



AUTOMOTIVE HOLDINGS GROUP

Annual Report 2010

Annual Financial Report Contents

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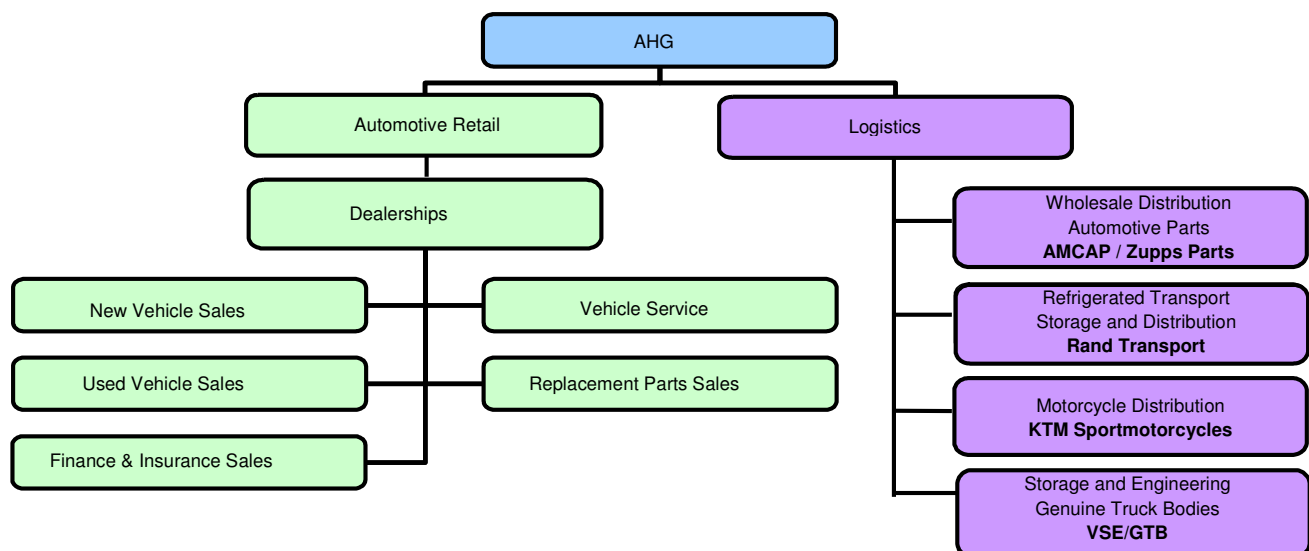
Your directors present their report on the consolidated entity consisting of Automotive Holdings Group Limited ("AHG" or "Company") and the entities it controlled ("Group") at the end of, or during, the year ended 30 June 2010.

Directors

The following persons were directors of AHG during the year and up to the date of this report:

Robert John Branchi	Non Executive Chairman
David Charles Griffiths	Non Executive Deputy Chairman
Giovanni (John) Groppoli	Non Executive Director
Bronte McGregor Howson	Managing Director
Michael John Smith	Non Executive Director (appointed 6 May 2010)
Peter William Stancliffe	Non Executive Director
Gregory Joseph Wall	Non Executive Director
Hamish Calder Williams	Executive Director

Principal Activities



Dividends

Dividends paid to members during the financial year were as follows:

	2010 \$'000	2009 \$'000
Dividends on ordinary shares:		
Final dividend for the year ended 30 June 2009 of 10 cents per fully paid share on 2 October 2009 (30 June 2008 of 10 cents per fully paid share on 21 October 2008)	22,639	19,140
Interim dividend for the year ended 30 June 2010 of 7 cents per fully paid share on 6 April 2010 (30 June 2009 of 4 cents per fully paid share on 2 April 2009)	15,854	7,662
	38,493	26,802

Dividends Not Recognised at Year End

Since the end of the financial year the directors have recommended the payment of a fully-franked final dividend of 10 cents per share, based on tax paid at 30%. The aggregate amount of dividend to be paid on 1 October 2010 out of the retained profits at 30 June 2010, but not recognised as a liability at year end, will be \$22.649 million.

Review of Operations

Net profit after tax attributable to members from continuing operations for the year ended 30 June 2010 was \$60.3 million (2009: \$24.1 million). Net profit after tax excluding unusual items (detailed below) attributable to members, for the year ended 30 June 2010, was \$55.1 million (2009: \$42.2 million).

The current year result includes the following unusual income item:

- \$5.215 million (net of tax) profit on the full disposal of the Group's investment in carsales.com shares

The prior year result included the following unusual items:

- The benefit of a GST refund applicable to a GST on holdback refund claim (after associated costs and tax) of \$5.22 million, applicable to the automotive division;
- An impairment adjustment applicable to the carrying value of intangible assets related to the automotive and logistics division of \$22.5 million;
- A \$0.54 million (net of tax) write-off of development costs associated with the automotive division; and
- A fair value adjustment applicable to available-for-sale financial assets of \$0.32 million (net of tax).

Group revenue from continuing operations' (excluding unusual items) was \$3.240 billion (2009: \$3.073 billion), being 105% of the previous year's revenue.

The Automotive Retail division performed well in improving trading conditions with \$2.858 billion in revenue (2009: \$2.691 billion) and \$62.9 million in profit before tax and unusual items segment result (2009: \$42.2 million) representing an increase of 6.2% and 48.9% respectively.

The Logistics division consolidated its prior year performance with a comparable \$382.3 million in revenue (2009: \$381.9 million) and \$16.6 million in profit before tax segment result (2009: \$19.3 million) representing an increase of 0.1% in revenue and decrease in profit before tax of 13.9%. The decrease in profit before tax

Automotive Holdings Group Limited
Directors' Report

For the year ended 30 June 2010

is attributable to a decrease in KTM profit contribution resulting from a decline in the motorcycle market as well as a reduced demand for Vehicle Storage and Engineering operations.

Consolidated sales revenue and results

Key Financial Data	TOTAL OPERATIONS	UNUSUAL ITEM(S)	TOTAL OPERATIONS (EXCLUDING UNUSUAL ITEMS)
Year Ending 30 June 2010			
\$'000			
Total revenue	3,247,880	7,904	3,239,977
EBITDA	123,438	7,449	115,989
EBITDA margin %	3.8%	94.3%	3.6%
Depreciation & amortisation	16,844	-	16,844
EBIT	106,594	7,449	99,144
Interest (Net)	19,680	-	19,680
Profit before tax	86,914	7,449	79,464
Profit after tax	62,060	5,215	56,845
Non controlling interest	(1,722)	-	(1,722)
Net profit after tax attributable to shareholders	60,338	5,215	55,123
Basic EPS (cents per share)	26.65	2.30	24.35

Significant Changes in State of Affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

1. An increase in contributed equity of \$7,395,000 (from \$294,711,000 to \$302,106,000) for the year comprises:

	No. of Shares	Issue Price	\$'000
30/06/08			
Opening Balance at 1 July 2008	191,523,764		261,535
16/10/08	25,897	\$ 1.10	28
22/05/09	28,702,667	\$ 1.20	34,443
			(1,295)
30/06/09			
Balance at 30 June 2009	220,252,328		294,711
08/07/09	6,238,745	\$ 1.20	7,486
			(91)
30/06/10			
Balance at 30 June 2010	226,491,073		302,106

2. Profit for the full year includes the following items that are unusual because of their nature, size or incidence:

	2010 \$'000	2009 \$'000
Gains		
Proceeds on sale of investment	7,904	-
Less: cost of sale of investment	(454)	-
Less: applicable tax expense	(2,235)	-
	5,215	-
 GST on holdback refund	-	4,751
Less: applicable tax benefit (including prior year over provision)	-	471
	-	5,222
 Expenses		
Impairment of intangibles	-	22,478
Less: applicable tax benefit	-	(6)
	-	22,472
 Fair value adjustment of available-for-sale financial assets	-	324
Less: applicable tax benefit	-	-
	-	324
 Write-off of development costs	-	545
Less: applicable tax benefit	-	(7)
	-	538

(a) Disposal of Listed Shares

During the period ended 30 June 2010 the Group fully disposed of its interest in carsales.com Limited shares. Proceeds received totalled \$7,904,000 and together with the original cost of the investment and associated transaction costs of \$454,000, resulted in a gain on disposal of \$7,450,000 (pre-tax).

(b) GST Refund Claims

As previously reported, the Group has lodged multiple claims with the Australian Taxation Office for overpaid GST in respect of holdback payments made since the year 2000 ('GST Refund').

The accounts to 30 June 2009 included the net benefit of a GST refund, after associated costs and tax, of \$5.22 million applicable to the automotive division.

(c) Impairment of Intangibles

In accordance with the requirements of AASB 136 *Impairment of Assets* and in response to global uncertainty as to asset values, the Group continues to undertake an ongoing process of assessing for impairment, its assets, on a cash generating unit basis.

The accounts to 30 June 2009 included an impairment charge of \$22.5 million applicable to the carrying value of intangible assets related to the automotive and logistics divisions.

(d) Adjustment to Available-for-Sale Financial Assets

The accounts to 30 June 2009 included an adjustment applicable to available-for-sale financial assets to reflect the current market value of the investment. The impact of the adjustment to available-for-sale assets is a charge of \$0.32 million to the statement of comprehensive income as these assets were judged to be impaired during the year ended 30 June 2009.

(e) Write-off of Development Costs

The accounts to 30 June 2009 included a write-off of development costs associated with the automotive division of \$0.54 million.

Matters Subsequent to the End of the Year

- a) On 3 August 2010 the Company announced the acquisition, for approximately \$24.5 million, of a 43,000 square metre property in Sydney's Castle Hill area. The acquisition will be funded from AHG's cash reserves;
- b) On 10 September 2010 the Company announced that it had entered into a *Heads of Agreement* to acquire Graham Werner Toyota, a Toyota dealership located 30km from the Melbourne CBD at Ferntree Gully. The Company will pay approximately \$12 million to acquire the dealership and net assets. The acquisition will be funded from AHG's cash reserves;
- c) On 10 September 2010 the Company announced that it had been appointed official dealer, in Victoria, Western Australia and the Northern Territory, to sell and service the Higer range of buses and coaches; and
- d) The Chairman of the Group, Mr Robert Branchi, has announced his intention to retire at the conclusion of the 2010 Annual General Meeting. The Group's Deputy Chairman, Mr David Griffiths, will assume the position as Chairman from this time.

Likely Developments and Expected Results of Operations

Other than the developments mentioned elsewhere in this report the Group continues to examine a range of organic and acquisition growth opportunities in the normal course of business. The Group's automotive growth strategy will be developed within the parameters of manufacturers' retail distribution strategies.

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this report as the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental Regulation

The Group is subject to significant environmental regulation in respect of its service centre operations and the design of new facilities as set out below.

The Group holds environmental licenses for its service centres. These licenses arise under the requirements of various State Government regulations.

Management continues to work with local regulatory authorities to achieve, where practical, best practice environmental management so as to minimise risk to the environment, reduce waste and ensure compliance with regulatory requirements.

The Group's current initiatives include obtaining 'green stamp accreditation' and installing water reclaiming and recycle systems at new dealerships with a view to installing these on all sites in the future.

Greenhouse Gas and Energy Data Reporting Requirements

The Group is subject to the reporting requirements of the *National Greenhouse and Energy Reporting Act 2007* (NGERS).

NGERS requires the Group to report its annual greenhouse gas emissions and energy use. The Group has registered with the Greenhouse and Energy Reporting Office, Department of Climate Change and is required to report for the first time for the 2009/2010 financial year. An NGERS compliance plan has been adopted by the Board which identifies the members of the corporate group, identifies the relevant facilities and their boundaries and provides guidance on the measuring and gathering of information and how to report such information. The Group is currently in the process of implementing systems and processes for the collection and calculation of the data required and will be able to prepare and submit its initial report to the Greenhouse and Energy data officers by the reporting deadline of 31 October 2010, for the financial year ended 30 June 2010.

Information on Directors

Robert John Branchi MAICD, FCPA. Chairman, Non-Executive

Experience and expertise

Mr Branchi has more than 54 years' broad experience and knowledge in the motor industry and has been a Director of AHG for over 25 years. Prior to being appointed Chairman, Mr Branchi was the Group's Managing Director.

Other current directorships (of listed entities)

None

Former directorships in the last 3 years

None

Interest in shares

17,654,091 ordinary shares in AHG

Special responsibilities

- Chairman of the Board of Directors;
- Chairman of the Remuneration & Nomination Committee; and
- Member of the Audit & Risk Management Committee

**David Charles Griffiths B Econ (Honours) UWA, Master of Economics ANU, Hon.DEC
W.Aust. FAICD. Deputy Chairman, Non Executive (Independent)**

Experience and expertise

Mr Griffiths was appointed as a non-executive director on 27 February 2007 and Deputy Chairman on 3 April 2008. Mr Griffiths has more than 15 years experience in equity capital markets, mergers and acquisitions and the corporate advisory sector. He is a former Divisional Director of Macquarie Bank Limited and Executive Chairman of Porter Western Limited. Mr Griffiths is Chairman of Northern Iron Limited and Deputy Chairman of ThinkSmart Limited and a board member of Perth International Arts Festival.

Other current directorships (of listed entities)

Northern Iron Limited
ThinkSmart Limited

Former directorships in the last 3 years

Antaria Limited
ARC Energy Limited
Great Southern Limited

Interest in shares

42,500 ordinary shares in AHG

Special responsibilities

- Member of the Audit & Risk Management Committee

Giovanni (John) Groppoli LLB, BJuris, FAICD, Non-Executive Director (Independent)

Experience and expertise

Mr Groppoli was appointed to the Board on 4 July 2006. Mr Groppoli was a partner of national law firm Deacons (now known as Norton Rose) from 1987 to 2004 where he specialised in franchising, legal compliance and corporate governance. He was Managing Partner of the Perth office of Deacons from 1998 to 2002.

Mr Groppoli left private practice in 2004 and is currently Managing Director of Milners Pty Ltd, a leading Australian brand marketing group specialising in premium homeware products, and Aviva Optical, an importer and national distributor of optical products and accessories.

Mr Groppoli is a director of public unlisted entities Retravisio (WA) Limited and Electcom Limited which manage and service the *Retravisio*, *Westcoast Hi Fi* and *Fridge & Washer City* retail brands in WA, SA and NT.

Other current directorships (of listed entities)

None

Former directorships in the last 3 years

None

Interest in shares

43,325 ordinary shares in AHG

Special responsibilities

- Member of the Remuneration and Nomination Committee

Bronte McGregor Howson, MAICD, Executive Director

Experience and expertise

Mr Howson has over 25 years experience in the automotive industry. He was appointed as Chief Executive Officer in January 2000 with his title being changed to Managing Director in 2007. Mr Howson successfully ran his own automotive parts business which he sold to AHG in 1988 when at the time accepting a position within the Group as General Manager of AMCAP Distribution and Logistics Centre. Mr Howson has extensive experience in importing and distribution of automotive products, coupled with strong local, national and overseas experience.

Other current directorships (of listed entities)

None

Former directorships in the last 3 years

None

Interest in shares

5,666,276 ordinary shares in AHG

Special responsibilities

- Managing Director

Michael John Smith FAICD FAIM CMC, Non-Executive Director (Independent)

Experience and expertise

Mr Smith was appointed as a non-executive director on 6 May 2010. Mr Smith operates a strategy consultancy firm Black House, which consults to a number of leading Australian companies. In addition to this he chairs Synergy, WA's largest energy retailer, iiNet Ltd, Australia's second largest internet service provider and Perth International Arts Festival. He is also a director of 7-Eleven Stores Pty Ltd and Vice President of the Australian Institute of Company Directors WA.

Other current directorships (of listed entities)

iiNet Limited

Former directorships in the last 3 years

Home Building Society Limited

Interest in shares

11,150 ordinary shares in AHG.

Special responsibilities

None

Peter William Stancliffe. BE (Civil) FAICD, Non-Executive Director (Independent)

Experience and expertise

Mr Stancliffe was appointed as a non-executive director on 25 November 2005. Mr Stancliffe has more than 35 years experience in the management of major corporations, both in Australia and overseas. He is a former Chief Executive Officer of Australian National Industries Limited and of Pirelli Cables Limited and has

extensive experience in strategy development, management processes and practices and corporate governance.

Other current directorships (of listed entities)

Hills Industries Limited
Korvest Limited

Former directorships in the last 3 years

View Resources Limited

Interest in shares

34,225 ordinary shares in AHG

Special responsibilities

None

Gregory Joseph Wall, MA, FAICD, F Fin, Non-Executive Director (Independent)

Experience and expertise

Mr Wall was appointed to the Board on 1 August 2005. He has over 30 years experience in banking and finance and was Chief Executive, StateWest Credit Society Ltd for 10 years, and Managing Director of Home Building Society Limited following StateWest's merger with Home Building Society Limited. Mr Wall held the position of Managing Director of Home Building Society Limited until its merger with Bank of Queensland in 2007. Mr Wall is Chairman of Freo Group Ltd (unlisted) and a director of a number of other unlisted entities with the most significant being Gold Estates Ltd, Ear Science Institute of Australia and the Western Australian Football Commission.

