180,896	4,084	-	330,639
Acquisitions of non current assets, including assets of subsidiaries acquired	2,190	6,717	195	-	9,102

27. SEGMENT INFORMATION (continued)

Segment reporting 2008	Automotive Franchised Retailing	Property	All Other	Eliminations	Consolidated
	$'000	$'000	$'000	$'000	$'000
Sales to external customers	1,637,774	475	48,740	-	1,686,989
Inter-segment sales	-	27,019	-	(27,019)	-
Total sales revenue	1,637,774	27,494	48,740	(27,019)	1,686,989
Other Revenue	13,912	437	-	-	14,349
TOTAL REVENUE	1,651,686	27,931	48,740	(27,019)	1,701,338
SEGMENT RESULT					
Operating Profit before interest	34,508	20,558	(345)	-	54,721
External Interest Expense Allocation	(15,141)	(11,508)	0	-	(26,649)
OPERATING CONTRIBUTION	19,367	9,050	(345)	-	28,072
Share of net profit of equity accounted investments	1,210	-	0	-	1,210
Profit on sale of property		14		-	14
Property revaluation	-	49	-	(1,524)	(1,475)
GST refund (net after claim expenses)	11,469	-		-	11,469
Non cash fair value adjustments,including impairment	(16,309)	-		-	(16,309)
SEGMENT PROFIT	15,737	9,113	(345)	(1,524)	22,981
Unallocated corporate expenses					(3,065)
PROFIT BEFORE TAX					19,916
Income tax expense					(5,375)
NET PROFIT					14,541
Depreciation and other amortisation	5,421	3,948	43	-	9,412
Non cash expenses other than depreciation and amortisation	(21)	-	(17)	-	(38)
Impairment of trade receivables	75	-	(5)	-	70
Write down of inventories to net realisable value	93	-	45	-	138
ASSETS					
Segment assets	394,377	340,489	3,265	-	738,131
LIABILITIES					
Segment liabilities	245,266	180,709	1,049	-	427,024
NET ASSETS	149,111	159,780	2,216	-	311,107
Acquisitions of non current assets, including assets of subsidiaries acquired	21,384	30,944	318	-	52,646

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

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

Geographic Information

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

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
28. CONTRIBUTED EQUITY				
(a) Paid up capital				
Ordinary shares fully paid	145,502	148,135	145,502	148,135

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-08	Balance	28,961,780		135,812
24-Jan-08	Shares issued under Senior Executive Deferred Commission Plan	61,242	$11.74	719
31-Mar-08	Shares issued to vendors of Bill Buckle Group	202,566	$14.00	2,836
07-May-08	Shares issued to eligible employees under the employee tax exempt share plan	68,379	$14.40	985
26-May-08	Dividend reinvestment plan issues	383,711	$13.69	5,246
01-Aug-08	Shares issued under Senior Executive Deferred Commission Plan	53,701	$7.90	424
04-Aug-08	Performance Rights issue to Mr Martin Ward & Mr Keith Thornton	110,000	$5.00	551
30-Sep-08	Dividend reinvestment plan issues	127,569	$9.14	1,161
03-Oct-08	Shares issued to eligible employees under the employee tax exempt share plan	42,143	$9.52	401
01-Jan-09	Balance	30,011,091		148,135
05-Feb-09	Shares issued under Senior Executive Deferred Commission Plan	76,373	$4.09	313
09-Apr-09	Dividend reinvestment plan issues (see note(c) below)	220,983	$4.87	1,074
26-May-09 to 31-Dec-09	Cancellation of shares under the buy-back scheme (see note (d) below)	(443,794)	$9.06 (average price)	(4,020)
31-Dec-09	Balance	29,864,653		145,502

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

(d) On 23 March 2009 the company announced to the Australian Securities Exchange that it indends to buy-back upto a maximum of 10% of its issued capital within one year, subject to market conditions. The buy-backs reflect the company's focus on maintaining an efficient balance sheet through active capital management.

