22 August 2018

Company Announcements Office
ASX Limited

Results for Announcement to the Market

Half Year Report and Accounts

- **Record Half Year Net Profit Before Tax of $69.5 million (2017HY: $68.1 million) up 2.1%.**
- **Record Underlying Profit Before Tax of $69.2 million (2017HY: $68.3 million) up 1.4%.**
- **Record Statutory Profit After Tax of $53.7 million (2017HY: $49.3 million) up 8.8%.**
- **Record Half Year Earnings per Share (basic) of 27.7 cents (2017HY: 25.4 cents) up 9.1%.**
- **Record EBITDA of $90.3 million (2017HY: $88.8 million) up 1.6%.**
- **Record Interim Dividend of 14.0 cents per share (2017HY: 13.5 cents) up 3.7%.**

The following documents for our half year ended 30 June 2018 are **attached**:

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

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

Yours faithfully
A.P. Eagers Limited

Denis Stark

Denis Stark
Company Secretary

A. P. EAGERS LIMITED
ABN 87 009 680 013

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Appendix 4D
Half Year Report and Commentary

Half year ended 30 June 2018

(ASX listing rule 4.2A)

Results for Announcement to the Market

- **Record Half Year Net Profit Before Tax of $69.5 million (2017HY: $68.1 million) up 2.1%.**
- **Record Underlying Profit Before Tax(1) of $69.2 million (2017HY: $68.3 million) up 1.4%.**
- **Record Statutory Profit After Tax of $53.7 million (2017HY: $49.3 million) up 8.8%.**
- **Record Half Year Earnings per Share (basic) of 27.7 cents (2017HY: 25.4 cents) up 9.1%.**
- **Record EBITDA of $90.3 million (2017HY: $88.8 million) up 1.6%.**
- **Record Interim Dividend of 14.0 cents per share (2017HY: 13.5 cents) up 3.7%.**

The Directors of A.P. Eagers Limited (ASX: APE) are pleased to report a 2018 record half year Net Profit Before Tax of $69.5 million. This compares to a half year Net Profit Before Tax of $68.1 million in 2017, an increase of 2.1% on the previous corresponding period (pcp). Net Profit After Tax for the 2018 half year was $53.7 million as compared to $49.3 million, an increase of 8.8% on the pcp. Earnings per share (basic) for the 2018 half year is 27.7 cents compared to 25.4 cents on the pcp.

The Group delivered record trading performances in Victoria, Tasmania and our National Trucks division. Our largest geographic segment of Queensland recorded improved performance, while challenging market dynamics in our New South Wales and South Australia geographic markets adversely impacted trading performance versus the pcp.

Increased profit contribution from car and truck retailing operations and increased dividend income from our strategic investment in Automotive Holdings Group Ltd (AHG) helped offset reduced gains on sale of non-core operations and property.

Dividend

A fully franked interim dividend of 14.0 cents per share (2017: 13.5 cents) has been approved for payment on 5 October 2018 to shareholders who are registered on 14 September 2018 (Record Date).

The Company's dividend reinvestment plan (DRP) will not apply.

(1) Underlying adjustments include Business acquisition costs $0.05 million (includes taxes, legal and other costs associated with Business acquisitions) and benefit from property revaluations $0.35 million.

External Environment

According to Federal Chamber of Automotive Industry statistics, Australia's new motor vehicle sales increased by 1.0% in the half year to 30 June 2018 as compared to the pcp.

Queensland, Victoria and Western Australia were the key regions driving national new vehicle sales growth, where the market was up on the pcp by 2.7%, 3.4% and 4.1%, respectively. Tasmania and Australian Capital Territory regions also recorded growth, up 4.0% and 2.4%, respectively, while South Australia experienced flat growth of 0.0% on the pcp. New South Wales and Northern Territory were the only states behind on pcp, down 2.7% and 0.4%, respectively.

A decrease of 4.0% in private sales was offset by a 4.2% increase in business sales, with rental sales recording strong growth of 19.8%. Luxury vehicle segment contracted from 11.1% to 10.9% of total market share, with sales growth from brands such as, BMW, Lexus, Mini and Volvo, being offset by declines in Mercedes Benz, Audi, Infiniti, Jaguar, Land Rover and Porsche. Traditional fuel vehicles made up 99% of all new vehicle sales, with the sale of electric vehicles increasing 22.0% to total sales of 670 units in the half year to 30 June 2018.

Nationally, the Heavy Commercial segment recorded significant growth of 17.7%, with increases in light/medium duty trucks and heavy-duty sales of 10.6% and 34.3% respectively.

Business Initiatives

The first half Car Retailing trading results were mixed with record new car volumes across the country combined with record ever service and parts results countered by on-going and increasing margin compression in vehicle sales and the associated finance and insurance businesses.

Within this environment it was pleasing to see the positive results of our operational improvement plans initiated in our largest region, Queensland / Northern Territory, in 2017 and largely finalised during 1H 2018.

A combination of active portfolio management and an extensive cost out program saw this region up 7.7% on the pcp despite the external market challenges. This performance gives management confidence to repeat this blueprint in all regions and help provide insulation against market pressure. Further focus in this area combined with selective portfolio expansion and disposal will help drive counter cyclical growth in a number of our larger clusters.

Volatility in the new car market dynamics combined with recent regulatory pressure has increased activity in the dealership acquisition/disposal marketplace in general, with price expectations now at more reasonable multiples. We completed the acquisition of Porsche Centre Adelaide in the last quarter of 2017 and we will continue with our disciplined approach in reviewing further acquisition opportunities.

The Group's National Trucks division again capitalised on strong growth in the Heavy and Light commercial sales, resulting in a record result for the first half of 2018. This result continues the strong performance and growth of the National Trucks division since 2015.

A.P. Eagers is committed to establishing a major new automotive retailing and mobility hub on 64,124m² within Brisbane Airport's new $300m BNE Auto Mall project in 2021. The plan is to create a world-class automotive retailing experience for our customers of the future. We currently represent 12 major car brands within the geographic area serviced by the BNE Auto Mall, with the opportunity for a number of other brands to join the group. The existing brands collectively represent 48 per cent of the total automotive industry.

Our strategic 25.84% shareholding in AHG as at 30 June was valued at $244.3 million based on their closing share price of $2.85 per share. While not included in our Statutory Profit after Tax, a before tax unrealised loss of $65.7 million has been recognised in the Statement of Comprehensive Income for the first half of 2018.