Other current directorships (of listed entities)

None

Former directorships in the last 3 years

Home Building Society Limited

Interest in shares

32,500 ordinary shares in AHG

Special responsibilities

- Chairman of the Audit & Risk Management Committee
- Member of the Remuneration and Nomination Committee

Hamish Calder Williams, FCA, MAICD, Executive Director

Experience and expertise

Mr Williams joined AHG as Chief Financial Officer in 1993. He was appointed Finance Director in 1996 and in that position was responsible for all corporate finance, taxation, audit and accounting matters in relation to AHG, including the treasury function. In 2009 Mr Williams took on the role of Executive Director – Strategy and Planning, reflecting the Board's decision to add to its senior management capabilities in undertaking strategic projects, corporate planning and continuous improvements programs.

Other current directorships (of listed entities)

None

Former directorships in the last 3 years

None

Interest in shares

112,252 ordinary shares in AHG

Special responsibilities

- Strategic projects, corporate planning and continuous improvement programs

Company Secretary

Susan Dianna Symmons, B Comm, ACIS.

Ms Symmons was appointed Company Secretary on 27 June 2006.

Prior to joining AHG, Ms Symmons spent five years as Company Secretary of Evans & Tate Limited where she was responsible for all legal, company secretarial and investor relations matters and was involved in a range of projects involving capital raisings, acquisitions and divestment transactions. Prior to working with Evans & Tate, Ms Symmons spent 12 years at Heytesbury Pty Ltd, the last three of those years as Company Secretary.

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2010 and the number of meetings attended by each director are as follows:

	Full meetings of Directors		Audit & Risk Management		Remuneration & Nomination	
	A	B	A	B	A	B
RJ Branchi	14	14	5	5	4	4
BM Howson	14	14	n/a	n/a	n/a	n/a
G Groppoli	12	14	n/a	n/a	4	4
D Griffiths	14	14	5	5	n/a	n/a
MJ Smith	3	3	n/a	n/a	n/a	n/a
PW Stancliffe	14	14	n/a	n/a	n/a	n/a
GJ Wall	13	14	5	5	4	4
HC Williams	14	14	n/a	n/a	n/a	n/a

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee

No formal Non Executive Director meetings were held during the year however the Non Executive Directors regularly met on a casual basis to discuss significant matters.

Retirement, Election and Continuation in Office of Directors

In accordance with the Constitution of the Company, Messrs David Griffiths and Greg Wall will retire by rotation. Being eligible, Messrs Griffiths and Wall will offer themselves for re-election at the next Annual General Meeting.

In accordance with the Constitution of the Company, Mr Michael Smith was appointed a director on 6 May 2010 as a casual vacancy and offers himself for re-election at the next Annual General Meeting.

Mr Robert Branchi has indicated his intention to retire at the conclusion of the November 2010 Annual General Meeting.

Remuneration Report (Audited)

The remuneration report is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration
- B. Service agreements
- C. Share based compensation
- D. Details of remuneration
- E. Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

A. Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market practice for delivery of reward. The Board ensure that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management

In consultation with external remuneration consultants, the Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- economic profit as a core component of plan design;
- sustained growth in shareholder wealth, consisting of dividends and growth in share price and delivering constant return on assets as well as focusing the executive on key non financial drivers of value; and
- attract and retain high calibre executives.

Alignment to participants' interests:

- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth;

- provides a clear structure for earning rewards; and
- provides recognition for contribution

The Group currently has in place short term incentives for certain senior executives, the details of which are provided below. When considering such incentives, the Board ensures that executive reward satisfies the criteria listed above for good reward governance practices.

The remuneration framework provides a mix of fixed and variable pay and a blend of short term and long term incentives. Those executives whose performance is linked to the operations of the Group are more likely to have a higher proportion of "at risk" rewards. A long term incentive is currently in place for the Managing Director and Executive Director – Strategy & Planning, details of which are provided below.

The Remuneration & Nomination Committee provides recommendations on remuneration and incentive policies and practices as well as specific recommendations on remuneration packages and other terms of employment for executive directors, non-executive directors and certain senior executives. The Corporate Governance Statement provides further information on the role of this committee.

Non-Executive Directors' Remuneration

Fees and payments to non-executive directors reflect the demands which are made upon and the responsibilities of, these directors. Non-executive directors' fees are reviewed annually by the Board. When setting fees and other compensation for non-executive directors, the Board takes the advice of independent remuneration consultants to ensure non-executive directors' fees are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of non-executive directors and are based upon comparative roles in the external market provided by independent remuneration consultants. The Deputy Chairman's fees are also determined independently to the fees of non-executive directors having regard to additional duties the Deputy Chairman may be required to perform. The Chairman and Deputy Chairman are not present at any discussions relating to determination of their own remuneration.

Non-executive directors do not receive share options however a salary sacrifice plan (AHG Executive Share Plan) has been finalised for directors and senior executives. Shareholder approval was obtained for this plan at the 2007 Annual General Meeting however, to date, it has not been utilised. If the Group elects to make the AHG Executive Share Plan operable it will enable directors and senior executives to sacrifice a portion of their directors' fees, salary, bonus or commission, as the case may be, in exchange for shares in the Company.

The Constitution provides that the directors' remuneration (excluding the salary of an Executive Officer or Managing Director) must not exceed the maximum aggregate sum determined by the Company in a general meeting. Total remuneration for non-executive directors last voted upon by shareholders in a general meeting in 2006 is not to exceed \$600,000, in aggregate, per annum. This maximum sum cannot be increased without members' approval by ordinary resolution at a general meeting. A resolution will be put to shareholders at the next annual general meeting to increase the maximum aggregate sum to \$750,000. While there is no current intention to increase the number of non-executive directors, the Board would like the flexibility to make such appointment should a candidate with skills that will enhance the Company's performance and support the growth strategy of the Company be identified.

The following fees (including superannuation) apply:

Automotive Holdings Group Limited
Directors' Report
For the year ended 30 June 2010

	From 1 July 2009 to 30 June 2010	From 1 July 2010
Chairman ¹	\$126,582	\$170,000
Deputy Chairman	\$111,950	\$127,000
Other non-executive directors	\$79,250	\$87,200
Audit & Risk Management Committee Chairman	\$13,210	\$14,500
Audit & Risk Management Committee Member	\$6,605	\$7,265
Remuneration & Nomination Committee Chairman	\$6,605	\$7,265
Remuneration & Nomination Committee Member	\$3,300	\$3,630

¹ A motor vehicle is also included in the current Chairman's remuneration package.

Payment of Expenses

In addition to remuneration, directors are entitled to receive reimbursement for travelling and other expenses that they properly incur in attending directors' meetings, attending any general meetings of the Company or in connection with the Company's business.

Payment for Extra Services

Any director called upon to perform extra services or undertake any executive or other work for the Company beyond his or her general duties, may be remunerated either by a fixed sum or a salary as determined by the directors. This may be either in addition to or in substitution for the director's share in the usual remuneration provided. No director is currently being remunerated for services undertaken beyond their general duties.

Executive Director Remuneration

Executive director remuneration and reward framework consists of the following components:

- Base pay and benefits;
- Performance-based incentives; and
- Other remuneration such as superannuation

The combination of these comprises the executive director's total remuneration. The Group considers the level of incentives to be paid each year.

Base Pay

Executive directors are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role from time to time. Base pay for executive directors is reviewed annually to ensure the executive's pay is competitive to the market, however an increase is not guaranteed.

Benefits

Executive directors may receive benefits such as motor vehicles and life insurance.

Short Term Incentives (STI)

The executive directors are entitled to STI that are payable on the fulfilment of certain financial and non-financial criteria. STI are normally in the form of cash and are paid by 30 September each year. Using a

profit target ensures variable reward is only available when value has been created for shareholders and when profit is consistent with the business plan.

The amount attributable to each executive director's STI is dependent on the accountabilities of their role and their impact on the organisation's performance. The maximum target STI is 125% (2009: 75%) of base pay for the Managing Director and 35% (2009: 35%) of base pay for the Executive Director – Strategy & Planning.

Each year, the Remuneration & Nomination Committee considers the appropriate financial and non-financial criteria for the STI plan and the level of payout if these criteria are met. This includes setting any maximum payout under the STI plan and minimum levels of performance required to trigger payment of the STI.

For the year ended 30 June 2010 financial STI criteria were based on achievement of budget and earnings per share based on normalised growth for the Managing Director and achievement of budget for the Executive Director – Strategy & Planning. Non financial measures included key strategic measures linked to drivers of performance in future reporting periods. These criteria vary with each executive's role and are established on an annual basis. The assessment of whether the above criteria are met is at the discretion of the Board.

Long Term Incentives (LTI)

Executive directors are participants in the AHG Performance Rights Plan, whereby rights to acquire shares in the Company (Rights) may be awarded to eligible senior executives of the Company as determined by the Board from time to time. The vesting of these Rights will be subject to meeting certain specified performance criteria.

No Rights were issued for the year ended 30 June 2010 however a total of 206,993 Rights were issued in 2007 with 155,410 of those Rights vesting in this financial year following performance criteria being met for the period 1 July 2007 to 30 June 2010. The balance of Rights (51,583) have now lapsed.

The Managing Director is a recipient of a long term incentive plan. Subject to achieving certain criteria the Managing Director will receive Ordinary Shares within 30 days following the release of the Group's financial results for the year ended 30 June 2012.

Details of the executive directors' short and long term incentives are set out below. Specific details relating to the terms and conditions of employment for each executive director are also set out below.

Effect of Cessation of Office

Under the Company's Constitution, with the approval of the Company in general meeting, the directors may, upon a director ceasing to hold office or at any time after a director ceases to hold office, whether by retirement or otherwise, pay to the former director or any of the legal personal representatives or dependents of the former director in the case of death, a lump sum in respect of past services of the director of an amount not exceeding the amount either permitted by the *Corporations Act 2001* or *ASX Listing Rules*.

The Company may contract with any director to secure payment of the lump sum to the director, his or her legal personal representatives or dependants or any of them, unless prohibited by the *Corporations Act 2001* or the *ASX Listing Rules*.

Payment of Superannuation Contributions

The Company pays the directors' superannuation contributions of an amount at least necessary to meet the minimum level of superannuation contributions required under any applicable legislation to avoid any penalty, charge, tax or impost.

Financial Benefit

A director must ensure that the requirements of the *Corporations Act 2001* are complied with in relation to any financial benefit given by the Company to the director or to any other related party of the director.

The Company does not make loans to directors or provide guarantees or security for obligations undertaken by directors except as may be permitted by the *Corporations Act 2001*.

Details of Remuneration

Details of the nature and amount of each major element of the remuneration of directors and key employees for the year ended 30 June 2010 are set out in section D, *Details of Remuneration*.

B. Service Agreements

Non-Executive Directors

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The Directors also receive a Directors' Manual. Together, the letter and manual summarise the Board policies and terms, including compensation relevant to the office of director.

Executive Directors

Remuneration and other terms of employment for the executive directors are formalised in an Executive Service Agreement. The agreements for the executive directors provide for performance related cash bonuses and other benefits. Specific details relating to the terms and conditions of employment for the year ended 30 June 2010, which are reviewed annually by the Remuneration & Nomination Committee, for each executive director are as follows:

Bronte McGregor Howson

- Continuing term employment;
- Total base remuneration of \$1,000,000 per annum for the year ended 30 June 2010 (inclusive of superannuation and benefits but exclusive of bonuses);
- Entitlement to a maximum short term bonus of \$1,000,000 upon the achievement of financial criteria related to stepped percentage achievement of budget and earnings per share and \$250,000 upon the achievement of non-financial criteria related to organisational structure, strategy, risk management and operational analysis in the year ended 30 June 2010.
- Entitlement to a long term incentive plan whereby the Managing Director will receive a maximum of 843,882 Ordinary Shares within 30 days following the release of the Group's financial results for the year ended 30 June 2012. The number of shares to be allocated will be based on cumulative Total Shareholder Return (TSR) for the period 1 July 2009 to 30 June 2012. The maximum number of shares issued is calculated at the Volume Weighted Average Price for AHG shares for a period of 30 days prior to 1 July 2010, which is \$2 million divided by \$2.37.

Cumulative TSR is defined as total shareholder return (including dividends) for the period 1 July 2009 to 30 June 2012 as compared to a reference group comprising of the ASX 300 excluding resource companies and financial institutions. At the 50th percentile the director will receive 421,941 Ordinary Shares. For every 1% above the 50th percentile the director will receive an additional 16,878 Ordinary Shares.

For the purpose of calculating the Cumulative TSR, the share price to be used will be the Volume Weighted Average Price for AHE shares traded on the ASX for a period of 30 days prior to 1 July 2010 and 30 days after the release to the Australian Stock Exchange of the financial results of the Group for the financial year to 30 June 2012.

The LTI is payable in shares to be acquired on market

- The executive director may terminate on 12 months notice
- If employment ceases for any reason, the executive director will be required to resign as director.

Hamish Calder Williams

- Continuing term employment;
- Total base remuneration of \$580,000 per annum (inclusive of superannuation and benefits but exclusive of bonuses);
- Entitlement to short term bonus of \$50,000 upon the achievement of financial criteria and \$150,000 upon the achievement of non-financial criteria related to strategy, operational savings and business opportunities for the year ended 30 June 2010. The financial criteria are based on performance metrics linked to the Group's budget.
- Director can terminate the contract on 6 months notice;
- Company may terminate employment without compensation (excluding statutory entitlements) under certain conditions including disobeying a lawful direction, conduct which brings the Company into disrepute, serious misconduct, breach of confidentiality, being found guilty or being convicted by a court of a serious criminal offence;
- If employment ceases for any reason, the executive director will be required to resign as director.

Other Key Employees

Other than the executive directors dealt with above, the following persons are considered key management personnel:

- Eugene Kavanagh
- Gus Brian Kininmont (appointed 27 January 2010)
- Christopher Bevan Marwick
- John (Jack) Bernard Moroney
- Ronald Michael Nuich
- Susan Dianna Symmons

Remuneration and other terms of employment for the key management personnel are formalised in either a Service Agreement or a Letter of Agreement and may provide for performance related cash bonuses and other benefits.

The terms of key management personnel employment may include:

- standard leave entitlements;
- continuing term employment;

- life insurance
- rights of summary dismissal are preserved;
- the total remuneration of each key employee is subject to annual review, although an increase is not guaranteed;
- termination provisions of 1-6 months.

Specific details relating to the terms and conditions of employment for key management personnel are set out below:

Eugene Kavanagh, Chief Information Officer

- Continuing term employment;
- Total remuneration of \$273,532 per annum for the year ended 30 June 2010 (inclusive of superannuation, benefits and motor vehicle);
- Executive can terminate employment on 1 month notice; and
- Company may terminate employment without compensation (excluding statutory entitlements) under certain conditions including disobeying a lawful direction, conduct which brings the Company into disrepute, serious misconduct, breach of confidentiality, being found guilty or being convicted by a court of a serious criminal offence.

Gus Brian Kininmont, GM Finance

- Commenced on 27 January 2010;
- Continuing term employment;
- Total remuneration of \$305,000 per annum for the year ended 30 June 2010 (inclusive of superannuation, benefits and motor vehicle but exclusive of bonuses);
- Entitlement to additional bonus payment of \$75,000 based on achievement of Finance and Insurance profit for the Group (in 2010 pro-rated for length of service);
- Executive can terminate employment on 1 month notice; and
- Company may terminate employment without compensation (excluding statutory entitlements) under certain conditions including disobeying a lawful direction, conduct which brings the Company into disrepute, serious misconduct, breach of confidentiality, being found guilty or being convicted by a court of a serious criminal offence.

John (Jack) Bernard Moroney, GM Organisational Effectiveness

- Continuing term employment;
- Total remuneration of \$238,000 per annum for the year ended 30 June 2010 (inclusive of superannuation, benefits and motor vehicle allowance but exclusive of bonuses);
- Entitlement to additional bonus payment of \$50,000 based on achievement of KPIs related to HR strategy, remuneration, talent management, leadership development and succession planning;
- Executive can terminate employment on 1 month notice; and

- Company may terminate employment without compensation (excluding statutory entitlements) under certain conditions including disobeying a lawful direction, conduct which brings the Company into disrepute, serious misconduct, breach of confidentiality, being found guilty or being convicted by a court of a serious criminal offence.