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
29. RESERVES AND RETAINED PROFITS	$'000	$'000	$'000	$'000
(a) Reserves:				
Capital profits reserve	-	21,158	-	-
Available-for-sale investment revaluation reserve	-	-	1,683	1,683
Property, plant and equipment revaluation reserve	74,459	87,363	-	-
Hedging reserve - cash flow hedge	112	(2,194)	-	-
Share-based payments reserve	637	345	637	345
	75,208	106,672	2,320	2,028

29. RESERVES AND RETAINED PROFITS (continued)

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Movements:				
Capital profits reserve:				
Balance at beginning of the financial year	21,158	21,158	-	-
Transfer to retained earnings	(21,158)	-	-	-
Balance at the end of the financial year	-	21,158	-	-
Property, plant and equipment revaluation reserve :				
Balance at beginning of the financial year	87,363	86,296	-	-
Revaluation surplus (deficit) during the year - gross (Note 15)	(4,925)	1,524	-	-
Transfer to retained earnings relating to properties sold	(9,063)	-	-	-
Deferred tax (Note 24)	1,084	(457)	-	-
Balance at the end of the financial year	74,459	87,363	-	-
Available-for-sale investment revaluation reserve :				
Balance at beginning of the financial year	-	-	1,683	1,683
Balance at the end of the financial year	-	-	1,683	1,683
Hedging reserve - cash flow hedge:				
Balance at beginning of the financial year	(2,194)	532	-	-
Transfer to profit and loss	3,135	(760)	-	-
Transfer to derivative financial instruments (gross)	160	(3,135)	-	-
Deferred tax (note 24)	(989)	1,169	-	-
Balance at the end of the financial year	112	(2,194)	-	-
Share-based payments reserve:				
Balance at beginning of the financial year	345	876	345	876
Expense incurred during the year	605	1,163	605	1,163
Transfer to share capital (shares issued)	(313)	(1,694)	(313)	(1,694)
Balance at the end of the financial year	637	345	637	345
(b) Retained earnings				
Retained profits at the beginning of the financial year	56,300	58,870	28,811	30,982
Net profit for the year	36,575	14,541	30,516	14,940
Transfer from Asset Revaluation Reserve re properties sold	9,063	-	-	-
Transfer from Capital Reserve	21,158	-	-	-
Dividends provided for or paid (note 7)	(13,212)	(17,111)	(13,212)	(17,111)
Retained profits at the end of the financial year	109,884	56,300	46,115	28,811

29. RESERVES AND RETAINED PROFITS (continued)

(c) Nature and purpose of reserves.

(1) Capital profits reserve

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

(2) Property, plant and equipment revaluation reserve

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

(3) Available-for-sale investments revaluation reserve

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

(4) Share-based payments reserve

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

30. FINANCIAL INSTRUMENTS

Overview

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

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

The Board of Directors has overall responsibility for the establishment and oversight of the consolidated entity's risk management framework. The Board has established an Audit and Risk 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 and Risk Committee will oversee how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks. The Audit and Risk Committee is assisted in its oversight by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which will be reported to the Audit and Risk Committee.

The Group's principal financial instruments comprise bank loans, bailment finance, cash, 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.

30. 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
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.

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 23.

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 & 23. Funds are borrowed by the Group at both fixed and floating interest rates. The Group's exposure to changes in interest rates relates primarily to its long term debt obligations. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt.
The Group's policy is to keep between 40% and 60% of its borrowings at fixed rates of interest. As at 31 December 2009, approximately 43% (2008:59%) of the Group's borrowings were at a fixed rate of interest.
The Group hedges part of the interest rate risk (see Note 14) by swapping floating for fixed interest rates.

The Group adopts a policy that approximately 50% of its exposure to the changes in interest rates on its variable rate borrowings relating to inventories is hedged on a fixed rate basis. With Board approval, a reduced level of hedging has been allowed in 2009 due to low variable rates and the steepness of the forward rate curve. Two interest rate swaps denominated in Australian dollars has been entered into to achieve this. These swaps mature on 8th March 2010 and 8th June 2010 and have a fixed rate of 2.94% and 3.24% respectively. At 31 December 2009 the notional contract amount of these two swaps was $40 million. The consolidated entity classifies interest rate swaps as cash flow hedges.