Results Summary

Consolidated results

Half Year Ended 30 June 2018	**2018**	**2017**	
	$'000	**$'000**	**Increase/(Decrease)**
Revenue	2,097,506	2,033,375	3.2%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**90,259**	**88,799**	**1.6%**
Depreciation and amortisation	(7,977)	(8,312)	(4.0%)
(Impairment charge)/net reversal	351	-	100.0%
Earnings before interest and tax (EBIT)	**82,633**	**80,487**	**2.7%**
Borrowing costs	(13,089)	(12,392)	5.6%
Profit before tax	**69,544**	**68,095**	**2.1%**
Income tax expense	(15,879)	(18,780)	(15.4%)
Profit after tax	**53,665**	**49,315**	**8.8%**
Non-controlling interest in subsidiaries	(710)	(960)	
Attributable profit after tax	**52,955**	**48,355**	**9.5%**
Earnings per share - basic	27.7	25.4	9.1%

Financial Performance

On a like-for-like basis, revenue increased by +3.6% compared to the pcp. Strong trading in the Victorian/Tasmanian and Queensland (excluding discontinued businesses) car divisions and the truck division combined to boost revenue, partially offset by declines in New South Wales. Total revenue increased by 3.2% to $2.1 billion in the 2018 half year.

EBITDA increased by 1.6% to $90.3 million in the 2018 half year (2017 half year: $88.8 million). Profit margins declined slightly as indicated by the EBITDA/Revenue ratio of 4.3% (2017 half year: 4.4%) and the NPBT/Sales ratio of 3.3% remained static on the pcp.

Borrowing costs increased by 5.6% to $13.1 million for the 2018 half year (2017 half year: $12.4 million), reflecting combined impact of higher interest rates and higher average bailment debt held, partially offset by lower hedging costs. The decrease in depreciation and amortisation costs of 4.0% to $7.9 million (2017 half year: $8.3 million) reflects the divestment of non-core properties/businesses in the first half of 2018 and the second half of 2017.

Profit before tax included a half year dividend from AHG of $7.9 million, compared to $7.2 million in the pcp.

Segments [2]

Profit before tax from our Car Retail segment for the half year was $49.6 million, an increase from $45.3 million for the period ended 30 June 2017. Revenue increased by 2.0%, with the increase primarily attributable to the strong trading in Victoria/Tasmania and Queensland (excluding discontinued businesses), offset by lower results in New South Wales. The strong trading was also reflected in the parts and service businesses with improvements across the Group delivering a record result.

The National Truck division (Truck Retail segment) continues to improve profitability, delivering a record profit before tax result of $5.2 million for the half year compared to $3.7 million for the pcp, reflecting strong performance in all departments including improved results from the new truck and service divisions. Revenue increased by 16.5% reflecting favourable truck market conditions.

The value of the property portfolio decreased to $298 million at 30 June 2018 compared with $307 million as at 31 December 2017. Continued management of our property portfolio to maximise operational and financial outcomes saw the divestment of two properties during 1H18.

The Property segment profit contribution of $9.3 million before tax for the half year was lower than the pcp of $11.0 million. Gains on sale and revaluation of properties were $3.9 million, down $1.7 million on pcp.

The Investment segment registered a pre-tax loss of $59.5 million for the half year compared to a loss of $38.3 million for the pcp, due primarily to an unrealised revaluation loss on the AHG investment of $65.7 million. This reflected a 30 June 2018 AHG closing share price of $2.85 per share compared with $3.64 as at 31 December 2017.

As at 30 June 2018, the 25.84% strategic investment in AHG had a market value of $244.3 million based on a closing share price of $2.85 per share.

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

Financial Position

The Company's financial position was strong during the year. EBITDA interest cover (EBITDA/Borrowing Costs) was 6.9 times as at 30 June 2018, as compared to 7.2 times as at 30 June 2017 and 7.2 times as at 31 December 2017.

Corporate debt (Term and Capital Loan Facility) net of cash on hand was lower at $214.1 million as at 30 June 2018 (31 December 2017: $238.5 million) due to continued strong operating cash generation. Total debt including vehicle bailment net of cash on hand was $793.3 million as at 30 June 2018, as compared to $782.7 million as at 31 December 2017.

Total gearing (Debt /Debt + Equity), including bailment inventory financing and finance leases, was 52.9% as at 30 June 2018, as compared to 50.2% as at 31 December 2017. Bailment finance is cost effective short-term finance secured against vehicle inventory on a vehicle by vehicle basis. Gearing excluding bailment, and including cash on hand, was 22.4% as at 30 June 2018, compared to 23.3% as at 31 December 2017.

Total inventory levels increased to $662.7 million at 30 June 2018 from $652.7 million at 31 December 2017.

Net tangible assets reduced to $2.26 per share as at 30 June 2018, as compared to $2.49 per share at 31 December 2017, due to lower valuation of the AHG investment at 30 June 2018.

The Company's cash flow from operations was $86.3 million for the six months to June 2018 (2017 half year: $100.3 million) with the decrease due to timing of receipts from customers, payments to suppliers and higher tax payments.

Outlook

A.P. Eagers' greatest opportunity is the introduction of the revised vehicle financing models being implemented by all financiers within the Automotive industry by 1 November 2018. Currently, the Australian industry dealership finance penetration is consistently below 40%. This compares with dealership penetration in the USA and UK of 84% and 89%, respectively. The new financing models have been developed to provide highly transparent and ultra-competitive pricing with interest rates tailored to individual customer profiles. These new models are expected to significantly lift finance penetration within Australia with a shift towards these higher overseas rates over the coming years. A.P Eagers intends to lead the industry through processes, procedures and training to excel in future finance penetration rates.

Whilst current market dynamics remain challenging, the transition occurring within the industry is accelerating consolidation, rationalisation and restructuring, and A.P Eagers intends to capitalise on these opportunities.

We are continuously reviewing our franchise portfolio with a positive outcome from the exit of four underperforming businesses and their related facilities in the first half of 2018. In the second half of 2018, we will add three major franchises in Queensland and one in South Australia without increasing our fixed cost base. These are all planned to be completed by 1 October 2018.

We continue to redevelop and reorganise our inner-city Brisbane facilities (Newstead, Woolloongabba and Windsor) to provide improved long-term solutions for all stakeholders. The airport, shopping centres and satellite operations are favoured by a number of our brand partners.

Strategically, we remain focussed on being Australia's leading automotive retail partner and our two-pronged approach of driving value from existing business through process improvement, operating synergies, portfolio management and organic growth, while taking advantage of value adding acquisition opportunities as they present themselves.