Christopher Bevan Marwick, Chief Operating Officer

- Continuing term employment;
- Total remuneration of \$556,744 per annum for the year ended 30 June 2010 (inclusive of superannuation, benefits and motor vehicles but exclusive of bonuses);
- Entitlement to commission calculated on a percentage of state automotive operations profits;
- An additional bonus of \$150,000 based on the achievement of individual state automotive budgets;
- Entitlement to a short term bonus of \$200,000 upon achievement of non financial criteria related to operational performance metrics and associated industry relationships;
- Executive can terminate employment on 6 months' notice; and
- Company may terminate employment without compensation (excluding statutory entitlements) under certain conditions including disobeying a lawful direction, conduct which brings the Company into disrepute, serious misconduct, breach of confidentiality, being found guilty or being convicted by a court of a serious criminal offence.

Ronald Michael Nuich, Chief Financial Officer

- Continuing term employment;
- Total remuneration of \$325,000 per annum for the year ended 30 June 2010 (inclusive of superannuation, benefits and motor vehicles but exclusive of bonuses);
- Entitlement to additional bonus payment of \$75,000 based on achievement of KPIs related to quality, timely and accurate reporting processes and systems;
- Executive can terminate employment on 3 months' notice; and
- Company may terminate employment without compensation (excluding statutory entitlements) under certain conditions including disobeying a lawful direction, conduct which brings the Company into disrepute, serious misconduct, breach of confidentiality, being found guilty or being convicted by a court of a serious criminal offence.

Susan Dianna Symmons, Company Secretary

- Continuing term employment;
- Base salary of \$240,000 per annum for the year ended 30 June 2010 (inclusive of superannuation and motor vehicle allowance);
- Entitlement to additional bonus payment of \$40,000 based on achievement of KPIs related to timely reporting, compliance and corporate governance matters;
- Executive can terminate employment on 3 months' notice; and

- Company may terminate employment without compensation (excluding statutory entitlements) under certain conditions including disobeying a lawful direction, conduct which brings the Company into disrepute, serious misconduct, breach of confidentiality, being found guilty or being convicted by a court of a serious criminal offence.

C. Share Based Compensation

(i) AHG Performance Rights Plan

The AHG Performance Rights Plan (Plan), approved by shareholders on 29 November 2007, awards eligible senior executives of the Company as determined by the Board from time to time, with rights to acquire shares in the Company (Rights). The vesting of these Rights will be subject to certain specific performance criteria.

Summary of the terms of the Plan are as follows:

Type of Plan

Awards under the Plan will be structured as Rights to acquire ordinary shares in the Company for nil consideration, provided specified performance criteria decided by the Board are met within defined time restrictions.

The Plan rules allow participation by any executive director of the Company and other senior executives of the Company deemed to be eligible by the Board.

Awards under the Plan will be expressed as a number of Rights to acquire a certain number of ordinary shares in the Company (generally one share for every Right).

Purchase Price

Plan participants will not be required to pay any amount in respect of the award of the Rights or on acquisition of the shares pursuant to the exercise of Rights.

Number of Rights to be Issued

The Board will determine the number of Rights to be granted to each participant through an assessment of market remuneration practice, performance against budget and in line with the Company's executive remuneration strategy. The number of Rights to be awarded to eligible executives is based on the 5 day volume weighted average share price. The Board will call on recommendations from the Remuneration & Nomination Committee.

Vesting

Subject to certain performance criteria being satisfied (see below) Rights will vest on 30 September each year (after the finalisation of the Company's yearly audited financial statements) during the applicable performance period.

In the normal course, the exact number of Rights that will vest will be determined by reference to whether the performance criteria have been achieved. No Rights were issued during the year however Rights from previous years have been linked to TSR for executive directors and performance against budget for eligible operations executives.

Rights linked to Total TSR that remain unvested when the performance criteria are first tested will be carried forward for re-testing on 30 September in the two following performance periods, after which they will immediately lapse. Rights linked to performance against budget lapse immediately if the performance criteria are not met for that particular year.

The Board has retained discretion under the Plan to permit variations to the terms on which Rights are issued (including to permit early vesting of the Rights) in some limited circumstances, particularly where a "cessation event" or "change of control" event occurs. "Cessation events" include (among other things) the death, retirement or redundancy of a participant. "Control" has the meaning given to it in section 50AA of the *Corporations Act 2001*.

Performance Criteria

Performance criteria will be designed to align the performance of senior executives with the interests of shareholders. While performance hurdles will be determined by the Board at its discretion, TSR has been used as a measure of performance for executive directors and achievement to budget for operations executives.

TSR will be determined on the basis of the total shareholder return (including dividends) during the relevant performance period.

As mentioned above, no Rights were issued for the year ended 30 June 2010 however of the 206,993 Rights that were issued in 2007, 155,410 vested in this financial year following performance criteria being met for the period 1 July 2007 to 30 June 2010. The balance of Rights (51,583) lapse.

TSR Schedule

The percentage of TSR Rights that will be exercisable will be calculated by reference to the Company's TSR as follows:

Company's TSR relative to Reference Group comprising of the ASX 300 companies (excluding resources and financial institutions)	Percentage of Rights that are exercisable
< 51 st percentile	0%
≥ 51 st percentile but ≤ 75 th percentile	50% (plus a pro rata increase of 2% for each higher percentile ranking up to the 75 th percentile)
≥ 75 th percentile	100%

Cap

The aggregate number of shares subject to outstanding Rights (that is, Rights that have not yet been exercised and that have not lapsed) that have been awarded under all of the Company's equity incentive plans will not exceed 5% of the issued share capital.

(ii) AHG Tax Exempt Share Plan

AHG has also introduced a tax exempt share plan that provides eligible employees with more than 3 years service with an opportunity to share in the growth in value of AHG shares and to encourage them to improve the performance of the Group and its return to shareholders by the issue of \$1,000 of shares which are purchased by the employee by way of salary sacrifice.

The number of shares to be purchased by eligible employees is based on the 5 day volume weighted average share price.

(iii) AHG Executive Share Plan

The AHG Executive Share Plan has been established but is not operational. Should the plan become operational, it will allow directors and certain senior executives the opportunity to salary sacrifice their fees, salary, commission or bonus to purchase AHG shares up to a maximum of \$50,000 at a value to be determined.

Management of the Plans

The Plans are administered by the Board or a committee to whom the Board has delegated the responsibility for administering the Plans. The Company has appointed CPU Share Plans Pty Ltd to act as trustee of the Plan ("Trustee"). The Trustee will, at the direction of the Board (or Board committee), acquire the Company's shares either by way of on-market acquisition or by subscription, and the shares will be held on trust for participants under the Plans.

Should there be any future issues, it is the intention of the Board that the Trustee (or another appointed to act as trustee of the Plan) will either purchase shares on-market or subscribe for new shares; using funds provided by the Company and hold those shares on trust for participants under the Plan. Once a participant satisfies his or her performance criteria, the Rights issued to that participant vest, and the participant may then direct the Trustee to transfer to him or her that number of shares equal to the number of the participant's Rights vesting.

D. Details of Remuneration

Details of the remuneration of directors, senior managers (as defined in Section 9, *Corporations Act 2001*) and key management personnel (as defined in AASB 124 *Related Party Disclosures*) are set out in the following tables.

Senior managers and key management personnel of the Group are the executive directors of AHG and the following executives:

E Kavanagh	Chief Information Officer
GB Kininmont	GM Finance (appointed 27 January 2010)
CB Marwick	Chief Operating Officer – Automotive
JB Moroney	GM Organisational Effectiveness
RM Nuich	Chief Financial Officer
SD Symmons	Company Secretary

For clarity Dealer Principals/General Managers of the individual business units of the Group are not deemed to be senior managers or key management personnel because they do not have authority and responsibility for planning, directing or controlling the activities of the consolidated Group as a whole.

The following table provides the details of remuneration for all directors of the Company and the key management personnel of the Group with authority and the nature and amount of the elements of their remuneration for the year ended 30 June 2010:

Automotive Holdings Group Limited
Directors' Report
For the year ended 30 June 2010

	Short-term and long-term employment benefits					Share Based Payments			Post Employment Benefits	Total
	Less,									
	Cash Salary and fees	Commission / Bonus Paid during the year	Commission / Bonus accrued from June 2009	Commission / Bonus Accrued for June 2010	Other Non Monetary Benefits	Share Plan Benefits (2009)	Share Plan Benefits (Accrued) (2010)	Share Plan Benefits Vested (2010)	Super-annuation	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors										
Robert John Branchi	62,270	-	-	-	26,808	-	-	-	50,000	139,078
Peter William Stancliffe	72,706	-	-	-	-	-	-	-	6,544	79,250
Giovanni Groppoli	75,735	-	-	-	-	-	-	-	6,816	82,551
David Charles Griffiths	108,763	-	-	-	-	-	-	-	9,789	118,552
Michael John Smith	11,252	-	-	-	-	-	-	-	1,013	12,265
Gregory Joseph Wall	87,853	-	-	-	-	-	-	-	7,907	95,760
	418,579	-	-	-	26,808	-	-	-	82,068	527,455
Executive Directors										
Bronte McGregor Howson	873,141	726,388	(726,388)	1,250,000	79,859	-	455,696	310,820	47,000	3,016,517
Hamish Calder Williams	493,565	200,000	(200,000)	200,000	43,435	-	-	38,854	43,000	818,854
	1,366,706	926,388	(926,388)	1,450,000	123,294	-	455,696	349,674	90,000	3,835,370
Total Directors	1,785,285	926,388	(926,388)	1,450,000	150,102	-	455,696	349,674	172,068	4,362,825
Key Executives										
Eugene Kavanagh	198,000	-	-	25,000	24,072	-	-	-	26,461	273,533
John Bernard Moroney	191,000	17,582	(17,582)	50,000	-	-	-	-	47,000	288,000
Gus Brian Kininmont ¹	109,154	-	-	31,250	-	-	-	-	7,231	147,635
Christopher Bevan Marwick	475,000	291,282	(101,460)	357,108	69,771	-	-	-	23,500	1,115,201
Ronald Michael Nuich	280,700	31,250	(31,250)	75,000	19,300	-	-	-	25,000	400,000
Susan Dianna Symmons	215,360	25,000	(25,000)	40,000	-	-	-	-	24,640	280,000
Total Key Executives	1,469,214	365,114	(175,292)	578,358	113,143	-	-	-	153,832	2,504,369
Total	3,254,499	1,291,502	(1,101,680)	2,028,358	263,245	-	455,696	349,674	325,900	6,867,194

¹Appointed 27 January 2010

Comparative details for the year ended 30 June 2009 are as follows:

	Short-term and long-term employment benefits					Share Based Payments		Post Employment Benefits	Total
	Less,								
	Cash Salary and fees	Commission / Bonus Paid during the year	Commission / Bonus accrued from June 2008	Commission / Bonus Accrued for June 2009	Other Non Monetary Benefits	Share Plan Benefits (2008)	Share Plan Benefits (2009)	Super-annuation	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors									
Robert John Branchi	10,064	-	-	-	37,373	-	-	100,000	147,437
Peter William Stancliffe	71,280	-	-	-	-	-	-	6,415	77,695
Giovanni Groppoli	74,249	-	-	-	-	-	-	6,683	80,932
David Charles Griffiths	77,515	-	-	-	-	-	-	30,963	108,478
Gregory Joseph Wall	86,129	-	-	-	-	-	-	7,752	93,881
	319,237	-	-	-	37,373	-	-	151,813	508,423
Executive Directors									
Bronte McGregor Howson	869,089	506,667	(506,667)	726,388	57,753	-	-	96,770	1,750,000
Hamish Calder Williams	442,201	126,667	(126,667)	200,000	43,469	-	-	93,048	778,718
	1,311,290	633,334	(633,334)	926,388	101,222	-	-	189,818	2,528,718
Total Directors	1,630,527	633,334	(633,334)	926,388	138,596	-	-	341,631	3,037,142
Key Executives									
Eugene Kavanagh	201,000	15,000	-	-	28,932	-	-	22,744	267,676
John Bernard Moroney ¹	60,564	-	-	17,582	-	-	-	18,000	96,146
Christopher Bevan Marwick	202,800	468,885	(144,014)	101,460	96,625	(17,177)	-	47,200	755,779
Ronald Michael Nuich	233,938	20,000	-	31,250	19,291	-	-	25,745	330,224
Susan Dianna Symmons	200,000	20,000	(20,000)	25,000	-	-	-	22,058	247,058
Total Key Executives	898,302	523,885	(164,014)	175,292	144,848	(17,177)	-	135,747	1,696,883
Total	2,528,829	1,157,219	(797,348)	1,101,680	283,444	(17,177)	-	477,378	4,734,025

¹Appointed 23 February 2009

Automotive Holdings Group Limited
Directors' Report
For the year ended 30 June 2010

As discussed above no Rights were issued under the AHG Performance Rights Plan for the year ended 30 June 2010. Share rights issued in 2007 to the Managing Director and Executive Director – Strategy & Planning will vest in the year ended 30 June 2010. These share rights did not meet the performance criteria in previous years and have been recalculated in accordance with the terms of the AHG Performance Rights Plan for the year ended 30 June 2010. Following is a summary of the cost of shares as at 30 June 2010:

AHG Performance Rights Plan		BM Howson		HC Williams		CB Marwick		Total	
		2010 Share Rights	2009 Share Rights	2010 Share Rights	2009 Share Rights	2010 Share Rights	2009 Share Rights	2010 Share Rights	2009 Share Rights
Number of shares	Price	138,142	-	17,268	-	-	-	155,410	-
		\$	\$	\$	\$	\$	\$	\$	\$
Shares purchased to 30 June 2010	\$ 2.25	206,992	-	25,875	-	-	-	232,867	-
Shares to be purchased at 30 June 2010	\$ 2.25	103,828	-	12,979	-	-	-	116,807	-
Amounts payable for unsatisfied dividend rights		-	-	-	-		11,310	-	11,310
Change in value between 30 June 2008 and when shares received by executive		-	-	-	-		(28,487)	-	(28,487)
Total		310,820	-	38,854	-	-	(17,177)	349,674	(17,177)

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed Remuneration		At risk - STI		At risk - LTI	
	2010	2009	2010	2009	2010	2009
Non-Executive Directors						
Robert John Branchi	100.0%	100.0%	Nil	Nil	Nil	Nil
Peter William Stancliffe	100.0%	100.0%	Nil	Nil	Nil	Nil
Giovanni Groppoli	100.0%	100.0%	Nil	Nil	Nil	Nil
David Charles Griffiths	100.0%	100.0%	Nil	Nil	Nil	Nil
Michael John Smith	100.0%	100.0%	Nil	Nil	Nil	Nil
Gregory Joseph Wall	100.0%	100.0%	Nil	Nil	Nil	Nil
Executive Directors						
Bronte McGregor Howson	33.2%	58.5%	41.4%	41.5%	25.4%	Nil
Hamish Calder Williams	70.8%	74.3%	24.4%	25.7%	4.7%	Nil
Key Executives						
Eugene Kavanagh	100.0%	100.0%	Nil	Nil	Nil	Nil
John Bernard Moroney ²	82.6%	81.7%	17.4%	18.3%	Nil	Nil
Gus Brian Kininmont ¹	78.8%	n/a	21.2%	Nil	Nil	Nil
Christopher Bevan Marwick	50.5%	43.6%	49.5%	56.4%	Nil	Nil
Ronald Michael Nuich	81.3%	84.5%	18.7%	15.5%	Nil	Nil
Susan Dianna Symmons	85.7%	89.9%	14.3%	10.1%	Nil	Nil

¹Appointed 27 January 2010

²Appointed 23 February 2009

E. Additional Information

Performance of AHG

The following graphs illustrate the link between the Company's performance, shareholder wealth and key management personnel LTI. Distributions to shareholders (dividends) for each year since 2005 are detailed below.