The net fair value of the swap at 31 December 2009 was $160,000 asset (2008:$3,135,000 (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 would increase/decrease by $886,000 (2008: $405,000). This is mainly due to the Group's exposures to interest rates on it's variable rate borrowings.

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

30. 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:

	rate		Notional principal amount		Fair value	
Outstanding floating	2009	2008	2009	2008	2009	2008
for fixed contracts	%	%	$'000	$'000	$'000	$'000
Less than 1 year	3.09	7.79	40,000	100,000	160	(3,135)

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		PARENT ENTITY	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Trade and other receivables	82,063	84,786	-	-
Less: Provision for doubtful receivable	1,530	1,280	-	-
	80,533	83,506	-	-

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

30. 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 (2008: fair value).

	CARRYING AMOUNT		FAIR VALUE	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Financial assets				
Trade and other debtors net of doubtful debts	80,533	84,786	80,533	84,786
Derivative financial instrument	160	-	160	-
Cash and cash equivalents	18,898	46	18,898	46
	99,591	84,832	99,591	84,832
Financial liabilities				
Bills payable and fully drawn advances	50,000	145,500	50,000	145,500
Capital Loan	65,000	0	65,000	0
Vehicle bailment	170,938	167,263	170,938	167,263
Bank overdraft	-	1,207	-	1,207
Leasebook liability	15,293	25,169	15,293	25,169
Finance lease payables	177	360	177	360
Derivative financial instrument	-	3,135	-	3,135
Trade and other payables	57,144	45,728	57,144	45,728
	358,552	388,362	358,552	388,362

The fair value and net fair value of financial assets and financial liabilities are determined as follows:
- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analyses using prices from observable current market transactions and dealer quotes for similar instruments.
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quotes forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.
- The fair value of financial guarantee contracts is determined using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default.

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 amount disclosed in the table are gross contractual undiscounted cash flows (principle and interest) required to settle the respective liabilities.

30. FINANCIAL INSTRUMENTS (continued)

At 31 December 2009

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	18,898	-	-	-	-	-	18,898
Loan Receivable	260						260
Leasebook receivables	7,916	6,371	4,407	1,301		-	19,995
	27,074	6,371	4,407	1,301	0	-	39,153
Average interest rate	5.65%	10.20%	10.20%	10.20%			
Financial liabilities							
Vehicle bailment (current)	173,395	-	-	-	-	-	173,395
Capital Loan (Non-Current)	3,926	3,926	3,926	3,926	68,927	-	84,631
	177,321	3,926	3,926.0	3,926.0	68,927	-	258,026
Average interest rate	5.83%	6.04%	6.04%	6.04%	6.04%		
Fixed rate							
Financial liabilities							
Bills payable and fully drawn advances	48,356	14,826		-	-	-	63,182
Leasebook liabilities	6,779	5,702	4,095	1,073			17,649
Finance lease payables	177				-	-	177
	55,312	20,528	4,095	1,073	0	-	81,008
Average Interest Rate	8.66%	8.51%	7.52%	7.52%			
NON INTEREST BEARING							
Financial assets							
Trade debtors	58,206	-	-	-	-	-	58,206
Derivative financial instrument	160						160
Property sale receivable	5,500	-	-	-	-	-	5,500
Financial liabilities							
Trade and other payables	57,144	-	-	-	-	-	57,144
	57,144	-	-	-	-	-	57,144

30. FINANCIAL INSTRUMENTS (continued)

At 31 December 2008

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	46	-	-	-	-	-	46
Leasebook receivables	10,399	8,538	6,519	4,456	1,250	-	31,162
	10,445	8,538	6,519	4,456	1,250	-	31,208
Average interest rate	10.05%	10.05%	10.05%	10.05%	10.05%		
Financial liabilities							
Vehicle bailment (current)	169,868	-	-	-	-	-	169,868
Bills payable and fully drawn advances (non-current)	770	13,270	-	-	-	-	14,040
Bank overdraft	1,207	-	-	-	-	-	1,207
	171,845	13,270	-	-	-	-	185,115
Average interest rate	6.26%	6.16%					
Fixed rate							
Financial liabilities							
Bills payable and fully drawn advances (i)	12,204	135,204	10,908	-	-	-	158,316
Leasebook liabilities	9,408	8,248	6,456	4,414	1,020		29,546
Finance lease payables	95	265	-	-	-	-	360
	21,707	143,717	17,364	4,414	1,020	-	188,222
Average Interest Rate	7.37%	9.09%	8.46%	7.37%	7.37%		
NON INTEREST BEARING							
Financial assets							
Trade debtors	57,150	-	-	-	-	-	57,150
Financial liabilities							
Trade and other payables	45,728	-	-	-	-	-	45,728
Derivative financial instrument	3,135	-	-	-	-	-	3,135
	48,863	-	-	-	-	-	48,863