Martin Ward
Managing Director

22 August 2018

For more information: Martin Ward
Managing Director
(07) 3608 7110

www.apeagers.com.au

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

Appendix 4D

Half year report

1. Company details

Name of entity

A.P.Eagers Limited

ABN or equivalent company reference	Half year ended ('current period')	Half year ended ('previous period')
87 009 680 013	30 June 2018	30 June 2017

2. Results for announcement to the market

$A'000's

2.1	Revenues from ordinary activities	Up	3.2%	to	2,097,506
2.2	Net profit (loss) for the period	Up	8.8%	to	53,665
2.3	Net profit (loss) for the period attributable to members	Up	9.5%	to	52,955

2.4	**Dividends**	Amount per security	Franked amount per security
	Interim dividend declared	14.0 cents	14.0 cents

2.5 +Record date for determining entitlements to the dividend. 14 September 2018

2.6 Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable the figures to be understood.

Refer attached commentary.

3. NTA backing

	Current period	Previous corresponding Period
Net tangible asset backing per +ordinary security	$2.26	$2.30

+ See chapter 19 for defined terms

4.1 Control gained over entities

Name of entity (or group of entities)	N/A
Date control gained	N/A
Contribution of such entities to the reporting entity's profit/ (loss) before tax, and internal rent from ordinary activities during the period (where material).	N/A
Profit(loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period.	N/A

4.2 Loss of control over entities

Name of entity (or group of entities)	N/A
Date control lost	N/A
Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities during the period (where material).	N/A
Consolidated profit/(loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material).	N/A

5 Dividends

Individual dividends per security

			Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
	Interim dividend:	Current year	05/10/2018	14.0¢	14.0¢	Nil¢
		Previous year	06/10/2017	13.5¢	13.5¢	Nil¢

6 Dividend Reinvestment Plans

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

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

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

7 Details of associates and joint venture entities

Name of associate/joint venture	Reporting entity's percentage holding		Contribution to Net profit/(loss) (where material)	
	Current Period	Previous corresponding period	Current Period $'000	Previous corresponding period $'000
Norna Limited (formerly MTA Insurance Services Limited)	20.65%	20.65%	Nil	Nil
DealerMotive Limited	25.46%	25.46%	-	251

Group's aggregate share of associates' and joint venture entities' profits/(losses) (where material):	Current period $A'000	Previous corresponding period - $A'000
Profit/(loss) from ordinary activities before tax	-	285
Income tax on ordinary activities	-	(34)
Profit/(loss) from ordinary activities after tax	-	251
Extraordinary items net of tax	-	-
Net profit/(loss)	-	251
Adjustments	-	-
Share of net profit/(loss) of associates and joint venture entities	-	251

Sign here: Denis Stark. (Company Secretary) Date: 22 August 2018

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

+ See chapter 19 for defined terms

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

The Directors present their report on the consolidated entity consisting of A.P. Eagers Limited and the entities it controlled at the end of, or during, the half year ended 30 June 2018.

Directors

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

Review of Operations and Results

The consolidated entity achieved a net profit after tax of $53.7 million for the half year ended 30 June 2018 (2017: $49.3 million). Further review of the consolidated entity's operations during the half year and the results of those operations are included in pages 1 to 5 of the commentary at the front of this report.

Dividend

The Board has determined that a fully franked interim dividend of 14.0 cents per share (2017: 13.5 cents) will be payable on 5 October 2018 to shareholders registered on 14 September 2018 (the Record Date).

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

Auditor's Independence Declaration

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

Rounding of Amounts to Nearest Thousand Dollars

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

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

Martin Ward

Martin Ward
Director

Brisbane
22 August 2018

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The Board of Directors
A.P. Eagers Limited
5 Edmund Street
Newstead, QLD, 4006

22 August 2018

Dear Board Members

A.P. Eagers Limited

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

As lead audit partner for the review of the financial statements of A.P. Eagers Limited for the half-year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stephen Tarling
Partner
Chartered Accountants

A.P. Eagers Limited

ABN 87 009 680 013

Interim financial report
30 June 2018

The Directors declare that:

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

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

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

On behalf of the Directors

M A Ward
Director

Brisbane
22 August 2018

	Half-year ended	
	30-Jun-18	30-Jun-17
	$'000	$'000
Revenue	**2,097,506**	2,033,375
Other gains	**5,968**	5,849
Changes in inventories of finished goods and work in progress	**10,009**	(13,893)
Raw materials and consumables used	**(1,753,866)**	(1,663,437)
Employee benefits expense	**(163,103)**	(164,264)
Finance costs	**(13,089)**	(12,392)
Depreciation and amortisation expense	**(7,977)**	(8,312)
Other expenses	**(105,904)**	(109,082)
Share of net profits of associate accounted for using the equity method	**-**	251
Profit before income tax	**69,544**	68,095
Income tax expense	**(15,879)**	(18,780)
Profit for the period	**53,665**	49,315
Attributable to:		
Owners of the parent	**52,955**	48,355
Non-controlling interests	**710**	960
	53,665	49,315
	Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:		
Basic earnings per share (cents per share)	**27.7**	25.4
Diluted earnings per share (cents per share)	**27.3**	24.9

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

	Half-year ended	
		Restated
	30-Jun-18	30-Jun-17
	$'000	$'000
Profit for the period	**53,665**	49,315
Other comprehensive income		
Items that may be reclassified to profit or loss		
Fair value gain arising from cash flow hedges during the year	**66**	174
Income tax expense	**(19)**	(52)
	47	122
Items that will not be reclassified to profit or loss		
Loss on revaluation of property	**-**	(199)
Income tax benefit	**-**	60
Changes in the fair value of equity investments at FVOCI	**(65,655)**	(46,321)
Income tax benefit	**19,696**	13,482
	(45,959)	(32,978)
Total other comprehensive income for the period, net of tax	**(45,912)**	(32,856)
Total comprehensive income for the period	**7,753**	16,459
Total comprehensive income is attributable to:		
Owners of the parent	**7,043**	15,499
Non-controlling interests	**710**	960
	7,753	16,459

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

A.P. Eagers Limited
Condensed Consolidated Statement of Financial Position
As at 30 June 2018

