

**ADTRANS
GROUP
LIMITED**

ABN 28 008 129 477

Adtrans Group Limited
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**HALF YEARLY
REPORT TO
SHAREHOLDERS**
26 FEBRUARY 2007

Adtrans

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Adtrans

FINANCIAL PERFORMANCE

	31 December 2006 \$000s	31 December 2005 \$000s
Sales revenue	322,355	323,629
Cost of sales	(269,741)	(274,647)
Gross profit	52,614	48,982
Other revenues	619	349
Other income	-	11
Occupancy expenses	(3,750)	(3,301)
Depreciation and amortisation	(983)	(869)
Employee expenses	(26,647)	(24,803)
Other expenses	(13,218)	(12,797)
Borrowing costs	(2,321)	(2,363)
Profit from continuing operations before income tax expense	6,314	5,209
Income tax expense relating to continuing operations	(1,955)	(1,623)
Profit from continuing operations after related income tax expense	4,359	3,586
Net profit attributable to minority interests	22	23
Net profit attributable to members of the parent entity	4,337	3,563
Basic earnings per share (cents per share)	18.3¢	15.2¢
Diluted earnings per share (cents per share)	18.3¢	15.1¢
Franked dividends per share (cents per share)	9.0¢	8.5¢

HIGHLIGHTS

- Increased fully franked interim dividend of 9.0 cents per share – up from 8.5 cents per share.
- Earnings per share (diluted). Up 21.2% to 18.3 cents.
- Profit before tax. Up 21.2% to \$6.3 million including a HIH liquidators distribution of \$386,200.
- Net tangible Asset Backing. Up 12% to \$1.86 per share.

REVIEW OF OPERATIONS

For the 6 months ended 31 December 2006, the Australian new vehicle market finished at 479,506 units, slightly behind 2005 sales of 488,191. Ford and Hyundai National sales dropped 12.3% and 10.1% respectively.

With reduced new vehicle volumes, Adtrans Group's sales are marginally down (0.4%) on last year to \$322.4m. New car sales were down 8% (2,804 vehicles) and new truck sales were down 2% (1,004 vehicles).

Pleasingly, our used car and truck divisions bounced back from the tough market conditions experienced last year and increased sales by 8% to 4,024 vehicles and made a significantly improved contribution to profit.

Parts and service continue to underpin solid returns for the Group.

The operating profit before tax of \$6.3m includes a HIH liquidators distribution of \$386,200 received during the period. The operating profit before this receipt is \$5.9m, a 13.8% lift on last year.

During the period, the group acquired Australia Wide Transport Spares, a truck parts operation, which was consolidated with the existing Whitehorse business. In November 2006, the Group acquired a Kia dealership, at Clovelly Park, SA.

The new dealership at Stillwell Ford was officially opened in November 2006 and is now fully operational.

A new showroom at our Reynella Hyundai new and used cars outlet is nearly complete and will be fully operational in the coming months.

In October 2006, the final tranche of employee options were exercised and 350,000 shares were issued.

OUTLOOK

January was an exceptionally strong month and all current indications are that the second half will also produce a good result.

Whereas at the AGM the Company reported it expected profits to be up 7.5% for the 2006/07 financial year, the board is now pleased to advise that they consider the profit may increase to as much as 10% over the previous year.

The Group expects excellent Truck sales all through calendar 2007 due to the Euro4 Emission Standards introduction on 1 January 2008 which will cause significant engine changes and probably increase initial running costs.

Overall, the vehicle market is expected to remain strong.

DIVIDEND

The fully franked interim dividend has been increased to 9.0 cents per share, payable on 13 April 2007 to shareholders on the register at 5:00pm on 28 March 2007.