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.

31. INVESTMENTS IN SUBSIDIARIES

Name of entity	Cost of parent entity's investment 2009 $'000	Cost of parent entity's investment 2008 $'000	Equity holding 2009 %	Equity holding 2008 %
At cost:				
Eagers Retail Pty Ltd	4,676	4,676	100	100
Eagers MD Pty Ltd	40	40	91	100
Eagers Finance Pty Ltd	102	102	100	100
Nundah Motors Pty Ltd	93	93	100	100
Eagers Nominees Pty Ltd	50	50	100	100
Austral Pty Ltd	413	413	100	100
E G Eager & Son Pty Ltd	3,516	3,516	100	100
A.P. Group Ltd	21,488	21,488	100	100
A.P. Ford Pty Ltd	-	-	100	100
A.P. Motors Pty Ltd	-	-	100	100
A.P. Motors (No.1) Pty Ltd	-	-	100	100
A.P. Motors (No.2) Pty Ltd	-	-	100	100
A.P. Motors (No.3) Pty Ltd	-	-	100	100
Associated Finance Pty Limited	-	-	100	100
Leaseline & General Finance Pty Ltd	-	-	100	100
City Automotive Group Pty Ltd	3,866	3,866	100	100
PPT Investments Pty Ltd	-	-	100	100
PPT Holdings No 1 Pty Ltd	10,062	10,062	100	100
PPT Holdings No 2 Pty Ltd	10,061	10,061	100	100
PPT Holdings No 3 Pty Ltd	10,061	10,061	100	100
Bill Buckle Holdings Pty Ltd	14,122	14,122	100	100
Bill Buckle Autos Pty Ltd	-	-	100	100
Bill Buckle Leasing Pty Ltd	-	-	100	100
	78,550	78,550		

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.

All subsidiaries with the exception of Eagers MD Pty Ltd are parties to a deed of cross guarantee which has been lodged with and approved by Australian Securities and Investments Commission. 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 2009 and their aggregate net profits after tax for the year ending 31 December 2009 are as follows:

Assets	730,171
Liabilities	399,991
Net profit after tax	35,698

31. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Acquisition of businesses

The group made no acquisitions in 2009

The Group acquired the following businesses during 2008 as detailed below:

Year	Name of business	Date of acquisition	Principal activity	Proportion acquired
2008	Bill Buckle Auto Group	31-Mar-08	Motor Dealership	100%

The acquired businesses contributed revenues of $109,055,000 and profit before tax of $6,722,000 from the date of acquisition to the year end balance date.
If the acquisitions had occurred on 1 January 2008, the consolidated revenue and the consolidated profit before tax would have been $1,738 million and $20million respectively.

Allocation of Purchase Consideration

The purchase price of businesses acquired was allocated as follows:	2008 $'000
Cash consideration	33,011
Transaction costs	1,503
Issue of ordinary shares	2,836
Total Purchase consideration	37,350
Fair Value of net identifiable tangible assets	23,958
Fair Value of net identifiable intangible assets	9,525
Goodwill	3,867
	37,350
Cash consideration, including transaction costs	34,514
Less: Cash acquired	(2,157)
Cash consideration net of cash acquired	32,357

Net assets acquired

Net Assets acquired

	Book Value $'000	Fair Value $'000
Cash and cash equivalents	2,157	2,157
Trade receivables & prepayments	38,108	38,108
Inventory	18,389	18,389
Property, plant and equipment	23,900	24,283
Deferred tax assets	189	254
Creditors, borrowings and provisions	(59,233)	(59,233)
Identifiable intangible assets	-	9,525
Net assets acquired	23,510	33,483
Acquisition cost		37,350
Goodwill on acquisition		3,867

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.