	30-Jun-18 $'000	Restated 31-Dec-17 $'000
Current assets		
Cash and cash equivalents	**41,552**	10,827
Trade and other receivables	**177,398**	161,807
Inventories	**662,661**	652,652
Property sale receivable	**-**	7,145
Prepayments and deposits	**11,950**	11,172
Total current assets	**893,561**	843,603
Non-current assets		
Other loans receivable	**8,089**	10,600
Financial assets at fair value through other comprehensive income	**244,843**	288,033
Investments in associates	**12,000**	12,000
Property, plant and equipment	**354,978**	361,121
Deferred tax assets	**21,243**	-
Intangible assets	**310,646**	309,414
Total non-current assets	**951,799**	981,168
Total assets	**1,845,360**	1,824,771
Current liabilities		
Trade and other payables	**180,877**	152,853
Derivative financial instruments	**72**	20
Borrowings - bailment and other current loans	**580,861**	545,200
Current tax liabilities	**7,773**	13,221
Provisions	**54,423**	51,360
Other current liabilities	**250**	250
Total current liabilities	**824,256**	762,904
Non-current liabilities		
Borrowings	**254,285**	248,344
Derivative financial instruments	**-**	118
Deferred tax liabilities	**-**	2,273
Provisions	**5,214**	5,988
Other	**19,021**	19,369
Total non-current liabilities	**278,520**	276,092
Total liabilities	**1,102,776**	1,038,996
Net assets	**742,584**	785,775
Equity		
Contributed equity	**371,405**	369,028
Reserves	**(16,512)**	38,131
Retained earnings	**380,598**	367,855
Equity attributable to equity owners of the parent	**735,491**	775,014
Non-controlling interests	**7,093**	10,761
Total equity	**742,584**	785,775

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

	Notes	**Issued capital $'000**	**Asset revaluation reserve $'000**	**Hedging reserve $'000**	**Share-based payments reserve $'000**	**Investment revaluation reserve $'000**	**Retained earnings $'000**	**Attributable to equity holders of the parent $'000**	**Non-controlling interests $'000**	**Total $'000**
Balance at 1 January 2017		364,449	52,781	(291)	(34,486)	37,394	335,779	755,626	8,166	763,792
Profit for the period		-	-	-	-	-	48,355	48,355	960	49,315
Other comprehensive income		-	(139)	122	-	(32,839)	-	(32,856)	-	(32,856)
Total comprehensive income for the period		**-**	**(139)**	**122**	**-**	**(32,839)**	**48,355**	**15,499**	**960**	**16,459**
Share based payment expense		-	-	-	959	-	-	959	-	959
Transfer to retained earnings		-	(863)	-	-	-	863	-	-	-
Income tax on items taken to or transferred directly from equity		-	-	-	(108)	-	-	(108)	-	(108)
Shares issued pursuant to staff share plan		3,173	-	-	(3,173)	-	-	-	-	-
Dividends provided for or paid	3	-	-	-	-	-	(41,984)	(41,984)	(1,455)	(43,439)
Payments received from employees for exercised shares		-	-	-	711	-	-	711	-	711
		3,173	(863)	-	(1,611)	-	(41,121)	(40,422)	(1,455)	(41,877)
Balance at 30 June 2017		**367,622**	**51,779**	**(169)**	**(36,097)**	**4,555**	**343,013**	**730,703**	**7,671**	**738,374**
Balance at 1 January 2018		369,028	52,728	(97)	(34,368)	19,868	367,855	775,014	10,761	785,775
Profit for the period		-	-	-	-	-	52,955	52,955	710	53,665
Other comprehensive income		-	-	47	-	(45,959)	-	(45,912)	-	(45,912)
Total comprehensive income for the period		**-**	**-**	**47**	**-**	**(45,959)**	**52,955**	**7,043**	**710**	**7,753**
Share based payment expense		-	-	-	316	-	-	316	-	316
Shares issued pursuant to staff share plan		2,377	-	-	(2,377)	-	-	-	-	-
Shares acquired by employee share trust	5	-	-	-	(5,612)	-	-	(5,612)	-	(5,612)
Dividends provided for or paid	3	-	-	-	-	-	(43,044)	(43,044)	(2,041)	(45,085)
Purchase of shares for non-controlling interests		-	-	-	-	-	-	-	(2,337)	(2,337)
Payments received from employees for exercised shares		-	-	-	1,551	-	-	1,551	-	1,551
Income tax on items taken to or transferred directly from equity		-	-	-	223	-	-	223	-	223
Transfer to retained earnings		-	(2,832)	-	-	-	2,832	-	-	-
		2,377	(2,832)	-	(5,899)	-	(40,212)	(46,566)	(4,378)	(50,944)
Balance at 30 June 2018		**371,405**	**49,896**	**(50)**	**(40,267)**	**(26,091)**	**380,598**	**735,491**	**7,093**	**742,584**

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

	Notes	**Half-year ended 30-Jun-18 $'000**	30-Jun-17 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**2,276,593**	2,208,809
Payments to suppliers and employees (inclusive of GST)		**(2,167,827)**	(2,097,723)
Receipts from insurance claims		**7,830**	445
Interest and other costs of finance paid		**(13,089)**	(12,241)
Income taxes paid		**(25,128)**	(6,456)
Dividends received		**7,857**	7,256
Interest received		**80**	167
Net cash provided by operating activities		**86,316**	100,257
Cash flows from investing activities			
Payment for acquisition of businesses - net of cash acquired		**(2,009)**	(163)
Payments for property, plant and equipment		**(8,514)**	(9,430)
Proceeds from sale of businesses	8(b)	**1,850**	-
Proceeds from sale of property, plant and equipment		**17,895**	11,036
Proceeds from sale of assets held at fair value through other comprehensive income		**-**	2,959
Payments for shares in other corporations		**(22,466)**	(38,444)
Net cash used in investing activities		**(13,244)**	(34,042)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**1,551**	711
Payments for shares acquired by the trust		**(5,612)**	-
Proceeds from borrowings		**36,000**	27,500
Repayment of borrowings		**(29,724)**	(27,500)
Transactions with non-controlling interests		**(1,100)**	-
Dividends paid to members of A.P. Eagers Limited	3	**(43,044)**	(41,984)
Dividends paid to minority shareholders of a subsidiary		**(418)**	(213)
Net cash used in financing activities		**(42,347)**	(41,486)
Net increase in cash and cash equivalents		**30,725**	24,729
Cash and cash equivalents at the beginning of the financial year		**10,827**	17,615
Cash and cash equivalents at end of period		**41,552**	42,344

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

1 Significant accounting policies

Statement of compliance

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

Basis of preparation

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

The Company is an entity of the kind referred to in ASIC Corporations Instrument 2016/191, dated 24 March 2016. In accordance with that Corporations Instrument, amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

In the period ended 30 June 2018, the Group increased its shareholding in Automotive Holdings Group Limited (AHG Limited) to 25.84% of the equity shares. Although the Group owns over 20% of the voting power of AHG Limited, the Directors have rebutted the presumption of exercising significant influence on the basis that the Group has no representation on the Board of Directors of AHG Limited, no material transactions with AHG, and no participation in policy-making decisions. Therefore the investment in AHG Limited is accounted for as an asset held at fair value through other comprehensive income (FVOCI).

