

# Adtrans

ABN 28 008 129 477

## SHAREHOLDERS HALF YEARLY REPORT SIX MONTHS ENDED 31 DECEMBER 2007

### HIGHLIGHTS

- Profit after tax increased by 29.7% to a record \$5.6 million
  - Earnings per share increased 27.9% to 23.4 cents
- Net Tangible Assets per share increased 12.9% to \$2.10
  - Increased interim dividend by 0.5 cents to 9.5 cents
    - Dividend record date 28 March 2008
    - Dividend payment date 14 April 2008

### RECORD CAR AND TRUCK SALES

For calendar year 2007, the industry recorded a record 1,049,982 vehicles, an increase of 9.1% on the prior year.

Included in this figure, the truck market recorded a record 37,231 units which was a 17.7% increase on full year 2006. Within this truck figure, the important over 15 tonne market was up 25%.

The increase in new truck sales was reflected in substantial profit gains from this segment and due to the buoyant economy generally, we had improved profits across all our divisions.

This impressive truck market was influenced by two factors –an increased freight task in Australia and an impending emission standard change effective on all trucks manufactured after 1 January 2008.

Under this standard, all trucks must comply with the Euro 4 Emission Standards to effect significant reductions in emissions, including noise emission. These changes will require considerable engineering modifications and, as expected, this reduction in emissions will come at some financial penalties.

### OUTLOOK

During the next half, we expect continuing good car markets at similar numbers to 2007 and it is currently predicted that truck demand will remain strong despite the engineering changes. However, although 2008 will record a slightly lower number of truck sales, the calendar year is expected to be the second best market on record.

The manufacturers have varying predictions but as a generality, supply of the 2008-compliant trucks will arrive in the last financial quarter (in some cases, late in the last quarter). In anticipation of these supply problems, our Group had purchased larger stocks where available but nevertheless, shortages are expected. Primarily due to these shortages, we do not expect to record the same level of profitability in the second half.

However, the board is confident that the full year result will finish at least 10% higher than full year 2006/07.

Whilst there will be a host of new vehicles released in the market place during this financial year, it is worth mentioning that Ford is already benefiting from the recently released new Mondeo and as well, an all new Falcon range in second quarter 2008, and this will bring much needed assistance to sales in our three Ford dealerships.

Hyundai released the i30 series in November 2007 and additionally our four Hyundai dealerships will welcome a new full range of Vans in early 2008. These new vehicles will assist our results.

As always, the Group is fortunate to enjoy excellent product from our Toyota dealership, Cornes Toyota.

In November, the Group acquired our first Hino dealerships, styled Adtrans Hino. These dealerships will operate in the excellent market areas of Mascot, which is near downtown Sydney, and Gosford, situated on the south central coast of New South Wales.

Hino, principally owned by Toyota, is Australia's second largest volume truck manufacturer.

The Directors have great faith in Adtrans Group, staff and management to continue to record excellent results into the future.

Current vehicle franchises held by Adtrans Group include:

Cars: Ford, Toyota, Hyundai, Kia, Chrysler, Jeep and Dodge.

Trucks: Hino, Sterling, UD, Iveco/International, Fuso, Freightliner, Mercedes-Benz and BCI Buses.

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## INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	31 December 2007 \$000s	31 December 2006 \$000s
Sales revenue	377,878	322,355
Cost of sales	(319,060)	(269,741)
Gross profit	58,818	52,614
Other revenues	352	619
Occupancy expenses	(4,059)	(3,750)
Depreciation and amortisation	(1,151)	(983)
Employee expenses	(29,604)	(26,647)
Other expenses	(13,400)	(13,218)
Borrowing costs	(2,788)	(2,321)
<b>Profit before income tax expense</b>	<b>8,168</b>	<b>6,314</b>
Income tax expense relating to continuing operations	(2,516)	(1,955)
<b>Profit after related income tax expense</b>	<b>5,652</b>	<b>4,359</b>
Net profit attributable to minority interests	27	22
<b>Net profit attributable to members of the parent entity</b>	<b>5,625</b>	<b>4,337</b>
Basic earnings per share (cents per share)	23.4¢	18.3¢
Franked dividends per share (cents per share)	9.5¢	9.0¢