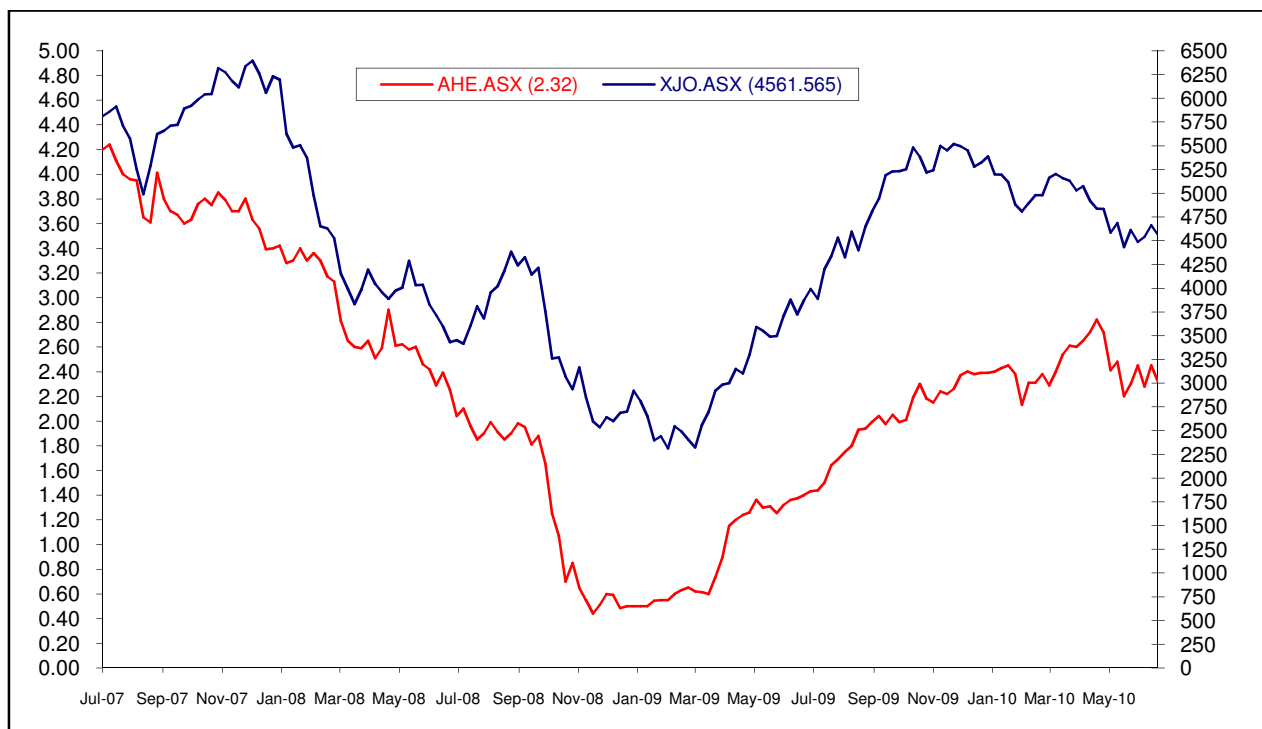
No AHG Performance Rights were issued to executives for the year ended 30 June 2010 however a portion of Rights issued for the year ended 30 June 2008 vested following re-testing against the TSR criteria.

There were no LTIs awarded in 2006.

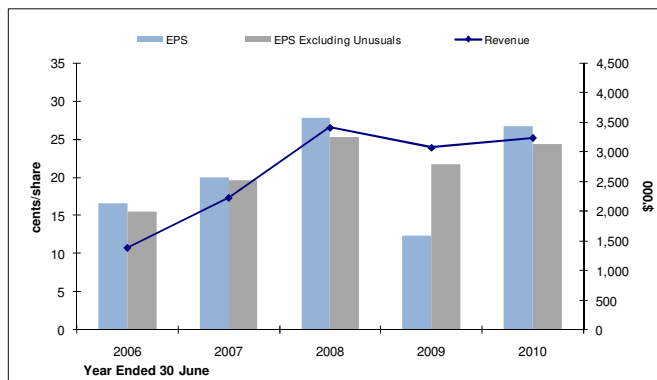
1. Dividends:

	2005	2006	2007	2008	2009	2010
Interim Dividend (cents)	-	4.00	5.00	7.25	4.00	7.00
Final Dividend (cents)	5.00	6.00	7.50	10.00	10.00	10.00
Total Dividend (cents)	5.00	10.00	12.50	17.25	14.00	17.00

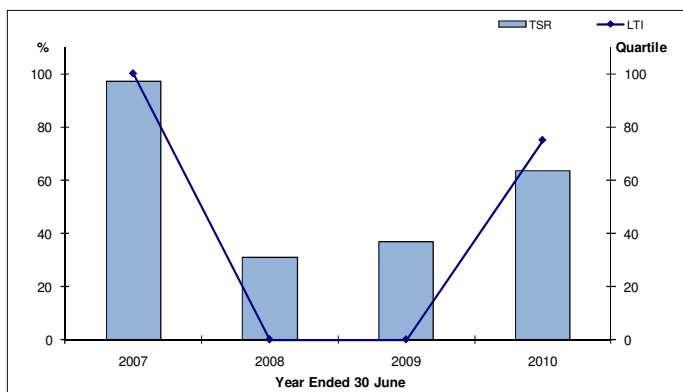
2. ASX 300 Retailing Index to AHE share price from 1 July 2007



3. Revenue and EPS Growth



4. % LTI Paid and TSR - AHG



This is the end of the audited remuneration report.

Insurance of Directors and Officers

During the year AHG paid insurance premiums in respect of a Directors' and Officers' liability insurance contract. The contract insures each person who is or has been a director or executive officer of the Group against certain liabilities arising in the course of their duties to the Group. The directors have not disclosed details of the nature of the liabilities covered or the amount of the premium paid in respect of the insurance contract as such disclosure is prohibited under the terms of the contract.

The directors and past directors of the Company are party to an *Access, Indemnity and Insurance Deed*, dated 2005, which provides, amongst other things:

- Access to Board papers whilst the director is a director of the Company and for 7 years after that person ceases to be a director of the Company;
- Subject to certain provisions, indemnification against any liability incurred by that director in their capacity as a director of the Company or of a subsidiary of the Company; and
- The Company obtaining a contract insuring a director against certain liabilities.

In addition, directors are entitled to seek independent legal and other professional advice where necessary to perform their duties with the Company meeting the cost of this advice or reimbursing the director as required.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non Audit Services

The Group has employed the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor (BDO Audit (WA) Pty Ltd) and affiliated offices for non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the Audit & Risk Management Committee is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit & Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

The following fees for non-audit services were paid / payable to the external auditors during the year ended 30 June 2010:

	Consolidated	
	2010	2009
	\$	\$
Advisory Services		
<i>Fees paid or payable to BDO Audit (WA) Pty Ltd</i>		
Advice and provision of support services for AHG's internal Audit function	-	35,000
Provision of Training to AHG management in respect of AHG's Risk Management implementation	-	12,000
<i>Fees paid or payable to affiliated offices of BDO Audit (WA) Pty Ltd</i>		
Provision of System Review services	14,637	-
Provision of Training to AHG management in respect of Executive Management Leadership	10,000	-
Provision of accounting assistance to New Zealand entities	20,105	-
Taxation Services		
<i>Fees paid or payable to BDO Tax (WA) Pty Ltd</i>	631,895	450,255
<i>Fees paid or payable to affiliated offices of BDO Tax (WA) Pty Ltd</i>	29,895	-
Total of Non-Audit Services provided to the Group	706,532	497,255

Auditor's Independence Declaration

The lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* has been received and follows the directors' report.

Auditor

BDO Audit (WA) Pty Ltd was appointed on 14 June 2005 and continues in office in accordance with section 327 of the *Corporations Act 2001*.

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.

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



Robert J Branchi

Director

Perth, 23 September 2010

23 September 2010

To the Directors
Automotive Holdings Group Limited
21 Old Aberdeen Place
WEST PERTH WA 6005

Dear Sirs,

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF AUTOMOTIVE HOLDINGS GROUP LIMITED

As lead auditor of Automotive Holdings Group Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Automotive Holdings Group Limited and the entities it controlled during the period.



Glyn O'Brien
Director



BDO Audit (WA) Pty Ltd
Perth, Western Australia

Automotive Holdings Group Limited
Statement of Comprehensive Income
For the year ended 30 June 2010

		Consolidated	
	Notes	2010 \$'000	2009 \$'000
Revenue from continuing operations	6	3,239,977	3,073,083
Other Income	6	7,904	4,751
Raw materials and inventory expense		(2,608,541)	(2,487,724)
Employee benefits expense	7	(312,439)	(288,517)
Depreciation and amortisation expense	7	(16,844)	(14,940)
Finance costs	7	(24,116)	(27,439)
Advertising and promotion		(28,304)	(29,879)
Occupancy costs		(63,253)	(58,233)
Vehicle preparation and service		(26,168)	(25,749)
Supplies and outside services		(26,028)	(26,593)
Motor vehicle expense		(8,223)	(9,898)
Equipment rental	7	(7,205)	(7,801)
Professional services		(4,129)	(2,776)
Other expense		(35,138)	(31,651)
Loss on sale of assets	7	(123)	(408)
Cost of sale of investment	7	(454)	-
Impairment of intangible assets	7	-	(22,478)
Fair value of available-for-sale financial assets	7	-	(324)
Write-off of development costs	7	-	(545)
Profit before income tax		86,914	42,879
Income tax expense	9	(24,854)	(17,951)
Profit from continuing operations		62,060	24,927
Profit for the year before other comprehensive income		62,060	24,927
Other Comprehensive Income			
Available-for-sale financial assets (net of tax)	24	(1,403)	217
Exchange differences on translation of foreign operations	24	31	(72)
Total comprehensive income for the year (net of tax)		60,688	25,072
Profit attributable to:			
Owners of Automotive Holdings Group Limited		60,338	24,132
Non-controlling interest		1,722	795
		62,060	24,927
Total comprehensive income attributable to:			
Owners of Automotive Holdings Group Limited		58,965	24,277
Non-controlling interest		1,723	795
		60,688	25,072
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share		26.7	12.4
Diluted earnings per share		26.7	12.4
Earnings per share for profit from continuing operations (exc. unusual items) attributable to the ordinary equity holders of the company:			
Basic earnings per share		24.4	21.7
Diluted earnings per share		24.4	21.7

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Automotive Holdings Group Limited
Statement of Financial Position
As at 30 June 2010

		Consolidated	
	Notes	2010 \$'000	2009 \$'000
CURRENT ASSETS			
Cash and cash equivalents	12	76,778	64,982
Trade and other receivables	13	158,562	139,809
Inventories	14	449,885	387,363
Other current assets	15	9,659	9,395
TOTAL CURRENT ASSETS		694,884	601,549
NON CURRENT ASSETS			
Available-for-sale financial assets	16	233	2,613
Property, plant and equipment	17	116,750	102,423
Intangible assets	18	198,574	198,452
Deferred tax assets	9	16,877	15,766
TOTAL NON CURRENT ASSETS		332,434	319,254
TOTAL ASSETS		1,027,318	920,803
CURRENT LIABILITIES			
Trade and other payables	19	137,080	136,232
Interest-bearing loans and borrowings	22	358,825	303,375
Income tax payable		13,987	6,781
Provisions	20	29,155	25,864
TOTAL CURRENT LIABILITIES		539,047	472,252
NON CURRENT LIABILITIES			
Interest-bearing loans and borrowings	22	98,283	86,636
Deferred tax liabilities	9	206	3,184
Provisions	21	10,172	8,432
TOTAL NON CURRENT LIABILITIES		108,661	98,252
TOTAL LIABILITIES		647,708	570,504
NET ASSETS		379,610	350,299
EQUITY			
Contributed equity	23	302,106	294,711
Reserves	24	(235)	1,136
Retained profits	24	74,992	53,147
Capital and reserves attributable to the owners of Automotive Holdings Group Limited		376,863	348,994
Non-controlling interest	25	2,747	1,305
TOTAL EQUITY		379,610	350,299

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Automotive Holdings Group Limited
Statement of Changes in Equity
For the year ended 30 June 2010

Consolidated		Contributed equity	Asset revaluation reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2008		261,535	1,313	(320)	55,817	318,344	462	318,806
Profit for the period (after tax)		-	-	-	24,132	24,132	795	24,927
Available-for-sale financial assets		-	270	-	-	270	-	270
Exchange differences on translation of foreign operations	24	-	-	(72)	-	(72)	-	(72)
Income tax relating to components of other comprehensive income	24	-	(53)	-	-	(53)	-	(53)
Total comprehensive income for the year		-	217	(72)	24,132	24,277	795	25,072
Transactions with owners in their capacity as equity holders:								
Contributions of equity, net of transaction costs	23	33,147	-	-	-	33,147	400	33,547
Dividends provided for or paid	10	-	-	-	(26,802)	(26,802)	(352)	(27,154)
Employee share options - value of employee services		28	-	-	-	28	-	28
		33,176	-	-	(26,802)	6,374	48	6,421
At 30 June 2009		294,711	1,530	(393)	53,147	348,994	1,305	350,299
At 1 July 2009		294,711	1,530	(393)	53,147	348,994	1,305	350,299
Profit for the period (after tax)		-	-	-	60,338	60,338	1,722	62,060
Available-for-sale financial assets		-	(1,964)	-	-	(1,964)	-	(1,964)
Exchange differences on translation of foreign operations	24	-	-	31	-	31	1	32
Income tax relating to components of other comprehensive income	24	-	561	-	-	561	-	561
Total comprehensive income for the year		-	(1,403)	31	60,338	58,966	1,723	60,689
Transactions with owners in their capacity as equity holders:								
Contributions of equity, net of transaction costs	23	7,395	-	-	-	7,395	500	7,895
Dividends provided for or paid	10	-	-	-	(38,493)	(38,493)	(780)	(39,273)
		7,395	-	-	(38,493)	(31,098)	(280)	(31,377)
At 30 June 2010		302,106	127	(362)	74,992	376,863	2,747	379,610

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

Automotive Holdings Group Limited
Statement of Cash Flows
For the year ended 30 June 2010

		Consolidated	
	Notes	2010 \$'000	2009 \$'000
Cash flow from operating activities			
Receipts from customers (inclusive of GST)		3,221,502	3,103,739
Payments to suppliers and employees (inclusive of GST)		(3,180,492)	(2,903,587)
Interest paid and costs of finance		(24,116)	(27,439)
Interest received		4,096	2,473
Income tax paid		(21,123)	(19,878)
Net cash (outflow) / inflow from operating activities	26	(133)	155,308
Cash flow from investing activities			
Payment for purchase of business, net of cash acquired		-	(1,127)
Payment for property plant and equipment		(18,818)	(31,747)
Dividends and distributions received		168	213
Proceeds of sale of property, plant and equipment		3,830	3,934
Proceeds of sale of investments (net of transaction costs)		7,866	-
Deferred consideration on acquisition		-	(10,000)
Net cash outflow from investing activities		(6,954)	(38,726)
Cash flows from financing activities			
Net proceeds from / (repayment of) borrowings		50,761	(96,192)
Proceeds from issue of shares, net of transaction costs	23	7,395	33,176
Dividends paid to members	10	(38,493)	(26,802)
Dividends paid to non-controlling interest		(780)	(353)
Net cash inflow / (outflow) from financing activities		18,883	(90,171)
Net increase in cash and cash equivalents		11,796	26,411
Cash and cash equivalents at the beginning of the year		64,982	38,571
Cash and cash equivalents at the end of the year	12	76,778	64,982

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Non-cash financing and investing activities

During the year the consolidated entity acquired plant and equipment with a fair value of \$16,335,000 (2009: \$3,604,000) by means of finance leases. These acquisitions are not reflected in the statement of cash flows.

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1. Summary of significant accounting policies

Summary of significant accounting policies Contents

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The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all financial years unless otherwise stated. The financial statements include those of the consolidated entity, consisting of Automotive Holdings Group Limited and its subsidiaries.

Separate financial statements for Automotive Holdings Group Limited, the parent entity, are no longer presented as a consequence of changes to the *Corporations Act 2001*. Financial information for the parent entity is included in Note 4.

The parent entity, Automotive Holdings Group Limited, is a listed public company, incorporated and domiciled in Australia. The financial report is presented in Australian currency.

1. Summary of significant accounting policies (continued)

Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

(a) Compliance with IFRS

These financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(b) New accounting standards and interpretations

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended Australian Accounting Standards and Australian Accounting Interpretations as of 1 July 2009:

- AASB 8 Operating Segments effective 1 July 2009;
- AASB 101 Presentation of Financial Statements (revised 2007) effective 1 July 2009;
- Principles of consolidation – revised AASB 127 *Consolidated and Separate Financial Statements*; and
- AASB 2008-7 amendments to Australian Accounting Standards – Cost of Investment in Subsidiary, jointly controlled entity or Associate effective 1 July 2009

When the adoption of the Standard or Interpretation is deemed to have an impact on the financial statements or performance of the Group, its impact is described below.

AASB 8 Operating Segments

The Group has applied AASB 8 *Operating Segments* (revised) from 1 July 2009. AASB 8 requires an approach under which segment information is presented on the same basis to users as it is provided to the chief operating decision-maker of the Group for internal reporting purposes. The Group has determined that its chief operating decision-maker is its Managing Director and through this role, the Board.

The application of a revised AASB 8 has resulted in the separate disclosure of the Group's transport and cold storage operations from within the existing Logistics Division (see note 5 below).

AASB 101 Presentation of Financial Statements

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one statement.

Comparatives for 2009 have been represented.