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2017 annual financial report for the financial year ended 31 December 2017, except for those accounting policies affected by the adoption of AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments*. These accounting policies are consistent with the Australian Accounting Standards and with International Financial Reporting Standards. The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and effective for the current half-year.

1.1 Application of new and revised accounting standards

1.1.1 AASB 9 Financial Instruments - applied from 1 January 2018

AASB 9 *Financial Instruments* (“AASB 9”) replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments:

1. Classification and measurement of financial assets and financial liabilities;
2. Impairment of financial assets; and
3. Hedge accounting.

With the exception of hedge accounting, which the Group applied prospectively, the Group has applied AASB 9 retrospectively, and adjusted comparative information where required.

The adoption of AASB 9 from 1 January 2018 resulted in minimal changes in accounting policies. The new accounting policies are set out in Note 1.1.1(b). The impact on the half-year financial report is set out below.

1.1.1(a) Impact of adoption

(i) Classification and measurement of financial assets

All recognised financial assets that are within the scope of AASB 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

1 Significant accounting policies (continued)

Basis of preparation (continued)

1.1.1 AASB 9 Financial Instruments - applied from 1 January 2018 (continued)

1.1.1(a) Impact of adoption (continued)

(i) Classification and measurement of financial assets (continued)

On adoption of AASB 9, the Group also has the option to make the following irrevocable election at initial recognition of a financial asset:

• The Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which AASB 3 Business Combinations applies in other comprehensive income.

The directors of the Company reviewed and assessed the Group's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of AASB 9 has had the following impact on the Group's financial assets as regards their classification and measurement:

Classification impact:

Statement of Other Comprehensive Income (extract) - 6 months to 30 June 2017	**As originally presented $'000**	**Adjustments arising from AASB 9 $'000**	**Restated $'000**
Items that may be reclassified to profit or loss			
Changes in the fair value of available-for-sale financial assets	(46,321)	46,321	-
Income tax benefit	13,482	(13,482)	-
Fair value gain arising from cash flow hedges during the year	174	-	174
Income tax expense	(52)	-	(52)
	(32,717)	32,839	122
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity instruments at FVOCI	-	(46,321)	(46,321)
Income tax benefit	-	13,482	13,482
	-	(32,839)	(32,839)
Total other comprehensive income for the period, net of tax	(32,717)	-	(32,717)

The Group elected to present in other comprehensive income ("OCI") changes in the fair value of all its equity investments previously classified as available-for-sale, as these investments are held as a strategic investment. As a result, assets with a fair value of $288,033,000 were reclassified from available-for-sale financial assets to financial assets at FVOCI and net fair value losses of $32,839,000 were reclassified from the available-for-sale financial assets reserve to the FVOCI reserve on 1 January 2018.

Financial assets - 1 January 2018	**Notes**	**Available-for-sale $'000**	**FVOCI $'000**
Closing balance 31 December 2017 - AASB 139		288,033	-
Reclassify investments from available-for-sale to FVOCI	(a)	(288,033)	288,033
Opening balance 1 January 2018 - AASB 9		-	288,033

1 Significant accounting policies (continued)

Basis of preparation (continued)

1.1.1 AASB 9 Financial Instruments - applied from 1 January 2018 (continued)

1.1.1(a) Impact of adoption (continued)

(ii) Impairment of financial assets

The Group has Trade and other receivables, and financial assets that are subject to AASB 9's new expected credit loss model.

The Group was required to revise its impairment methodology under AASB 9 for each of these classes of assets. The impact of the change in impairment methodology on the Group's accounting policies has been disclosed in Note 1.1.1(b).

Trade receivables

Prior to the adoption of AASB 9, in accordance with AASB 139, the Group applied an incurred credit loss model. Upon adoption of AASB 9, the Group has elected to apply the simplified approach to measuring expected credit losses, which uses the lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. On this basis, the impact of the expected loss allowance under AASB 9 against the loss incurred under AASB 139 is not considered material to the Group.

(iii) Derivatives and hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically, broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements regarding the Group's risk management activities have also been introduced. In accordance with AASB 9's transition provisions for hedge accounting, the Group has applied the AASB 9 hedge accounting requirements prospectively from the date of initial application on 1 January 2018.

The Group's interest rate swaps in place as at 31 December 2017 qualify as cash flow hedges under AASB 9, and therefore no prior period adjustments are required. From 1 January 2018, all interest rate swaps held by the Group will remain effective and designated as cash flow hedges, and therefore there is no impact on the half-year financial report. In the six months to 30 June 2018, the Group recognised net fair value gains of $47,000 in the cash flow hedge reserve. There has been no impact on the cash flow hedge reserve from the transition to AASB 9.

1 Significant accounting policies (continued)

Basis of preparation (continued)

1.1.1(b) Revised accounting policies

Investments and other financial assets

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

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

The Group classifies its remaining financial assets in the following measurement categories:

• Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
• Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, the classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

(i) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(a) Equity instruments

The Group subsequently measures all equity investments at fair value. 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.

Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(ii) Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience.

1 Significant accounting policies (continued)

Basis of preparation (continued)

1.1.1(b) Revised accounting policies (continued)

Derivatives and hedging

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, as to 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.

(i) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other income/(expenses).

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item is recognised within OCI in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

(a) Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the contracts, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss.

(b) The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within Finance costs at the same time as the interest expense on hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

1 Significant accounting policies (continued)

Basis of preparation (continued)

1.1.2 AASB 15 Revenue from Contracts with Customers - applied from 1 January 2018

The Group has adopted AASB 15 *Revenue from Contracts with Customers* ("AASB 15") from 1 January 2018, which supersedes AASB 118 *Revenue* ("AASB 118"). AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The Group adopted AASB 15 using the modified retrospective method of adoption. The Group's revised accounting policies have been disclosed in Note 1.1.2(b). Apart from providing more extensive disclosures on the Group's revenue transactions, the application of AASB 15 has not had a material impact on the Group.