32. CONTINGENT LIABILITIES

(a) Parent entity

Unsecured guarantees, indemnities and undertakings have been given by the parent entity in the normal course of business in respect of financial and trade arrangements entered into by its subsidiaries. It is not anticipated that the parent entity will become liable for any amount in respect thereof. At 31 December 2009 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 with the exception of Eagers MD Pty Ltd are parties to a deed of cross guarantee which has been lodged with the Australian Securities and Investments Commission. Under the deed of cross guarantee each company guarantees the debts of the other companies.

The maximum exposure of the parent entity in relation to the cross guarantees is $406,056,000 (2008 : $427,024,000).

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
33. COMMITMENTS FOR EXPENDITURE				
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	1,463	3,200	-	-
Finance Lease Liabilities				
Commitments for minimum lease payments in relation to leasebook liabilities are payable as follows:				
Within 1 year	6,766	9,408	-	-
Later than 1 year but not later than 5 years	10,831	20,138	-	-
Later than 5 years	-	-	-	-
	17,597	29,546	-	-
Less future finance charges	(2,304)	(4,377)	-	-
Present value of minimum lease payments	15,293	25,169	-	-
Operating Lease Commitments				
Commitments for minimum lease payments in relation to non-cancellable operating leases for premises are payable as follows:				
Within 1 year	7,093	6,459	-	-
Later than 1 year but not later than 5 years	17,856	16,600	-	-
Later than 5 years	5,239	3,534	-	-
	30,188	26,593	-	-

The consolidated entity leases property under non-cancellable operating leases with expiry dates between 28 February 2010 and 28 February 2019
Leases generally provide for a right of renewal at which time the lease is renegotiated. Lease rental payments comprise a base amount plus an incremental contingent rental based on movements in the consumer price index or a fixed percentage increase.

34. REMUNERATION OF AUDITOR

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	$	$	$	$
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	372,125	363,500	9,000	9,000
Amounts received or due and receivable by related entities of Deloitte for:				
- tax compliance services in relation to the parent entity and any other entity in the consolidated entity	21,240	13,700	-	-
- other services in relation to the parent entity and any other entity in the consolidated entity				
-GST refund consultancy services	0	603,657	-	-
-Technical advisory services	30,000	25,830	-	-
- Due diligence services	0	79,080	-	-
- Other advisory services	92,225	69,390	-	-
	515,590	1,155,157	9,000	9,000

35. SUBSEQUENT EVENTS

The Group announced on the 12th February 2010 that it has agreed to acquire the Caloundra City Autos group of dealerships.
Completion is expected on 31st March 2010 with the acquistion cost being approximately $10.5m including goodwill.
Current cash reserves will be used to fund this acquistion.

36. KEY MANAGEMENT PERSONNEL

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

(a) Loans to key management personnel

There are no loans to key management personnel

(b) Other transactions with key management personnel

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

(c) Share Based Payments

Share based payments

Plan A: TSR Performance Rights

Since 2005 the Group has operated a ‘Performance Rights’ compensation scheme for specific executive officers. The fair value of these performance rights is calculated on grant date, and recognised over the period to vesting. The vesting of the performance rights granted is based on the total shareholder return (TSR) of the Group compared to the TSR of a basket of peer constituents. The fair value has been calculated using an binomial option pricing model based on numerous variables as follows:

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

The Chief Executive Officer and the General Manager, Queensland and Northern Territory, have been granted rights under the TSR share incentive plan . 530,000 rights have been granted in terms of the plan. The vesting of the performance rights granted is based on the total shareholder return (TSR) of the Group compared to the TSR of a basket of peer constituents (based on the ASX 300), to determine the ranking of the Group. This ranking is converted to a percentile rating which is then used to determine the proportion of awards that vest on a scaled basis. Built into the plan is re-testing after 12 and 24 months if a tranche has not achieved 100% vesting, which is used to determine whether additional vesting is available. Any performance rights not vested after the retesting periods lapse. The performance rights are settled in shares in the Company, with no further cost to the employee. The Plan expires on June 30, 2010 subject to re-testing.