1. Summary of significant accounting policies (continued)

(b) New accounting standards and interpretations (continued)

AASB 127 Principles of consolidation

AASB 127 *Consolidated and Separate Financial Statements* (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in changes to goodwill or gains and losses. This is different to the Group's previous accounting policy where transactions with minority interests were treated as transactions with parties external to the Group.

The Group will in future allocate losses to the non-controlling interest in its subsidiaries even if the accumulated losses exceed the non-controlling interest in the subsidiary's equity. Under the previous policy, excess losses were allocated to the parent entity.

Dividends received from investments in subsidiaries, jointly controlled entities or associates after 1 July 2009 are recognised as revenue even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a result of the dividend payment. Under the previous policy, these dividends would have been deducted from the cost of the investment.

The above changes were implemented prospectively from 1 July 2009. There has been no impact on the current period as none of the non-controlling interests have a deficit balance. There have also been no transactions whereby an interest in an entity is retained after the loss of control of that entity, no transactions with non-controlling interests and no dividends paid out of pre-acquisition profits.

Accounting standards issued not yet effective

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial years ended 30 June 2010 and have not been adopted in preparing the financial report for the year ended 30 June 2010. In all cases the entity intends to apply these standards applicable from the period first commencing after the effective date as indicated below:

<u>Accounting standard reference:</u>	<u>Accounting standard title:</u>	<u>Nature of change:</u>	<u>Application date:</u>	<u>Impact on initial application:</u>
AASB 9	Financial Instruments	Amends the requirements for classification and measurement of financial assets	Periods beginning on or after 1 January 2013	The entity has not yet made an assessment of the impact of these amendments
AASB 5	Non-current Assets Held for Sale and Discontinued Operations	Clarifies disclosures required for non-current assets classified as held for sale or discontinued operations	Periods commencing on or after 1 January 2010	These requirements are only required to be applied prospectively
AASB 107	Statement of Cash Flows	Clarifies that only expenditures resulting in a recognised asset are eligible for classification as cash flows from investing activities	Periods commencing on or after 1 January 2010	This approach is consistent with existing accounting treatment by the entity
ED 202R	Leases	The exposure draft proposes that lessees and lessors apply a right-of-use model in accounting for all leases	The AASB has released ED202R for comment by 12 November 2010	The entity has not yet made an assessment of the impact of this proposal
AASB 136	Impairment of Assets	Clarifies that CGUs to which goodwill is allocated cannot be larger than an operating segment as defined in AASB 8 Operating Segments before aggregation.	Periods commencing on or after 1 January 2010	These requirements are only required to be applied prospectively

1. Summary of significant accounting policies (continued)

(c) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Automotive Holdings Group Limited, the ultimate parent entity, as at 30 June 2010 and the results of all controlled entities for the year then ended. Automotive Holdings Group Limited and its controlled entities together are referred to in these financial statements as the Group or 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 financial statements of subsidiaries are prepared for the same reporting period as the parent using consistent accounting policies.

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 effects of all transactions between entities in the Group are eliminated in full.

Non-controlling interest

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group.

Non-controlling interests are allocated their share of net profit or loss after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity attributable to the owners of the parent.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

The attribution of losses to the non-controlling interest, as stated above, prior to 1 July 2009 was limited to the extent of equity contribution of the non-controlling interest.

Jointly controlled operations

The proportionate interests in the assets and liabilities of jointly controlled operations have been incorporated in the consolidated statement of financial position under the appropriate headings. The share of the income and expenses is recognised in the consolidated statement of comprehensive income under the appropriate headings. Details of jointly controlled operations are set out in note 27.

1. Summary of significant accounting policies (continued)

(d) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. It is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured. Risk and rewards are considered to have passed to the buyer upon the delivery of goods to the customer.

Rendering of services

Revenue from the rendering of a service is recognised in the period in which the service is provided.

Commissions

Commissions are recognised in the period in which the related sale of goods or rendering of service is recognised.

Interest income

Interest income is recognised as interest accrues using the effective interest rate method. The effective interest rate method uses the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

Dividends

Dividends are recognised as revenue when the right to receive payment is established.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

1. Summary of significant accounting policies (continued)

(f) Income Tax – refer note 9

The income tax expense for the period is the tax payable on the current period's taxable income based on a corporate taxation rate of 30% adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amount in the financial statements.

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. 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 only if it is probable that future taxable amounts will be available to utilise those temporary differences.

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

Tax consolidation legislation:

Automotive Holdings Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 April 2005.

The head entity, Automotive Holdings Group Limited and the controlled entities in the tax consolidated group continue to account for their own income tax expense, current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer.

In addition to its own income tax expense, current and deferred tax amounts, Automotive Holdings Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under the tax funding arrangement with the tax consolidated entities are recognised as accounts receivable from or payable to other entities in the Group. Further information on tax funding and tax sharing arrangements can be found in Note 9.

1. Summary of significant accounting policies (continued)

(g) 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 up, shares issued or liabilities undertaken at the date of the acquisition. Costs directly attributable to the acquisition are expensed as incurred. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

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

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

(h) Impairment of Assets

At each reporting date the Group assesses whether there is any indication that individual assets are impaired.

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. 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 assessed as its value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which separately identifiable cash flows are generated (cash generating units).

For the purpose of assessing value-in-use, the estimated future cash flows of a cash generating unit are discounted to their present value using a pre-tax discount rate that reflects a current market assessment of the time value of money and the risks specific to the asset.

1. Summary of significant accounting policies (continued)

(i) Segment Reporting – refer note 5

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entities chief operating decision-maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The Group has determined that its chief operating decision-maker is its Managing Director and through this role, the Board.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in the following respects:

- Nature of the products and services;
- Nature of the production process;
- Type or class of customer for the products or services;
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment

Operating segments that meet the quantitative criteria as prescribed in AASB 8 *Operating Segments* are reported separately. This has resulted in the separate disclosure of the Group's transport and cold storage operations from within the existing Logistics Division.

The Board has determined that AHG's operating segments be divided between a single reportable automotive segment and two reportable logistics segments comprising AHG's transport and cold storage operations and the balance of all of its other logistical operations.

(j) Foreign Currency Translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('functional currency'). The consolidated financial statements are presented in Australian dollars, which is AHG's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the Group's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit for the year, except when deferred in equity as part of the net investment in a foreign operation.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

1. Summary of significant accounting policies (continued)

(j) Foreign Currency Translation (continued)

Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate of the balance date;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity (foreign currency translation reserve).

On disposal of a foreign entity the cumulative exchange difference recognised in the foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(k) Cash and Cash Equivalents – refer note 12

For statement of cash flow presentation purposes, cash and cash equivalents includes cash on hand, deposits at call with financial institutions and other highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(l) Banking Transactions

Outstanding cheques are recorded as payables whilst outstanding deposits are shown as receivables.

(m) Trade Receivables – refer note 13

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable may be impaired. The amount and the present value of estimated future cash flows are discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of any impairment loss is recognised in profit for the period within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

1. Summary of significant accounting policies (continued)

(n) Inventories – refer note 14

New motor vehicles are stated at the lower of cost (purchase price less any discounts or rebates) and net realisable value (estimated selling price in the ordinary course of business less costs to sell). Demonstrator vehicles are written down to 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 and condition of the vehicle at balance date. Costs are assigned on the basis of specific identification.

Parts and associated products 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.

(o) 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. The floor-plan providers treat the vehicles from a practical point of view as forming part of the Group's trading stock. Both the inventory value and the corresponding floor-plan obligation have been included in the financial statements although ownership of such inventory rests with the floor-plan financiers.

(p) Investments and Other Financial Assets

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

Available-For-Sale Financial Assets – refer note 16

Available for sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

Available-for-sale financial assets are subsequently carried at fair value.

Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains and losses from 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 arms 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.

1. Summary of significant accounting policies (continued)

(p) Investments and Other Financial Assets (continued)

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. 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 trade and other receivables in the statement of financial position.

Purchases and sales of investments are recognised on the trade-date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Impairment of Financial Assets

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the carrying value of the asset may be adjusted accordingly.

(q) 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 (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. Assumptions used are based on observable market prices and rates at balance date. The fair value of long-term debt instruments is determined using quoted market prices for similar instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. 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.

1. Summary of significant accounting policies (continued)

(r) Property, Plant and Equipment – refer note 17

Property, plant and equipment (excluding land) is measured on a historical cost basis and is depreciated over its estimated useful economic life, as follows:

Category	Life
Buildings	40 years
Plant & equipment	2½ – 20 years
Motor vehicles	4 - 8 years
Computer software	5 years

Historical cost includes costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairment.

The assets' 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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

Land and buildings are shown at cost less subsequent depreciation for buildings. 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 statement of comprehensive income during the financial period in which they are incurred.

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

(s) Leased Assets – refer note 17

Leasing of plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired under finance leases are capitalised at the leases inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments (note 32). They are amortised over the anticipated life of the relevant lease. Lease payments are allocated between interest expense and reduction in the lease liability to achieve a constant rate on the finance balance outstanding.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 32). Operating lease assets are not capitalised and rental payments are charged against profit in the period in which they are incurred.

1. Summary of significant accounting policies (continued)

(t) Intangibles – refer note 18

Goodwill on acquisition

The difference between the purchase consideration and the fair value of identifiable net assets acquired is initially brought to account as goodwill or discount on acquisition. Goodwill on the acquisition of subsidiaries is included in intangible assets.

Goodwill is not amortised. Instead, goodwill is tested for impairment at each balance date, or more frequently if events or change in circumstances indicate that it might be impaired and is carried at cost less any accumulated impairment losses. Impairment of goodwill cannot be reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates.

Franchise rights

The Group has franchise agreements with manufacturers for the distribution of new vehicles and parts. These franchise rights agreements have varying terms and periods of renewal. The Group considers that the franchise agreements will be renewed indefinitely and accordingly no amortisation is charged on these assets. The Group assesses the franchise rights for impairment on a periodic basis, but at least at each balance date and where there are indications of impairment the franchise rights values are adjusted to their recoverable amounts.

(u) Trade and Other Payables – refer note 19

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year and which are unpaid at balance date. The amounts are generally unsecured and are usually paid within 30 days of recognition. Amounts are recognised initially at fair value and subsequently at amortised cost.

(v) Interest Bearing Loans and Borrowings – refer note 22

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the estimated term of the facility.

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. This policy also applies to inter-company borrowings within the Group.

(w) Finance Costs

Borrowing costs are recognised as expenses in the period in which they are incurred. These costs include:

- interest on bank overdrafts, short and long-term borrowings;
- interest on new vehicle bailment arrangements; and
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings

1. Summary of significant accounting policies (continued)

(x) Provisions – refer notes 20 and 21

Provisions for legal and other claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

An extended mechanical warranty is offered on the majority of the Group's retail used vehicle sales. The majority of the Group's operations pay a fee to an independent third party to administer the warranty program and an amount is set aside as a provision for future warrantable repairs in respect of all policies taken up. All warrantable repairs are submitted to the administrator for approval and, once approved, are charged against the provision. Where an independent third party is not used to determine the warranty provision the Group makes a best estimate of the expenditure required to settle the present obligation at reporting date. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate the risks specific to the liability.

(y) Employee Benefits – refer notes 20 and 21

Wages, salaries and annual leave

The provision for employee entitlements, salaries (including non-monetary benefits) and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities 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.

Long Service Leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised as current and is measured at the amount of long service leave to which employee are currently entitled.

The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the non current liability 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 anticipated future wage and salary levels, experience of employee departures and periods of service.

Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after agreed adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Share-based payments

Share-based compensation benefits are provided to eligible senior executives of the Company via the AHG Performance Rights Plan. Information relating to this scheme is set out in note 31.

The fair value of performance rights are recognised as an employee benefit expense based on the probability of certain executives meeting performance hurdles during a performance period.

1. Summary of significant accounting policies (continued)

At each balance date, the Group revises its estimate of the number of performance rights that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimates.

(z) Contributed Equity – refer note 23

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(aa) Dividends – refer note 10

Dividends declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date are subsequently paid out of retained earnings.

(bb) Earnings per Share – refer note 11

Basic earnings per share

Basic earnings per share is determined by dividing profit attributable to equity holders of the Company, by the weighted average number of ordinary shares outstanding during the financial year.

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 the conversion of dilutive potential ordinary shares (the numerator); and the weighted average number of shares assumed to have been issued in relation to these dilutive potential ordinary shares (the denominator).

(cc) 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 statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(dd) Financial Guarantee Contracts – refer note 22

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payment that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligation.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions as part of the cost of the investment.

2. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, contingent liabilities, revenue and expenses. Management continually evaluates its judgements and estimates basing them 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 result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom exactly equal the related actual results. The following estimates and assumptions have an element of risk which may result in an adjustment to the carrying amounts of assets and liabilities within the next financial year and are discussed below.

Impairment of intangibles with indefinite useful lives

The Group determines whether intangibles with indefinite useful lives are impaired at least at each balance date. This requires an estimation of the recoverable amount of the cash generating units, to which the intangible is allocated, using a value-in-use discounted cash flow methodology. The assumptions used in this estimation of recoverable amount and the carrying amount of intangibles with indefinite useful lives, including sensitivity analysis, are discussed in note 18.

Warranties

The Group uses a third party in the majority of circumstances to determine the level of provision required for mechanical warranties. Where the Group does not use a third party, judgements have been made in respect of the expected performance of the vehicles delivered, number of customers who will use the warranty and how often, and the cost of fulfilling the performance of the mechanical warranty. The related carrying amounts are disclosed in note 21.

Demonstrator vehicle write-down to net realisable value

In determining the amount of write-downs required for demonstrator vehicle inventory, management has made judgements based on the expected net realisable value of that inventory. Historic experience and current knowledge of the products has been used in determining any write-downs to net realisable value.

Used vehicle write down to net realisable value

In determining the amount of write-downs required for used vehicle inventory, management has, in consultation with, published independent used vehicle valuations, made judgements based on the expected net realisable value of that inventory. Historic experience, current knowledge of the products and the valuations from an independent used car publication has been used in determining any write downs to net realisable value.

3. Financial risk management objectives and policies

The Group's principal financial instruments comprise; receivables; payables; commercial borrowings; available for sale investments and cash (including overdrafts) and short term deposits.

Risk exposure and responses

The Group's activities expose it to a variety of financial risks – *foreign exchange risk, interest rate risk, price risk, credit risk and liquidity risk*. The Group's overall risk management framework focuses on the effective management of its financial risks arising through the automotive retail and logistics businesses. The management program establishes sound policy to minimise financial risk and in particular, any uncertainty faced due to volatility of Group cash flows. The Group uses different methods to measure different types of risk to which it is exposed – these include; sensitivity analysis in the case of interest rate risk; and ageing analysis for credit risk across its receivable balance from both a business unit and Group perspective. In addition the Group undertakes cash flow analysis at regular intervals to manage its liquidity risk and augment its annual cash flow budgeting process.

Risk management is monitored by the Audit & Risk Management Committee which advises the Board and reports on the status of business risks through application of integrated risk management programs aimed at ensuring risks are identified, assessed and appropriately managed.

In addition, the Group has implemented a Financial Risk Management Framework that seeks to:

- identify actual and potential financial exposures, through timely information flow within the Group;
- ensure effective management processes are followed for the financial risks identified and any exposure is contained within acceptable levels to avoid / minimise losses;
- deliver managed outcomes in terms of Australian dollar cash flows, employing an approach that focuses on risk minimisation and moderation of cash flow volatility;
- safeguard the Group's financial resources by adhering to authorised credit parameters, appropriate levels of credit authority, operational controls and credit guidelines;
- maintain the adequacy and appropriateness of selected treasury facilities and lines of credit in order to minimise the Group's financial exposure whilst meeting its short and long-term liquidity needs;
- ensure that accounting policies adopted for the treasury function are in accordance with generally accepted accounting practices; and
- ensure that the taxation treatment of treasury products is in accordance with income tax regulations.

3. Financial risk management objectives and policies (continued)

Risk exposure and responses (continued)

Under the Group's Treasury Policy, a Treasury Committee has been established comprising of the Executive Director – Strategy and Planning, Chief Financial Officer, General Manager - Finance, Company Secretary and an external treasury adviser. This Committee meets regularly, at least on a quarterly basis, to review internal and external reports, with minutes circulated to the Board after each meeting. The Committee's responsibilities include:

- discussing current industry and financial market trends, views and expectations;
- supervision of financial market activities and exposures in terms of the potential impact on the Group and Policy;
- reviewing current debt structures, with a view to any top-up and/or restructuring opportunities that may exist or may be permitted;
- discussing and recommending appropriate strategies for both short-term defensive and long-term strategic hedging; and
- periodically reviewing required changes to the Policy and making recommendation to the Audit & Risk Management Committee (who in turn make recommendations to the Board where required).