1.1.2(a) Impact of adoption

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. The Group recognises revenue from the following major sources:

(i) New vehicles, used vehicles and associated parts sales
(ii) Service of vehicles
(iii) Sale of vehicle warranties
(iv) Vehicle finance and insurance products

(i) New and used vehicles

New and used vehicles

In previous reporting periods, revenue from the sale of new and used motor vehicles was recognised when the buyer accepted the risks and rewards of ownership, which generally occurred when the vehicle was delivered. In applying AASB 15, revenue associated with the sale of new and used vehicles is recognised when the performance obligation of the sale has been made and control of the vehicle has transferred to the customer, which is on the delivery of the vehicle. Therefore, the adoption of AASB 15 has not had a material impact on revenue recognition on vehicle sales.

Under the Group's standard contract terms, the customer has a right to return the product within a specified period and the Group is obliged to refund the purchase price. Prior to the adoption of AASB 15, AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* ("AASB 137") required the amount of revenue related to expected vehicle returns to be deferred and recognised in the Statement of Financial Position within Trade and other payables as a provision. In prior reporting periods, the expected vehicle returns were not material to the Group. Under AASB 15, the consideration received from the customer is considered variable, given the contract allows the customer to return the products, and requires the recognition of a refund liability and a corresponding adjustment to revenue for those vehicles that the Group expects to be returned. The Group provides a 7 day right of return guarantee for the majority of used vehicles sold. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur.

Parts

Revenue arising from the sale of parts was previously recognised under AASB 118 when the buyer accepted the risks and rewards of ownership, which was generally by taking delivery of the part, or delivery of the vehicle to which the part was fitted. Following the adoption of AASB 15, the performance obligation has been assessed by the Group as 'delivery of parts to the customer'. As such the adoption of AASB 15 has resulted in no changes to the accounting treatment of revenue associated with parts sales.

(ii) Service revenue

The Group provides services work on customers' vehicles which is carried out under instruction from the customer. These services can be obtained from other providers. Prior to the adoption of AASB 15, revenue from the provision of services was recognised based on when the services were rendered, at invoiced amounts. Generally, the risks and rewards of ownership are transferred to the customer at the point in time in which the service repairs are transferred to the buyer. In adopting AASB 15, revenue relating to the service of vehicles is recognised over time. In applying AASB 15, no adjustments have been made to the financial statements, as the nature of services provided by the Group typically results in the service being commenced and completed on the same day.

1 Significant accounting policies (continued)

Basis of preparation (continued)

1.1.2(a) Impact of adoption (continued)

(iii) Warranties revenue

The Group sells extended warranties beyond those provided by the manufacturer, which further protects the customer for repairs and defects in the vehicle over a specified period. In reporting periods prior to 2018, the consideration received for extended warranties was bundled with the vehicle sale, and therefore recognised by the Group at the point in time the risks and rewards of the vehicle transferred to the customer. Furthermore, as required by AASB 137, the Group recognised a provision on the Statement of Financial Position for the estimated costs of fulfilling the obligation.

Under AASB 15, warranties are considered to be a distinct service as they are both regularly supplied by the Group to customers on a stand-alone basis and are available to customers from other providers in the market. As a result, where vehicles are being sold with an extended warranty included, a portion of the vehicle sale price is required to be allocated to the warranty based on the stand-alone selling price of those services. Revenue relating to the warranties is recognised over time, while the transaction price allocated to these services is recognised as a contract liability at the time of the initial sales transaction and is released on a straight-line basis over the period of the service. In transitioning to AASB 15, the effect of deferring revenue associated with the sale and provision of warranties and accounting for warranties as a separate performance obligation is not material.

(iv) Finance and insurance revenue

The Group acts as an agent in sales of finance and insurance products to customers. Prior to the adoption of AASB 15, revenue associated with the sale of finance and insurance products has been combined with the sale of vehicles, and therefore recognised in line with the recognition of vehicle revenue. Upon adoption of AASB 15, the Group remains an agent in the sale of finance and insurance products. Furthermore, the performance obligation relating to finance and insurance revenue is satisfied when the product is provided to the customer, consistent with the general practice applied under AASB 118, and therefore does not require an adjustment in the half-year financial report.

Contracts with finance and insurance providers stipulate a period in which the revenue provided to the Group can be clawed back if certain criteria in the contract between the provider and customer is not satisfied. AASB 15 classifies commission revenue as variable revenue, given the contract allows the provider to clawback commissions paid. Therefore, an adjustment to revenue and a refund liability are required by AASB 15 to reflect the balance which the Group expects to refund the providers. The Group has applied the expected value method to estimate the value of commissions that would be clawed back, as this method best predicts the amount of variable consideration to which the Group will be entitled. The impact of the clawback provisions has been calculated, and is not considered to be material for the Group or highly probable.

1.1.2(b) Revised accounting policies

(i) Sales revenue

Revenue from the sales of motor vehicles and parts is recognised when the performance obligation has been satisfied. The performance obligation is generally considered to be satisfied when the vehicles or parts are invoiced and physically dispatched or collected.

(ii) Service revenue

Service work on customers' vehicles is carried out under instruction from the customer. Service revenue is recognised based on when the performance obligation is satisfied, which is generally when services are rendered. Revenue arising from the sale of parts fitted to customers' vehicles during service is recognised upon satisfaction of the performance obligation, which is considered by the Group to be upon delivery of the fitted parts to the customer upon completion of the service.

1 Significant accounting policies (continued)

Basis of preparation (continued)

Impact of standards issued but not yet applied by the entity

1.1.1 AASB 16 Leases

AASB 16 *Leases* (“AASB 16”) was issued in February 2016 and is applicable to annual reporting periods beginning on or after 1 January 2019.

The application of AASB 16 will result in almost all leases being recognised on the Statement of Financial Position, as the distinction between operating and finance leases is removed. Practically, this will result in an asset (the right to use the leased item) and a financial lease liability (to pay rentals being recognised). The only exceptions are short-term leases (less than 12 months) and low-value leases (less than $5,000).

The accounting for lessors will not change significantly.

AASB 16 will primarily affect the accounting for the Group’s operating leases, and as at 31 December 2017 the Group had non-cancellable operating lease commitments of $224,415,000. The Group is in the process of quantifying the impact of AASB 16, and management has implemented a project team to assess the impact on the Group, including detailed assessments of both the Full and Modified Retrospective methods.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may be related to arrangements that will not qualify as leases under AASB 16.

The Group will not early adopt AASB 16.