36. KEY MANAGEMENT PERSONNEL (continued)

The number of performance rights granted under the plan is as follows:

Number of performance rights	Grant date	End of performance period	Expiry date	Fair value of each performance right	Number vested during the year	Number vested and issued at 31 December 2009
Chief Executive Officer						
100,000	1-Jul-05	30-Jun-06	1-Jul-08	$4.78	-	100,000
100,000	1-Jul-05	30-Jun-07	1-Jul-09	$4.92	-	100,000
100,000	1-Jul-05	30-Jun-08	1-Jul-10	$4.68	-	100,000
100,000	1-Jul-05	30-Jun-09	1-Jul-11	$4.46	-	-
100,000	1-Jul-05	30-Jun-10	1-Jul-12	$4.25	-	-
500,000					-	300,000
General Manager, Queensland and Northern Territory						
10,000	1-Jul-07	30-Jun-08	1-Jul-10	$10.65	-	10,000
10,000	1-Jul-07	30-Jun-09	1-Jul-11	$10.31	-	-
10,000	1-Jul-07	30-Jun-10	1-Jul-12	$9.99	-	-
30,000					-	10,000

No rights were forfeited or expired during the year.

The fair value of the performance rights has been estimated as $2,618,500 (2008:$2,618,500) in total, with a cumulative expense being recognised at 31 December 2009 of $2,523,389 (2008:$2,287,385). At this stage 310,000 performance rights have vested with the expectation that all performance rights will vest.

Plan B: EPS Performance Rights and Options
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	$ 9.12	$ 9.12	$ 9.12	$ 9.12	$ 9.12
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	$ 9.12	$ 9.12	$ 9.12	$ 9.12	$ 9.12
Exercise price	$ 9.12	$ 9.12	$ 9.12	$ 9.12	$ 9.12
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%

36. KEY MANAGEMENT PERSONNEL (continued)

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 B). The modified grant date method (AASB 2) is applied to this incentive plan whereby the 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
16,566	28-Aug-09	31-Dec-10	28-Aug-16	$ 9.12
22,407	28-Aug-09	31-Dec-11	28-Aug-16	$ 9.12
23,776	28-Aug-09	31-Dec-12	28-Aug-16	$ 9.12
25,253	28-Aug-09	31-Dec-13	28-Aug-16	$ 9.12
26,841	28-Aug-09	31-Dec-14	28-Sep-17	$ 9.12

Performance Options

Number	Grant Date	End Performance Period	Expiry Date	Fair Value at Grant Date
76,389	28-Aug-09	31-Dec-10	28-Aug-16	$ 9.12
95,109	28-Aug-09	31-Dec-11	28-Aug-16	$ 9.12
94,595	28-Aug-09	31-Dec-12	28-Aug-16	$ 9.12
95,109	28-Aug-09	31-Dec-13	28-Aug-16	$ 9.12
93,086	28-Aug-09	31-Dec-14	27-Sep-17	$ 9.12

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

The fair value of the performance rights and options has been estimated as $937,500 in total, with a cumulative expense being recognised at 31 December 2009 of $128,647 .
At this stage there is an expectation that all performance rights and options will vest.

37. EMPLOYEE ENTITLEMENTS

Superannuation benefits

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

38. RELATED PARTIES

Key Management Personnel

Information on key management personnel will be disclosed in the Directors report.

Remuneration and retirement benefits

Information on the remuneration of key individual management personnel will be 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 $461,982 (2008 :$388,924) and purchases of $295,181 (2008 - $337,029) 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) Mr A J Love was a director of McGee Isles Love Pty Ltd. This firm provided professional services of $3,330 (2008 : $Nil) during the last 12 months to the consolidated entity. All dealings are in the ordinary course of business and are on normal commercial terms and conditions.