The Group holds the following financial instruments:

	Consolidated	
	2010 \$'000	2009 \$'000
Financial Assets		
Cash and cash equivalents	76,778	64,982
Trade and other receivables	158,562	139,809
Available-for-sale financial assets	233	2,613
	235,573	207,404
Financial Liabilities at amortised cost		
Trade and other payables	137,080	136,232
Interest-bearing loans and borrowings	457,108	390,011
	594,188	526,243

The carrying amount of assets pledged as security against current and non-current borrowings are reflected in note 22.

3. Financial risk management objectives and policies (continued)

Market risk

Interest rate risk

In the context of Group activities, interest rate risk arises from exposure in respect of:

- inventory financing arrangements via its floor-plan financing for its dealership group;
- surplus cash within the Group businesses (including monies on deposit); and
- specific debt financing as a result of acquisitions or strategic developments of the Group.

The key elements of the Group approach to managing interest rate risk are to:

- support working capital requirements at a cost of funds that is market competitive;
- manage daily cash position to ensure funds are available to meet operating expenditure and reduce the incidence of bank account overdrafts;
- monitor counterparty covenants and compliance ratios;
- manage any substantial surplus of Australian dollar funds; and
- minimise the overall cost of funds through prudent, effective and efficient management of borrowings and investments.

The Group's main interest rate risk arises from its cash and short and long term borrowings. Borrowings sourced at variable rates expose the Group to *cash flow* interest rate risk. Borrowings sourced at fixed rates expose the Group to *fair value* interest rate risk. Group policy is to maintain an appropriate level of core non-trade facilities at a fixed rate (see table below). This is achieved through a fixed interest borrowing structure. In particular, the Group finances its long term plant and equipment purchases through fixed rate finance lease and hire purchase facilities.

In the case of general corporate debt, this will be assessed in terms of budget and forecast expenditure and investment requirements.

3. Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk (continued)

During 2009 and 2010, the Group's borrowings were principally denominated in Australian dollars. The following table reflects the net debt position subject to variable interest rate risk.

Consolidated 2010		\$'000	+ 50Bps		+ 100Bps	
	Weighted Average Interest Rate	Carrying Amount	Profit (after tax)	Equity (after tax)	Profit (after tax)	Equity (after tax)
Financial Assets						
Cash and cash equivalents	4.47%	76,778	269	269	537	537
Financial Liabilities						
Vehicle borrowings	6.91%	(349,941)	(1,225)	(1,225)	(2,450)	(2,450)
Other borrowings	4.91%	(62,480)	(219)	(219)	(437)	(437)
Total Increase / (Decrease)		(335,642)	(1,175)	(1,175)	(2,349)	(2,349)

Consolidated 2009		\$'000	- 100Bps		+ 100Bps	
	Weighted Average Interest Rate	Carrying Amount	Profit (after tax)	Equity (after tax)	Profit (after tax)	Equity (after tax)
Financial Assets						
Cash and cash equivalents	2.72%	64,982	(455)	(455)	455	455
Financial Liabilities						
Vehicle borrowings	6.02%	(295,207)	2,066	2,066	(2,066)	(2,066)
Other borrowings	4.44%	(58,022)	406	406	(406)	(406)
Total Increase / (Decrease)		(288,247)	2,018	2,018	(2,018)	(2,018)

Group Sensitivity

The above table for the year end June 2010 reflects a sensitivity analysis on an interest rate movement up of 50 and 100 basis points (bps); this is consistent with the current market expectations of likely interest rate movements. The above table for the year end June 2009 reflects a sensitivity analysis on an interest rate movement of 100 bps both up and down applicable to relevant floating borrowing balances as at balance date.

3. Financial risk management objectives and policies (continued)

Foreign currency risk

In relation to operational activities, the Group has minimal exposure to foreign currency risk and it is considered to be immaterial in relation to the impact on the financial performance of the Group as a whole.

Price risk

The Group is exposed to equity price risk through its available-for-sale investments in Automotive Holdings Group Limited (AHG) (refer note 16).

An investment in AHG is held in trust in respect of obligations to the Group's executives under the AHG Performance Rights Plan – the shares held will be transferred to senior executives upon such executives meeting certain performance criteria. Shares in AHG are publicly traded on the Australian Securities Exchange and are subject to normal equity price risk.

The Group has previously held shares in carsales.com Limited. During the period ended 30 June 2010 the Group disposed in full of its interest in these securities.

During the period ended 30 June 2010, in accordance with the applicable accounting standard, the Group recognised an upward fair value adjustment applicable to the AHG Performance Rights Plan shares of \$62,000 (net of tax) against the revaluation reserve.

Credit risk

Credit risk is managed at both the business unit and Group level. Credit risk arises predominately from credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

The objective of the Group's credit risk policy is to contain the potential for losses arising from customer unwillingness and inability or failure to discharge outstanding debts to the Group. The Group's credit risk policy ensures:

- The development of credit approval procedures;
- Analysis of aged debtor balances; and
- Collection of delinquent debtor accounts.

Specifically, the Group's credit risk arises from:

- fleet customer purchases where deferred payment terms have been negotiated; and
- concentration of high volume/frequency fixed operation customers in like industries;

The key elements of the Group's approach to managing credit risk are to:

- review aged trade debtors on a regular basis from a business and Group perspective;
- enforce cash on delivery (COD) sales of retail and fleet vehicles and documentation of deferred payment terms to approved fleet customers where these have been negotiated; and
- enforce trading terms and requirement of COD until trade accounts are finalised.

3. Financial risk management objectives and policies (continued)

Credit risk (continued)

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised below.

Maximum Credit Risk

Consolidated	
2010	2009
\$'000	\$'000
Deposits	4,877
Vehicle debtors	43,015
Parts and service debtors	68,414
Factory receivables	20,592
Finance and insurance receivables	5,323
<i>Allowance for impairment of trade receivables</i>	<i>(2,412)</i>
Total trade receivables	139,808

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Credit Quality of Total Trade Receivables

Consolidated	
2010	2009
\$'000	\$'000
Counterparties with external credit ratings	
AA	7,690
A	877
BBB	5,043
BB	888
B	3,847
CCC	2,112
	20,458
Counterparties without external credit ratings	
Group 1	36,284
Group 2	61,873
Group 3	23,606
	121,763
Total trade receivables	142,221
Cash and cash equivalents	
AA	64,982
	64,982

Group 1 - new customers (less than 6 months)

Group 2- existing customers (more than 6 months) with no defaults in the past

Group 3 - existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered.

3. Financial risk management objectives and policies (continued)

Liquidity risk

The objective of the Group's liquidity risk policy is to ensure that it has adequate financing facilities and operating cash flows available to meet its financial commitments.

The Group's liquidity risk management approach is to identify and manage its financial commitments on the following basis:

- long-term liquidity management involving the structuring of the Group's statement of financial position and debt maturity profile to protect against liquidity problems in the future; and
- maintain flexible funding arrangements with financiers so as to allow for additional lines of credit to be established as required.

The following table provides a maturity profile for the Group's financial liabilities. The amounts disclosed in the table are the gross contractual undiscounted cash flows required to settle the respective liabilities.

Gross Contractual Liability Cash Flow Outgoings (\$'000)						
Consolidated 2010	Carrying Amount	1 - 12 months	1 - 2 years	2 - 5 years	5 + years	Total Gross Cashflow
Used car VIL borrowings	45,317	45,713	-	-	-	45,713
New car floor-plan *	304,624	307,280	-	-	-	307,280
Trade payables	81,221	80,372	16	47	786	81,221
Other payables and accruals	55,859	55,365	190	254	49	55,859
Finance lease liabilities	25,813	6,911	10,313	2,505	13,613	33,342
Hire purchase liabilities	17,124	4,285	5,001	10,134	1,368	20,788
External loans	64,230	3,984	61,122	3,080	2,372	70,558
	594,188	503,910	76,643	16,020	18,189	614,761

Gross Contractual Liability Cash Flow Outgoings (\$'000)						
Consolidated 2009	Carrying Amount	1 - 12 months	1 - 2 years	2 - 5 years	5 + years	Total Gross Cashflow
Used car VIL borrowings	40,962	41,310	-	-	-	41,310
New car floor-plan *	254,245	256,574	-	-	-	256,574
Trade payables	94,726	92,484	133	400	1,709	94,726
Other payables and accruals	41,506	41,361	95	42	7	41,506
Finance lease liabilities	31,602	8,366	9,432	10,338	11,499	39,635
Hire purchase liabilities	4,429	1,243	1,483	2,606	-	5,333
External loans	58,773	4,024	54,460	3,131	3,323	64,938
	526,243	445,363	65,604	16,517	16,539	544,023

* The Group finances the acquisition of its new vehicle inventory via a bailment arrangement, with multiple financiers, known as floor-plan financing. Under its floor-plan financing arrangement, the Group's total inventory borrowings are comprised of individually secured loans against specific items of inventory. Generally, upon finalisation of a retail sale and receipt of retail customer funds (COD delivery) in respect of an item of inventory, the Group discharges the specific amount owing under its floor-plan financing arrangement. In this way, cash flow required to meet the Group's floor-plan financing obligations is available as part of the Group's working capital cycle.

4. Parent entity information

The following details information related to the parent entity, Automotive Holdings Group Limited, at 30 June 2010. The information presented is in line with the Group's accounting policies as presented in Note 1.

	Parent	
	2010 \$'000	2009 \$'000
Current assets	136,175	90,613
Non current assets	268,845	265,631
Total assets	405,021	356,244
Current liabilities	28,289	12,097
Non-current liabilities	57,575	50,054
Total Liabilities	85,864	62,151
Contributed equity	302,106	294,711
Reserves	127	1,530
Retained profits	16,924	(2,147)
Total Equity	319,157	294,093
Profit for the year	57,565	22,023
Other comprehensive (loss) / income for the year	(1,403)	217
Total comprehensive income for the year	56,162	22,240

Unsecured guarantees, indemnities and undertakings have been given by the parent entity in the normal course of business in respect of financial trade arrangements entered into by its controlled entities. It is not practicable to ascertain or estimate the maximum amount for which the parent entity may become liable in respect thereof. At 30 June 2010 no controlled entity 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.

Cross guarantees have been given by AHG and controlled entities as described in note 33. Where appropriate the parent entity has recognised impairment adjustments equivalent to the deficiency of net assets of controlled entities. No contingent liabilities exist in respect of joint venture interests (note 27).

5. Operating segments

The Board has determined that AHG's operating segments be divided between a single reportable automotive segment and two reportable logistics segments comprising of AHG's transport and cold storage operations and the balance of all of its other logistical operations. All segments operate within the geographical area of Australia and New Zealand. Operations in Australia and New Zealand are classified and managed as one geographical area, and therefore geographic disclosures have not been included.

Automotive Retail

The automotive segment has 106 dealerships franchise sites operating within the geographical areas of Australia and New Zealand.

AHG's automotive operations exhibit similar economic characteristics. They have similar product offerings and a consistency of customer base. The generic characteristics of these businesses allow AHG to consistently measure operating performance within this segment and a Chief Operating Officer is directly accountable for all aspects of this performance.

Transport and Cold Storage

It was determined that AHG's transport and cold storage operations be disclosed as a separate reportable segment given the unique characteristics attendant to these operations, vis-à-vis the Group's other logistical operations, as well as the proportion of AHG's profit generated by them.

Other Logistics

The Other logistical operations segment comprises AHG's automotive parts warehousing and distribution businesses, motorcycle distribution and vehicle storage and engineering.

5. Operating segments (continued)

Segment Reporting June 2010	Automotive Retail	Transport and Cold Storage	Other Logistics	Logistics	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
Gross revenue	2,941,675	167,006	254,264	421,270	3,362,945
Less: intercompany sales	(87,812)	-	(39,252)	(39,252)	(127,064)
Segment revenue	2,853,863	167,006	215,012	382,018	3,235,881
Interest earned	3,845	118	134	251	4,096
Total revenue before unusual items	2,857,707	167,123	215,146	382,269	3,239,977
Sale of investments					7,904
Total revenue					3,247,880
EBITDA	88,803	14,978	12,208	27,185	115,989
Depreciation and amortisation	(10,466)	(4,606)	(1,773)	(6,379)	(16,844)
EBIT	78,337	10,372	10,435	20,807	99,144
Interest expense (net)	(15,456)	(1,993)	(2,230)	(4,224)	(19,680)
Segment result before unusual items					79,464
Sale of investments					7,449
Profit before tax					86,914
Income tax expense					(22,619)
Income tax expense on sale of investments					(2,235)
Reportable segment profit after tax					62,060
Detailed Segment Trading Analysis					
Segment revenue after allocation of interest	2,857,707	167,123	215,146	382,269	3,239,977
Proceeds from sale of investment (unallocated)					7,904
Total segment revenue after allocation of interest	2,857,707	167,123	215,146	382,269	3,247,880
Segment result after allocation of interest	62,881	8,379	8,204	16,583	79,464
Unusual items					
Profit on sale of investments					7,449
Reportable segment profit after unusual items before tax					86,914
Segment assets	861,981	63,548	101,789	165,338	1,027,318
Total consolidated assets					1,027,318
Segment liabilities					647,708
Total consolidated liabilities					647,708
Acquisition of property, plant, equipment, intangibles and other non current segment assets					35,279

5. Operating segments (continued)

Segment Reporting June 2009	Automotive Retail	Transport and Cold Storage	Other Logistics	Logistics	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
Gross revenue	2,742,895	155,176	256,921	412,097	3,154,992
Less: intercompany sales	(53,941)	(21)	(30,419)	(30,441)	(84,382)
Segment revenue	2,688,954	155,154	226,502	381,657	3,070,610
Interest earned	2,234	110	129	239	2,473
Total revenue before unusual items	2,691,188	155,264	226,631	381,895	3,073,083
GST on holdback refund					4,751
Total revenue					3,077,834
EBITDA	73,496	13,309	14,331	27,639	101,136
Depreciation and amortisation	(10,203)	(3,202)	(1,535)	(4,737)	(14,940)
EBIT	63,293	10,107	12,796	22,902	86,195
Interest expense (net)	(21,071)	(1,554)	(2,096)	(3,650)	(24,721)
Segment result before unusual items					61,474
Unusual items					(18,595)
Profit before tax					42,879
Income tax expense (net)					(18,435)
Income tax expense on unusual items					484
Reportable segment profit after tax					24,927
Detailed Segment Trading Analysis					
Segment revenue after allocation of interest	2,691,188	155,264	226,631	381,895	3,073,083
GST on holdback refund	4,751	-	-	-	4,751
Total segment revenue after allocation of interest	2,695,939	155,264	226,631	381,895	3,077,834
Segment result after allocation of interest	42,222	8,552	10,700	19,252	61,474
Unusual items					
GST on holdback refund	4,751	-	-	-	4,751
Impairment of intangibles	(22,458)	-	(20)	(20)	(22,478)
Write-off of development costs	(545)	-	-	-	(545)
Fair value adjustment of available-for-sale financial assets	(324)	-	-	-	(324)
Reportable segment profit after unusual items before tax					42,879
Segment assets	761,735	50,464	108,604	159,068	920,803
Total consolidated assets					920,803
Segment liabilities					570,504
Total consolidated liabilities					570,504
Acquisition of property, plant, equipment, intangibles and other non current segment assets					36,386

6. Revenue and other income

		Consolidated	
		2010	2009
		\$'000	\$'000
Sales revenue³			
Sale of goods		2,878,538	2,717,773
Rendering of services		345,743	338,981
		<u>3,224,281</u>	<u>3,056,753</u>
Other revenue			
Interest		4,096	2,473
Dividends		168	213
Other revenue		11,432	13,644
		<u>15,696</u>	<u>16,330</u>
Total Revenue		<u>3,239,977</u>	<u>3,073,083</u>

		Consolidated	
		2010	2009
		\$'000	\$'000
Other Income			
GST on holdback refund ¹		-	4,751
Proceeds on sale of investment ²		7,904	-
		<u>7,904</u>	<u>4,751</u>

¹ GST refund for the year ended 30 June 2009 comprises an amount \$4,751,000 representing a GST tax refund relating to holdback claims for the years 2000 to 2005.

² During the period ended 30 June 2010 the Group fully disposed of its interest in carsales.com Limited shares.

³ Refer to note 8 for the effects of reclassification on comparative revenues.