2 Segment information

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

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

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

(i) Car Retailing

Within the Car Retail segment, the consolidated entity offers a diversified range of automotive products and services, including new vehicles, used vehicles, vehicle maintenance and repair services, vehicle parts, service contracts, vehicle brokerage, vehicle protection products, and other aftermarket products. They also facilitate financing for vehicle purchases through third-party sources. New vehicles, vehicle parts, and maintenance services are predominantly supplied in accordance with franchise agreements with manufacturers. This segment also includes the Motors Tasmania truck retailing business (as it is managed inside the Motors Tasmania Car business), a motor auction business, and forklift rental business.

(ii) Truck Retailing

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

(iii) Property

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

(iv) Investments

This segment includes the investments in DealerMotive Limited and Automotive Holdings Group Limited.

2 Segment information (continued)

6 months ended 30 June 2018	Car Retailing $'000	Truck Retailing $'000	Property $'000	Investments $'000	Eliminations $'000	Consolidated $'000
Sales to external customers	1,885,085	204,392	172	7,857	-	2,097,506
Inter-segment sales	-	-	12,064	-	(12,064)	-
TOTAL REVENUE	1,885,085	204,392	12,236	7,857	(12,064)	2,097,506
SEGMENT RESULT						
Operating profit before interest	54,721	5,829	8,968	7,857	-	77,375
External interest expense allocation	(7,193)	(654)	(3,534)	(1,708)	-	(13,089)
OPERATING CONTRIBUTION	47,528	5,175	5,434	6,149	-	64,286
Investment revaluation	-	-	-	(65,655)	65,655	-
Property revaluation	-	-	351	-	-	351
Profit on sale of property/businesses	2,059	-	3,558	-	-	5,617
SEGMENT PROFIT	49,587	5,175	9,343	(59,506)	65,655	70,254
Unallocated corporate expenses						(710)
PROFIT BEFORE TAX						69,544
Income tax expense						(15,879)
NET PROFIT						**53,665**
Depreciation and amortisation	(5,634)	(525)	(1,818)	-	-	(7,977)
ASSETS						
Segment assets	1,180,044	112,375	279,968	272,973	-	1,845,360
LIABILITIES						
Segment liabilities	766,193	102,140	145,256	89,187	-	1,102,776
NET ASSETS	413,851	10,235	134,712	183,786	-	742,584
Acquisitions of non-current assets	9,681	797	440	22,466	-	33,384

2 Segment information (continued)

6 months ended 30 June 2017	Car Retailing $'000	Truck Retailing $'000	Property $'000	Investments $'000	Eliminations $'000	Consolidated $'000
Sales to external customers	1,848,135	175,454	409	9,377	-	2,033,375
Inter-segment sales	-	-	13,246	-	(13,246)	-
TOTAL REVENUE	1,848,135	175,454	13,655	9,377	(13,246)	2,033,375
SEGMENT RESULT						
Operating profit before interest	52,313	4,417	8,985	9,337	-	75,052
External interest expense allocation	(7,010)	(706)	(3,676)	(1,000)	-	(12,392)
OPERATING CONTRIBUTION	45,303	3,711	5,309	8,337	-	62,660
Share of net profit of equity accounted investments	-	-	-	251	-	251
Investment revaluation	-	-	-	(46,912)	46,912	-
Property revaluation	-	-	(199)	-	199	-
Profit on sale of property/businesses	-	-	5,849	-	-	5,849
SEGMENT PROFIT	45,303	3,711	10,959	(38,324)	47,111	68,760
Unallocated corporate expenses						(665)
PROFIT BEFORE TAX						68,095
Income tax expense						(18,780)
NET PROFIT						**49,315**
Depreciation and amortisation	(5,497)	(531)	(2,284)	-	-	(8,312)
ASSETS						
Segment assets	1,107,143	99,140	299,799	263,746	-	1,769,828
LIABILITIES						
Segment liabilities	691,114	83,217	182,099	75,024	-	1,031,454
NET ASSETS	416,029	15,923	117,700	188,722	-	738,374
Acquisitions of non-current assets	5,182	317	3,931	38,444	-	47,874

Geographic Information

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

3 Dividends

	Half-year ended 30-Jun-18 $'000	30-Jun-17 $'000
Ordinary shares		
Dividends paid during the half-year	**43,044**	41,984
Dividends not recognised at the end of the half-year		
Since the end of the half-year the Directors have determined the payment of an interim dividend of 14 cents (2017 - 13.5 cents) per fully paid ordinary share, fully franked based on tax paid at 30%. The aggregate amount of the interim dividend expected to be paid on 5 October 2018 out of retained profits at the end of the half-year, but not recognised as a liability, is:	**26,783**	25,786

4 Revenue

(a) Revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Half year ended 30 June 2018	**Retailing $'000**	**Property $'000**	**Investments $'000**	**Total $'000**
Type of goods or service				
New Vehicles	1,351,142	-	-	1,351,142
Used Vehicles	346,448	-	-	346,448
Parts	246,266	-	-	246,266
Service	125,503	-	-	125,503
Other	20,118	172	7,857	28,147
Revenue from external customers	**2,089,477**	**172**	**7,857**	**2,097,506**
Timing of revenue recognition				
At a point in time	1,963,974	172	7,857	1,972,003
Over time	125,503	-	-	125,503
Total revenue from external customers	**2,089,477**	**172**	**7,857**	**2,097,506**
Geographical markets				
Australia	2,089,477	172	7,857	2,097,506

Half year ended 30 June 2017	**Retailing $'000**	**Property $'000**	**Investments $'000**	**Total $'000**
Type of goods or service				
New Vehicles	1,279,065	-	-	1,279,065
Used Vehicles	376,573	-	-	376,573
Parts	235,983	-	-	235,983
Service	121,726	-	-	121,726
Other	10,242	409	9,377	20,028
Revenue from external customers	**2,023,589**	**409**	**9,377**	**2,033,375**
Timing of revenue recognition				
At a point in time	1,901,863	409	9,377	1,911,649
Over time	121,726	-	-	121,726
Total revenue from external customers	**2,023,589**	**409**	**9,377**	**2,033,375**
Geographical markets				
Australia	2,023,589	409	9,377	2,033,375

5 Equity securities movements

	Half-year ended			
	30-Jun-18 No. of Shares	30-Jun-17 No. of Shares	**30-Jun-18 $'000**	30-Jun-17 $'000
Movements in ordinary shares during the half-year				
Issue of shares to staff under the share incentive schemes	**300,823**	343,263	**2,377**	3,173

5 Equity securities movements (continued)

Included in the share capital is 497,883 number of ordinary shares held by the Employee Share Trust that were purchased during the period on market.