(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 in the wholly-owned group is A.P. Eagers Limited. Information relating to the wholly-owned group is set out in note 31.
Transactions between the parent entity and its subsidiaries consist of receipt of dividends totalling $26,444,000 (2008 - $27,463,000) and transactions amongst the various subsidiaries consist of the payment and receipt of dividends, rent (on a commercial basis) and administration charges (on a recoupment basis), the transfer of funds amongst the companies for day to day financing and investment of surplus funds, and the payment and receipt of interest on net working capital.
Amounts receivable by the parent entity from related parties in the wholly owned group at balance date are shown in note 12.

39. EARNINGS PER SHARE

	CONSOLIDATED	
	2009	2008
	Cents	Cents
(a) Basic earnings per share		
Earnings attributable to the ordinary equity holders of the company	121.6	49.2
(b) Diluted earnings per share		
Earnings attributable to the ordinary equity holders of the company	120.7	48.8

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

	CONSOLIDATED	
	2009	2008
Basic Earnings per Share	$' 000	$' 000
Profit for the year	36,588	14,541
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	36,575	14,541
Diluted Earnings per Share		
Profit for the year	36,588	14,541
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	36,575	14,541

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

	2009	2008
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	30,082,320	29,559,167
Adjustments for calculation of diluted earnings per share		
- Performance rights and options	220,000	220,000
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share	30,302,320	29,779,167

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

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Net profit after tax	36,588	14,541	30,516	14,940
Depreciation and amortisation	9,593	9,412		-
Profit on sale of property, plant and equipment	-	(14)		-
Share of losses (profits) of associates	(4,084)	(1,210)		-
Dividends from subsidiaries		-	(25,463)	(26,000)
Dividends from investments	1,173	1,683	(981)	(1,463)
Employee share scheme expensed	605	2,549		-
Non cash impairment adjustments	(2,393)	17,784	(5,817)	14,995
Profit on sale of business	(251)	0		
(Increase) decrease in assets -				
Receivables	8,202	23,491		-
Inventories	(10,019)	41,060		-
Prepayments	(352)	(981)		-
Deferred tax	0	360		-
Increase (decrease) in liabilities -				
Creditors (including bailment finance)	15,786	(52,029)		-
Provisions	1,263	178		-
Taxes payable	9,086	(8,302)	1,745	(2,472)
Net cash inflow from operating activities	65,197	48,522	-	-

41. NON-CASH TRANSACTIONS

Payment of dividends totalling $1,074,154 (2008: $6,406,949) under the Dividend Reinvestment Plan were settled by the issue of 220,983 ordinary shares (2008: 511,280 shares).

42. INVESTMENTS IN ASSOCIATES

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

Name of company	Ownership interest		Consolidated carrying amount		Parent entity carrying amount	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
	%	%	$'000	$'000	$'000	$'000
Traded on organised markets						
Adtrans Group Limited	25.11%	24.86%	24,301	17,638	22,921	16,570

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

Unlisted Securities						
M T Q Insurance Services Limited	19.43%	19.43%	2,598	1,068	-	-

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

	CONSOLIDATED	
	2009	**2008**
	$'000	**$'000**
(b) Movement in the carrying amounts of investments in associates -		
Carrying amount at the beginning of the financial year	17,638	24,942
Cost of investment in associates	534	2,719
Equity share of profit/(loss) from ordinary activities after income tax	4,084	1,210
Dividends received during current year	(1,173)	(1,683)
(Impairment)/ impairment reversal - Adtrans Group Limited	5,817	(9,550)
Carrying amount at the end of the financial year	26,899	17,638
(c) Summarised financial information of associates		
The aggregate profits, assets and liabilities of associates are:		
Revenue	709,304	746,986
Profits (losses) from ordinary activities after income tax expense	17,988	5,020
Assets	254,562	250,375
Liabilities	165,211	171,010
(d) Share of associates profit		
(based on the last published results for the 12 month's to 30 June 2009 plus unaudited results for the 6 months to 31 December 2009)		
Profit from ordinary activities before income tax	5,886	1,590
Income tax expense	(1,802)	(380)
Profit (loss) from ordinary activities after income tax	4,084	1,210
(e) Share of associate's expenditure commitments		
Lease commitments	8,391	8,913
(f) Dividends received from associates	1,173	1,683

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