7. Expenses

	Consolidated	
	2010 \$'000	2009 \$'000
Depreciation		
Vehicles, plant, furniture and equipment	10,028	7,797
Buildings	148	145
	<u>10,176</u>	<u>7,942</u>
Amortisation		
Capitalised leased assets	4,509	5,413
Leasehold improvements	2,160	1,585
	<u>6,668</u>	<u>6,998</u>
Finance costs (for financial liabilities not at fair value through profit and loss)		
Interest paid - other	2,471	2,789
Interest paid - finance leases	3,246	2,544
Interest paid - floor plan	18,059	21,861
Borrowing costs	340	245
	<u>24,116</u>	<u>27,439</u>
Lease payments		
Rental expenses relating to property operating leases	50,925	45,896
Rental expenses relating to equipment operating leases	7,205	7,801
	<u>58,130</u>	<u>53,698</u>
Employee Benefits Expense²		
Wages, salaries and employee benefits	292,407	269,676
Superannuation	20,032	18,842
	<u>312,439</u>	<u>288,517</u>
Other expenses		
Bad debts written off	558	304
Net loss on sale of plant and equipment	123	408
	<u>681</u>	<u>712</u>
Unusual items		
Cost of sale of investment ¹	454	-
Write-off of development costs	-	545
Impairment of intangibles	-	22,478
Fair value adjustment of available-for-sale financial assets	-	324
	<u>454</u>	<u>23,347</u>

¹ During the period ended 30 June 2010 the Group fully disposed of its interest in carsales.com Limited shares. Cost of the investment and associated transaction costs were \$454,000.

² Refer to note 8 for the effects of reclassification on comparative expenses.

8. Effects of Reclassification

Reclassification

The prior year period included a misclassification of revenue between sale of goods and rendering of services. This had the impact of overstating sale of goods by \$155,929,000 and understating the rendering of services by the same amount. This misclassification did not impact overall Group revenue and has been corrected by reinstating the revenue and other income note (note 6).

The prior year period included a misclassification of employee benefits expense. This had the impact of overstating the raw materials and inventory expense by \$29,034,000 and understating the employee benefits expense by the same amount. This misclassification did not impact overall Group profit and has been corrected by reinstating the affected financial statements and notes.

The prior year period included a misclassification of assets between the Automotive and Other Logistics segments. This had the impact of overstating assets in the Automotive segment by \$13,174,000 and understating the assets in the Other Logistics segment by the same amount. This misclassification did not impact overall Group assets and has been corrected by reinstating the segment note (note 5).

9. Income tax

Income tax expense

	Consolidated	
	2010 \$'000	2009 \$'000
Current tax	29,195	18,183
Deferred tax	(4,088)	239
Adjustment for current tax of prior periods	(253)	(471)
	<u>24,854</u>	<u>17,951</u>
Income tax expense is attributable to:		
Profit from continuing operations	24,854	17,951
	<u>24,854</u>	<u>17,951</u>
Deferred income tax expense included in income tax expense comprises:		
Increase in deferred tax assets	(1,111)	(711)
Decrease in deferred tax liabilities	(2,977)	951
	<u>(4,088)</u>	<u>239</u>

9. Income tax (continued)

Amounts charged or credited directly to equity

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity

Current tax - credited directly to equity

Net deferred tax - credited directly to equity

Consolidated	
2010 \$'000	2009 \$'000
-	-
(573)	(53)
(573)	(53)

Numerical reconciliation of income tax expense to prima facie tax payable

Profit from continuing operations before income tax expense

Corporate tax at the rate of 30% (2009: 30%)

Non deductible expenses

Non-assessable income (GST Holdback refund)

Research and development claim

Investment allowance

Non-deductible diminution of investment and impairment of intangibles

Unrecognised deferred tax losses

Reversal of previously unrecognised deferred tax losses

Non assessable dividends

Tax offset for franking credits

Other

Income tax expense

Adjustments in respect of current income tax of previous years

Income tax expense

Consolidated	
2010 \$'000	2009 \$'000
86,914	42,879
26,074	12,864
466	381
-	(1,425)
-	(165)
(1,110)	(367)
-	6,821
-	375
(356)	-
(72)	(736)
22	674
83	-
25,107	18,422
(253)	(471)
24,854	17,951

9. Income tax (continued)

Recognised deferred tax assets and liabilities

Deferred tax asset

	Consolidated	
	2010 \$'000	2009 \$'000
Opening balance 1 July	15,766	14,767
Adjustments in respect of deferred income tax of prior years	469	288
Credited to income	599	763
Credited to equity	43	(53)
Closing balance 30 June	16,877	15,766
The balance comprises temporary differences attributable to:		
Amounts recognised in the statement of comprehensive income		
Doubtful debts	795	713
Finance leases	185	-
Inventory	463	926
Property, plant & equipment	1,362	-
Fringe benefits tax	(3)	95
Accrued expenses	2,282	1,811
Provisions:		
Employee benefits	8,878	7,823
Warranties	2,298	1,931
Other provisions	246	1,927
Amounts recognised directly in the statement of financial position		
Share issue expenses	369	540
Deferred tax assets	16,877	15,766

9. Income tax (continued)

Recognised deferred tax assets and liabilities (continued)

Deferred tax liability

	Consolidated	
	2010 \$'000	2009 \$'000
Opening balance 1 July	3,184	4,437
Charged against income	(2,362)	951
Charged to equity	(616)	-
Amount recognised directly to provision for income tax	-	(2,204)
Closing balance 30 June	206	3,184
The balance comprises temporary differences attributable to:		
Amounts recognised in the statement of comprehensive income		
Prepayments	206	1,125
Inventories	-	521
Other	-	922
Amounts recognised directly in the statement of financial position		
Revaluation of unlisted shares	-	616
Deferred tax liability	206	3,184

Tax consolidation

Automotive Holdings Group Limited and its wholly-owned Australian controlled entities have adopted the tax consolidation legislation as of 1 April 2005. The accounting policy in relation to this legislation is set out in note 1(f).

On adoption of the tax consolidation legislation, the entities in the tax consolidation group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liabilities of the wholly-owned entities in the case of a default by the head entity, AHG.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate AHG for any current tax payable assumed.

The amounts receivable/payable under the tax funding agreement is due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

9. Income tax (continued)

Tax consolidation (continued)

Schedule 5 of *Taxation Laws Amendment (2010 Measures No.1) Act 2010*, which was passed on 3 June 2010, introduced a number of new amendments that may have an impact on the taxation treatment of tax consolidated groups. These amendments seek to clarify the operation of certain aspects of the consolidation regime, to improve interactions with other parts of the law and introduce substantive new modifications to the tax consolidation regime. The amendments have different application dates, with some applying retrospectively from 1 July 2002.

As this legislation was only passed on 3 June 2010, and due to the complexity of some of the amendments, at the date of signing this report, the Group had not yet had sufficient time to assess and quantify the impact of these amendments on the financial statements. Accordingly, there is a level of uncertainty as to the accuracy of the following tax balances contained in these financial statements: income tax expense, income tax liabilities, deferred tax assets and deferred tax liabilities.

Taxation of financial arrangements

Legislation is in place which changes the tax treatment of financial arrangements including the tax treatment of hedging transactions. The Group has assessed the potential impact of these changes on the Group's tax position. No impact has been recognised and no adjustments have been made to the deferred tax and income tax balances at 30 June 2010 (2009: \$Nil).

10. Dividends paid and proposed

Recognised amounts

Dividends on ordinary shares:

Final dividend for the year ended 30 June 2009 of 10 cents per fully paid share on 2 October 2009 (30 June 2008 of 10 cents per fully paid share on 21 October 2008)

Interim dividend for the year ended 30 June 2010 of 7 cents per fully paid share on 6 April 2010 (30 June 2009 of 4 cents per fully paid share on 2 April 2009)

Parent	
2010 \$'000	2009 \$'000
22,639	19,140
15,854	7,662
38,493	26,802

10. Dividends paid and proposed (continued)

Unrecognised amounts

	Parent	
	2010	2009
	\$'000	\$'000
Dividends on ordinary shares:		
Since year end, the directors have recommended the payment of a fully franked final dividend of 10 cents per share (2009: 10 cents), based on tax paid at 30%. The aggregate amount of dividends to be paid on 1 October 2010 (2009: 2 October 2009) out of the retained profits at 30 June 2010, but not recognised as a liability at year end is	22,649	22,649

Franking credit balance

	AHG Tax Consolidated Group	
	2010 \$'000	2009 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	93,496	88,476

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the current tax liability; and
- franking debits that will arise from the payment of dividends proposed at the reporting date;

The impact on the franking account of the dividend recommended by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of \$9,707,000 (2009 - \$9,707,000).

Tax rates

The tax rate at which paid dividends have been franked is 30% (2009: 30%).

Dividends proposed will be franked at 30% (2009: 30%).

11. Earnings per share

Basic earnings per share

	Consolidated	
	2010 cents	2009 cents
Earnings per share for profit attributable to the ordinary equity holders of the Company (excluding unusual items)	24.4	21.7
Earnings per share for profit / (loss) from unusual items attributable to the ordinary equity holders of the Company	2.3	(9.3)
Total earnings per share for Profit from continuing operations attributable to the ordinary equity holders of the Company	26.7	12.4

Reconciliation of earnings used in calculating earnings per share

	Consolidated	
	2010 \$'000	2009 \$'000
<i>Basic Earnings Per Share</i>		
Profit attributable to the ordinary equity holders of the Company from continuing operations excluding unusual items	55,123	42,244
Profit / (loss) attributable to the ordinary equity holders of the Company from unusual items	5,215	(18,112)
Profit attributable to the ordinary equity holders of the Company from continuing operations in calculating basic earnings per share	60,338	24,132

The Group has no instruments that have a dilutive affect on earnings per share.

Weighted average number of shares used as the denominator

	Number	
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	226,371,426	194,608,930

12. Current assets – cash and cash equivalents

	Consolidated	
	2010	2009
	\$'000	\$'000
Cash at bank and on hand	53,497	50,808
Deposits at call	23,281	14,174
	<u>76,778</u>	<u>64,982</u>

The above figures agree to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows.

Cash on hand is non-interest bearing. Cash at bank attracts floating interest rates between 1.35% and 4.65% (2009: 2.35% and 2.73%). The interest rates applicable to deposits at call at 30 June 2010 vary between 4.30% and 5.50% (2009: 3.15% and 4.10%).

The Group's exposure to interest rate risk is disclosed in Note 3.

13. Current assets – trade and other receivables

	Consolidated	
	2010	2009
	\$'000	\$'000
Trade receivables	160,348	142,221
Allowance for impairment of receivables	(2,686)	(2,412)
Loans to related parties	900	-
	<u>158,562</u>	<u>139,809</u>

Impaired trade receivables

The Group has recognised a loss of \$558,000 (2009: \$304,000) in respect of impaired trade receivables during the year ended 30 June 2010. The loss has been included in "other expenses" in the profit for the year.

At 30 June 2010 the Group recognised \$2,686,000 (2009: \$2,412,000) as an allowance for impaired receivables. This amount covers the automotive and logistics businesses and is reflective of the underlying risk of non-recovery of aged receivables. It is assessed that a proportion of these receivables is expected to be recovered.

13. Current assets – trade and other receivables (continued)

	Consolidated	
	2010	2009
	\$'000	\$'000
Opening balance	(2,411)	(2,166)
Allowance for impaired receivables	(1,561)	(1,384)
Receivables written off during the year	558	304
Reversal of amounts provided	728	835
Closing balance	(2,686)	(2,411)

Past due not impaired

As at 30 June 2010, trade receivables of \$27,748,000 (2009: \$31,296,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Consolidated	
	2010	2009
	\$'000	\$'000
Days Past Due		
1 - 30	20,625	25,810
31 - 60	3,818	2,159
61 - 90	2,015	1,420
91 +	1,290	1,907
	27,748	31,296

Fair value and credit risk

Due to the short-term nature of receivables, carrying amount is viewed as approximating fair value.

The maximum exposure to credit risk at the balance date and the Group's approach to risk management are discussed in note 3.

14. Current assets – inventories

	Consolidated	
	2010	2009
	\$'000	\$'000
Vehicles inventory - at cost	402,277	342,544
Write-down to net realisable value	(10,117)	(11,863)
Other inventories - at cost	61,266	60,079
Write-down to net realisable value	(3,540)	(3,397)
	<u>449,885</u>	<u>387,363</u>

Inventory recognised as an expense (cost of sales) during the year ended 30 June 2010 (including write-down of inventories to net realisable value) amounted to \$2,608,541,000 (2009: \$2,487,724,000).

15. Current assets – other

	Consolidated	
	2010	2009
	\$'000	\$'000
Prepaid expenses and deposits	9,659	9,395
	<u>9,659</u>	<u>9,395</u>

16. Non-current assets – available for sale financial assets

	Consolidated	
	2010	2009
	\$'000	\$'000
Shares in unlisted companies	-	2,468
Shares in listed companies (tier 1)	233	145
	<u>233</u>	<u>2,613</u>

Unlisted securities

Unlisted securities are traded in inactive markets. The fair value of unlisted securities held is determined based upon a third party valuation. Unlisted securities in the period ended 30 June 2009 related to shares held in carsales.com Limited. During the period ended 30 June 2010 these shares were fully disposed of. A reconciliation of the movement during the year is as follows:

16. Non-current assets – available for sale financial assets (continued)

	Consolidated	
	2010 \$'000	2009 \$'000
Opening balance	2,468	2,468
Net valuations to revaluation reserve	131	-
Disposals	(2,599)	-
Closing balance	-	2,468

Listed securities (tier 1)

Listed securities are classified as tier 1. Listed securities represent shares acquired in AHG that will be transferred to senior executives under the AHG Performance Rights Plan subject to these executives meeting the relevant performance hurdles. The fair valuation of these listed shares is based on prevailing market value (closing bid price on the Australian Securities Exchange) at the balance date. At 30 June 2010 an amount has been recognised against equity which reflects a fair value adjustment applicable to the shares.

During the year ended 30 June 2010 amounts totalling \$88,000 were recognised in the available-for-sale investment revaluation reserve to reflect upward fair value adjustments.

During the year ended 30 June 2009 in accordance with the applicable accounting standard, the Group recognised a downward fair value adjustment applicable to the Performance Rights Plan shares of \$324,000 against earnings. In this year further amounts totalling \$270,000 were recognised in the available-for-sale investment revaluation reserve to reflect upward fair value adjustments. The net fair value adjustment brought to account against the asset for the year was therefore a reduction of \$54,000. Under the performance rights plan senior management received shares with a fair value of \$73,000.

A reconciliation of the movement during the year is as follows:

	Consolidated	
	2010 \$'000	2009 \$'000
Opening balance	145	272
Net valuations to profit and loss	-	(324)
Net valuations to revaluation reserve	88	270
Disposals	-	(73)
Closing balance	233	145

17. Non-current assets – property, plant and equipment

Carrying amounts measured at cost less accumulated depreciation and amortisation

	Consolidated	
	2010 \$'000	2009 \$'000
Land and buildings	24,453	24,416
Accumulated depreciation	(712)	(564)
	<u>23,741</u>	<u>23,852</u>
Plant and equipment at cost	84,224	62,838
Accumulated depreciation	(42,269)	(33,134)
	<u>41,954</u>	<u>29,704</u>
Capitalised leased assets	35,795	41,569
Accumulated amortisation	(10,599)	(10,474)
	<u>25,195</u>	<u>31,095</u>
Leasehold improvements at cost	25,544	21,428
Accumulated amortisation	(7,747)	(5,024)
	<u>17,798</u>	<u>16,404</u>
Assets under construction	<u>8,062</u>	<u>1,368</u>
Total property, plant & equipment	<u>116,750</u>	<u>102,423</u>

Reconciliation of carrying amounts at the beginning and end of the period

Consolidated 2010	Land and buildings	Plant and equipment	Capitalised leased assets	Leasehold improve- ments	Assets under construction	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2009	23,852	29,704	31,095	16,404	1,368	102,423
Translation Adjustment	-	(6)	-	(1)	-	(8)
Additions	41	23,481	1,035	2,591	8,132	35,279
Disposals	-	(3,972)	-	(128)	-	(4,100)
Transfers	(3)	2,776	(2,426)	1,092	(1,439)	(0)
Depreciation / Amortisation	(148)	(10,028)	(4,509)	(2,160)	-	(16,844)
Carrying amount at 30 June 2010	<u>23,741</u>	<u>41,954</u>	<u>25,195</u>	<u>17,798</u>	<u>8,062</u>	<u>116,750</u>

17. Non-current assets – property, plant and equipment (continued)

Reconciliation of carrying amounts at the beginning and end of the period (continued)

Consolidated 2009	Land and buildings	Plant and equipment	Capitalised leased assets	Leasehold improve- ments	Assets under construction	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2008	9,105	28,131	34,744	14,845	-	86,825
Translation Adjustment	-	(3)	-	55	-	51
Additions	14,892	12,444	2,921	3,485	1,594	35,336
Acquisitions through business combination	-	14	-	-	-	14
Disposals	-	(4,205)	-	(652)	(7)	(4,864)
Transfers	-	1,120	(1,157)	256	(219)	0
Depreciation / Amortisation	(145)	(7,797)	(5,413)	(1,585)	-	(14,940)
Carrying amount at 30 June 2009	<u>23,852</u>	<u>29,704</u>	<u>31,095</u>	<u>16,404</u>	<u>1,368</u>	<u>102,423</u>

Property, plant and equipment pledged as security for liabilities

Leased assets are pledged as security for related finance lease liabilities.