6 Fair value

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair value.

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

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).

- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives and option pricing models for optional derivatives. Interest rate swaps are measured at the present value of future cash flows, estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Details of the Group's freehold land and buildings and information about the fair value hierarchy as at 30 June 2018 are as follows:

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

6 Fair value (continued)

Class of Financial Assets & Liabilities	Carrying Amount 30/06/18 $'000	Carrying Amount 31/12/17 $'000	Valuation Technique	Key Input	Input	Average / Range 2018	Average / Range 2017	Other Key Information	Range (weighted avg) 2018	Range (weighted avg) 2017
Level 3 Car – HBU Alternate Use	**75,088**	75,313	Direct comparison	External valuations	Price/sqm land	**Average $2,269/sqm**	Average $2,276/sqm	Land size	**Average 5,516 sqm**	Average 5,516 sqm
						Range $1,242 - $4,008/sqm	Range $1,260 - $4,004/sqm		**Range 2,015 - 18,070 sqm**	Range 2,015 - 18,070 sqm
Level 3 Car Dealership	**191,672**	199,591	Summation method, income capitalisation and direct comparison	External valuations & industry benchmarks	Capitalis-ation rate	**Average 7.2%**	Average 7.3%	Net rent /sqm land	**Average $99/sqm**	Average $100/sqm
						Range 3.2% - 11.0%	Range 3.2% - 10.9%		**Range $25 - $297/sqm**	Range $25 - $297/sqm
								Net rent /sqm GBA	**Average $206/sqm Range $106 - $1,573/sqm**	Average $206/sqm Range $106 - $1,573/ sqm
Level 3 Truck Dealership	**17,934**	18,098	Direct comparison	External valuations	Price/sqm land Price/sqm GBA	**Average $321/sqm**	Average $324/sqm	Land size	**Average 18,641 sqm**	Average 18,641 sqm
						Range $198 - $425/sqm	Range $201 - $428/sqm		**Range 7,218 - 25,700 sqm**	Range 7,218 - 25,700 sqm
								Net rent/land sqm	**Average $22/sqm**	Average $22/sqm
									Range $17 - $27/sqm	Range $17 - $27/sqm
								Capitalis-ation rate	**Average 6.7%**	Average 6.7%
									Range 5.6% - 8.8%	Range 5.6% - 8.7%
Level 3 Other Logistics	**13,360**	13,347	Income capitalisation method supported by market comparison	External valuations	Capitalis-ation rate	**Average 7.1%**	Average 7.1%	Net rent /sqm GBA	**Average $109/sqm**	Average $109/sqm
						Range 6.4% - 9.5%	Range 6.4% - 9.5%		**Range $79 - $179/sqm**	Range $79 - $179/sqm
Total	**298,054**	306,349								

There were no transfers between levels in the period.

6 Fair value (continued)

Details of the Group's assets held at fair value through other comprehensive income and information about the fair value hierarchy as at 30 June 2018 are as follows:

Unobservable inputs used in determination of fair values				
Class of Financial Assets and Liabilities	**Carrying Amount 30/06/18 $'000**	**Carrying Amount 31/12/17 $'000**	**Valuation Technique**	**Key Input**
Level 1 Financial assets at fair value through other comprehensive income - Listed entities	244,255	287,445	Quoted bid prices in an active market	Quoted bid prices in an active market
Level 3 Financial assets at fair value through other comprehensive income - Unlisted entities	588	588	Net asset assessment and available bid prices from equity participants	Pre tax operating margin taking into account management's experience and knowledge of market conditions and financial position.

There were no transfers between levels in the period.

Details of the Group's Derivative financial instruments and information about the fair value hierarchy as at 30 June 2018 are as follows:

Unobservable inputs used in determination of fair values				
Class of Financial Assets and Liabilities	**Carrying Amount 30/06/18 $'000**	**Carrying Amount 31/12/17 $'000**	**Valuation Technique**	**Key Input**
Level 2 Cash flow hedges - Interest rate swaps	**72**	138	Discounted cash flow	Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

There were no transfers between levels in the period.

7 Acquisitions

The Group acquired the following business during the first half of 2018 as detailed below:

Year	Name of business	Date of acquisition	Principal activity	Proportion acquired
2018	Southern Vales Nissan	29-Jun-18	Motor Dealership	100%

Allocation of purchase consideration

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

	30-Jun-18 $'000
Purchase consideration	**1,788**
Deferred consideration	**92**
Goodwill	**1,265**
Total purchase consideration [(1)]	**3,145**

[(1)] The purchase consideration for Southern Vales Nissan included a deferred consideration amount payable in August 2018.

Consolidated fair value at acquisition date

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $'000
Inventory	**697**
Plant and equipment	**255**
Deferred tax assets	**80**
Creditors, borrowings and provisions	**(417)**
Net assets acquired	**615**
Acquisition cost	**1,880**
Goodwill on acquisition [(2)]	**1,265**

[(2)] 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 benefits of expected synergies and future revenue and profit growth from the businesses acquired. These benefits were not recognised separately from goodwill, as the future economic benefits arising from them could not be reliably measured in time for inclusion in these financial statements. Therefore, the amount allocated to goodwill on acquisition has been provisionally determined at the end of the reporting period.

8 Disposals of business

(a) Description

The Group sold the following businesses during the first half of 2018 as detailed below:

Year	Name of business	Date of sale	Principal activity	Proportion disposed
2018	Surfers City Holden	1-Jun-18	Motor Dealership	100%
2018	Austral Volvo	22-Jun-18	Motor Dealership	100%

(b) Details of the sale of the division

	30-Jun-18 **$'000**
Consideration received or receivable:	
Cash	**1,850**
Deferred consideration	**167**
Total disposal consideration	**2,017**
Carrying amount of net assets sold	**30**
Gain on sale before income tax	**2,047**
Income tax expense on gain	**(180)**
Gain on sale after income tax	**1,867**

9 Contingent liabilities

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

10 Subsequent events

Commencing 2 July 2018, the Group acquired a further 1.4 million shares in Automotive Holdings Group Limited ('AHG') at a total cost of $3.7 million through a series of on-market share purchases. As a result, the Group's shareholding in AHG increased from 25.84% as at 30 June 2018 to 26.27% post year end but before the financial statements were authorised for issue.

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of A.P. Eagers Limited ("the company"), which comprises the condensed statement of financial position as at 30 June 2018, and condensed consolidated statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 1 to 23.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of A.P. Eagers Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stephen Tarling
Partner
Chartered Accountants
Brisbane, 22 August 2018