Land and buildings with a carrying amount of \$23,741,000 (2009: \$23,852,000) are subject to a first mortgage from certain of the Group's bank loans as disclosed in note 22.

Other property, plant & equipment with a carrying amount of \$53,774,000 (2009: \$41,197,000) for the Group are pledged as security for non current liabilities as disclosed in note 22.

18. Non-current assets – intangible assets

Intangibles (Goodwill & Franchise Rights) are allocated to the Group's Cash Generating Units (CGUs) identified according to business segments; being Automotive Retail, Transport & Cold Storage and Other Logistics operations (note 5). A segment level summary of this intangible allocation is presented below.

	Goodwill	Franchise Rights	Total
	\$'000	\$'000	\$'000
Consolidated 2010			
Carrying amount at 1 July 2009	72,706	125,746	198,452
Net settlement adjustments on acquisition	101	21	122
Carrying amount at 30 June 2010	<u>72,807</u>	<u>125,767</u>	<u>198,574</u>
Consolidated 2009			
Carrying amount at 1 July 2008	86,502	133,301	219,803
Additions	-	1,036	1,036
Net settlement adjustments on acquisition	64	61	124
Translation adjustment	(11)	(22)	(33)
Write-back of Franchises relinquished to manufacturers	-	(150)	(150)
Impairment	<u>(13,848)</u>	<u>(8,479)</u>	<u>(22,328)</u>
Carrying amount at 30 June 2009	<u>72,706</u>	<u>125,746</u>	<u>198,452</u>
	Goodwill	Franchise Rights	Total
	\$'000	\$'000	\$'000
Consolidated 2010			
Automotive retail	48,291	119,327	167,618
Transport and Cold Storage	5,000	-	5,000
Other logistics	<u>19,516</u>	<u>6,440</u>	<u>25,956</u>
Carrying amount at 30 June 2010	<u>72,807</u>	<u>125,767</u>	<u>198,574</u>
Consolidated 2009			
Automotive retail	48,190	119,306	167,496
Transport and Cold Storage	5,000	-	5,000
Other logistics	<u>19,516</u>	<u>6,440</u>	<u>25,956</u>
Carrying amount at 30 June 2009	<u>72,706</u>	<u>125,746</u>	<u>198,452</u>

18. Non-current assets – intangible assets (continued)

Impairment testing

The recoverable amounts of the Group's various CGUs are determined based on value-in-use calculations for these units. Value-in-use calculations use cash flow projections based on financial budgets covering a projected five-year period to determine a unit's recoverable amount that is then compared with the carrying value of the assets of that unit.

Key assumptions used for value-in-use calculations

Calculating value-in-use for each CGU, a pre-tax discount rate of 12% (2009: 12%) is applied, which represents the Group's weighted average cost of capital.

The growth rate used to project cash flows beyond the following year's approved budget period is 3% (2009: 2%). This growth rate is consistent with forecasts included in industry reports.

In the analysis of the value-in-use calculation a number of sensitivity assumptions have been incorporated, including the following:

- (i) Sensitivity of discount rates applied. A range of discount rates from 9.5% to 15% (2009: 9.5% to 13%) were tested;
- (ii) Breakeven analysis of value-in-use calculations based on estimated future cash flows after extrapolating an appropriate discount rate; and
- (iii) Sensitivity analysis of estimated future cash flows against the pre-tax discount rate of 12% (2009: 12%) and the breakeven point.

Impact of possible changes in key assumptions

The recoverability of CGU assets has been reviewed across the automotive retail and logistics business segments incorporating various sensitivity assumptions as discussed above. A review of the results of this testing leads to a conclusion that no change in these key underlying assumptions, within the range assessed, would significantly affect the Group's capacity to recover the carrying amount of its CGU assets.

Impairment charge

As a result of the above impairment testing process, an amount of \$22.478 million was brought to account in the period ended 30 June 2009 as an impairment charge. No impairment charge was brought to account in the current period.

There were no impairment charges recognised against these assets in periods prior to the year ended 30 June 2009 and therefore the charge booked in that year represents the accumulated impairment loss.

19. Current liabilities – trade and other payables

Consolidated	
2010 \$'000	2009 \$'000
Trade payables	94,726
Other payables and accruals	38,725
Goods and services tax	2,781
137,080	136,232

20. Current liabilities – provisions

Consolidated	
2010 \$'000	2009 \$'000
Annual Leave	13,037
Long service leave	10,503
Other	179
Warranties	2,146
29,155	25,864

Movements in provisions

Please refer to note 21 for details

21. Non-current liabilities – provisions

Consolidated	
2010 \$'000	2009 \$'000
Warranties	4,292
Long Service Leave	3,130
Make Good	1,010
Other	-
10,172	8,432

21. Non-current liabilities – provisions (continued)

Warranties

Ongoing provision is made for estimated customer claims in respect of extended warranties provided on the majority of the Group's retail vehicle sales. Warranties provided are typically offered up to a three year period; therefore the reported balance is expected to settle over the next three years. Management estimates the provision based on; historical warranty claim information; and any recent trends that suggest future claims could differ from historical amounts.

Make Good Provision

At the end of the respective lease term, the Group is required to restore various leased business premises to their condition at the time of entering the lease, subject to fair wear and tear. A provision has been recognised for the present value of the estimated expenditure required to restore various leasehold sites to this condition. These costs have been capitalised as part of the cost of the leasehold and are amortised over the shorter of the term of the lease or the useful life of the leasehold assets.

Movements in provisions

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

	Warranties	Other
	\$'000	\$'000
At 1 July 2009	6,438	1,189
Additional provisions recognised	3,355	304
Payments / other sacrifices of economic benefits	(2,130)	-
At 30 June 2010	7,663	1,493
Current 2010	2,554	283
Non-current 2010	5,109	1,210
	7,663	1,493
Current 2009	2,146	179
Non-current 2009	4,292	1,010
	6,438	1,189

22. Interest bearing loans and borrowings

Current

	Consolidated	
	2010 \$'000	2009 \$'000
Finance company loans	349,941	295,208
Lease liability	5,180	6,513
Hire purchase liability	2,984	934
Other loans	720	720
	<u>358,825</u>	<u>303,375</u>

Finance company loans

Finance company loans (floor plan facilities) are in respect of vehicles provided to the Group (note 1(o)) and are secured over these vehicle inventories. The Group has total floor-plan facilities amounting to \$448,129,000 (2009: \$439,419,000). At 30 June 2010 \$349,941,000 (2009: \$295,208,000) of these facilities were used. The weighted average interest rate applicable at 30 June 2010 on these loans was 6.91% (2009: 6.01%).

\$900,000 (2009: \$900,000) is a working capital loan secured by registered first debenture charge with interest charged at 7.34% (2009: 5.18%). Total facilities for the working capital loan amount to \$1,100,000 (2009: \$1,250,000).

Lease and hire purchase liabilities

Lease and hire purchase liabilities are fully secured.

Other loans

\$720,000 (2009: \$720,000) is the current component of a commercial loan in relation to redevelopment costs of franchises within Perth Auto Alliance Pty Ltd. Interest is charged on the loan at an average rate of 6.00% (2009: 6.08%).

Non-current

	Consolidated	
	2010 \$'000	2009 \$'000
Other loans	63,110	57,653
Lease liability	20,633	25,088
Hire purchase liability	14,140	3,495
Amounts owing to manufacturer	400	400
	<u>98,283</u>	<u>86,636</u>

22. Interest bearing loans and borrowings (continued)

Other Loans

\$4,100,000 (2009: \$4,820,000) is the non-current component of a commercial loan in relation to redevelopment costs of franchises within Perth Auto Alliance Pty Ltd. Interest is charged on the loan at an average rate of 6.00% (2009: 6.08%).

\$56,675,000 (2009: \$50,175,000) are commercial bills secured over certain properties, plant and equipment, receivables, cash and inventories of the Group. Interest is charged at an average rate of 4.79% (2009: 4.42%) for the period of the bill.

\$1,000,000 (2009: \$1,000,000) are commercial loans with a five year term. Interest is charged at a variable rate, varying between 8.0% and 8.4% at 30 June 2010 (2009: 6.50% and 6.90%).

\$984,552 (2009: \$1,307,223) is a franchise supported working capital loan between Auckland Automotive Collection Limited and UDC Finance Limited. Interest is charged at an average rate of 6.2% (2009: 10.25%).

\$350,302 (2009: \$351,104) is a supplier loan to fund minor capital works in fixed operations.

Lease and hire purchase liabilities

Lease and hire purchase liabilities are fully secured.

Amounts owing to manufacturer

\$400,000 (2009: \$400,000) is an unsecured amount owing to a manufacturer and is non-interest bearing.

Fair values

	Carrying Value		Fair Value	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Group				
Finance liabilities				
Advances	62,760	57,302	62,760	57,302
Lease liability	20,633	25,088	20,633	25,088
Hire purchase liability	14,140	3,495	14,140	3,495
Amounts owing to manufacturer	400	400	400	400
Other loans	350	351	350	351
	<u>98,283</u>	<u>86,636</u>	<u>98,283</u>	<u>86,636</u>

Interest rate and liquidity risk

Details regarding interest rate and liquidity risk are disclosed in note 3.

22. Interest bearing loans and borrowings (continued)

Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current interest-bearing liabilities are:

	Note	Consolidated	
		2010 \$'000	2009 \$'000
Current			
Floating charge			
Cash and cash equivalents	12	76,778	64,982
Trade and other receivables		85,300	137,366
Inventories	14	449,885	387,363
Other current Assets		9,199	6,093
Total current assets pledged as security		621,162	595,804
Non - Current			
First mortgage			
Freehold land and buildings	17	23,741	23,852
Finance lease			
Plant and equipment	17	25,195	31,095
Floating charge			
Available for sale financial assets	16	-	10
Plant and equipment		53,774	41,197
Total non-current assets pledged as security		102,710	96,154
Total assets pledged as security		723,872	691,958

Facilities

Group borrowing facilities and amounts utilised for current and non-current interest-bearing liabilities are:

	Consolidated		
	Utilised \$'000	Un-utilised \$'000	Total Facility \$'000
Bank overdraft	-	1,000	1,000
Finance company loans	349,941	99,288	449,229
Lease & HP	42,937	9,810	52,747
Commercial Loans	63,830	56,182	120,012
Manufacturer	400	-	400
	457,107	166,280	623,387
Contingent Liabilities (guarantees)	12,532	-	12,532
	469,639	166,280	635,919

23. Contributed equity

Ordinary Shares

	Parent		Parent	
	2010 Shares	2009 Shares	2010 \$'000	2009 \$'000
Ordinary shares fully paid	226,491,073	220,252,328	302,106	294,711
	<u>226,491,073</u>	<u>220,252,328</u>	<u>302,106</u>	<u>294,711</u>

			No. of Shares	Issue Price	\$'000
30/06/08	Opening Balance at 1 July 2008		191,523,764		261,535
16/10/08	Shares issued for AHG Performance Rights	(a)	25,897	\$ 1.10	28
22/05/09	Institutional Placement	(b)	28,702,667	\$ 1.20	34,443
	Less: transaction costs arising on share issue	(b)			(1,295)
30/06/09	Balance at 30 June 2009		220,252,328		294,711
08/07/09	Share Purchase Plan	(c)	6,238,745	\$ 1.20	7,486
	Less: transaction costs arising on share issue	(c)			(91)
30/06/10	Balance at 30 June 2010		226,491,073		302,106

(a) Shares issued for AHG Performance Rights Plan

On 16 October 2008 AHG issued 25,897 shares to meet the balance required in fulfilling its obligations under the AHG Performance Rights Plan for 30 June 2008. At 30 June 2010 103,496 shares were held in accordance with the AHG performance rights plan.

(b) Institutional Placement

On 22 May 2009 AHG completed an institutional placement of 28,702,667 shares at \$1.20 per share to raise gross proceeds of \$34.4 million. Transaction costs of this placement totalled \$1.3 million.

(c) Share Purchase Plan

On 8 July 2009 AHG completed a Share Purchase Plan issuing 6,238,745 shares. Existing shareholders participated in the opportunity to obtain additional shares at \$1.20 per share to raise gross proceeds of \$7.5 million. Transaction costs of this placement totalled \$0.091 million.

Capital management

The Group's objective when managing capital is to safeguard the ability to continue as a going concern, so that the Group can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistently with others in the industry, the Group and the parent entity monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total

23. Contributed equity (continued)

Capital management (continued)

borrowings (including current and non-current) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position (including minority interest) plus net debt.

	Consolidated	
	2010	2009
	\$'000	\$'000
Total Borrowings	457,108	390,011
Less: cash and cash equivalents	(76,778)	(64,982)
Net Debt	380,330	325,029
Total equity	379,610	350,299
Total capital under management	759,940	675,328
Gearing ratio	50.0%	48.1%

24. Retained earnings and reserves

Movements in retained earnings were as follows:

	Consolidated	
	2010	2009
	\$'000	\$'000
Opening balance at 1 July	53,147	55,817
Net profit for the year attributable to members	60,338	24,132
Dividends paid to members	(38,493)	(26,802)
Closing balance at 30 June	74,992	53,147

24. Retained earnings and reserves (continued)

Other reserves

Consolidated	Asset revaluation reserve	Foreign Currency Translation	Total
	\$'000	\$'000	\$'000
At 1 July 2008	1,313	(320)	992
Available-for-sale financial assets	269		269
Exchange differences on translation of foreign operations	-	(72)	(72)
Income tax relating to components of other comprehensive income	(53)	-	(53)
At 30 June 2009	1,529	(393)	1,136
At 1 July 2009	1,529	(393)	1,136
Available-for-sale financial assets	(1,964)	-	(1,964)
Exchange differences on translation of foreign operations	-	32	32
Income tax relating to components of other comprehensive income	561	-	561
At 30 June 2010	126	(361)	(235)

Nature and purpose of reserves

Available-for-sale investments revaluation reserve

Changes in the fair value of investments classified as available-for-sale financial assets are taken to this reserve, as described in note 1(p). Amounts are recognised in the profit and loss when the associated assets are sold or impaired.

Foreign currency translation reserve

Exchange differences arising on translation of the controlled foreign entity are taken to the foreign currency translation reserve, as described in note 1(j). The reserve is recognised in profit and loss when the net investment is disposed of.

25. Non-controlling interest

	Consolidated	
	2010 \$'000	2009 \$'000
Interest in:		
Share Capital	1,005	505
Retained Profit	1,742	800
Balance 30 June	<u>2,747</u>	<u>1,305</u>

26. Cash flow statement reconciliation

Consolidated		
	2010	2009
	\$'000	\$'000
Profit after tax	62,060	24,927
<i>Non Operating Activity Cash flow in profit</i>		
- Distributions received	(168)	(213)
- Loss on sale of assets	123	408
- Profit on sale of investments	(7,449)	-
<i>Non Cash flow in profit</i>		
- Depreciation	10,176	7,942
- Amortisation	6,668	6,998
- Impairment of intangibles	-	22,478
- Write-off of development costs	-	545
- Fair value adjustment available-for-sale financial assets	-	324
<i>Changes in operating assets and liabilities</i>		
(Increase) / decrease in trade debtors	(17,853)	33,342
(Increase) / decrease in inventories	(60,920)	53,668
(Increase) / decrease in prepayments	(764)	1,266
(Increase) / decrease in deferred tax assets	(1,112)	(1,050)
Increase / (decrease) in current tax payable	7,205	324
Increase / (decrease) in trade creditors	(13,505)	8,400
Increase / (decrease) in accruals	14,339	(8,381)
Increase / (decrease) in employee entitlements	3,502	1,079
Increase / (decrease) in other provisions	(73)	4,505
Increase / (decrease) in deferred tax liabilities	(2,362)	(1,253)
Net cash inflow / (outflow) from operating activities	<u>(133)</u>	<u>155,308</u>

CASH FLOW MOVEMENTS

Consolidated		
	2010	2009
	\$'000	\$'000
Net cash inflow / (outflow) from operating activities	(133)	155,308
Normalisation adjustment		
Add back: Increase / (decrease) in inventories (offset against floor plan financing)	59,734	(82,693)
Normalised net cash inflow from operating activities ¹	<u>59,601</u>	<u>72,615</u>

¹ Cash flow generated from operations has been adjusted above as the majority of the Group's inventory is financed by floor plan arrangements which do not result in cash movements

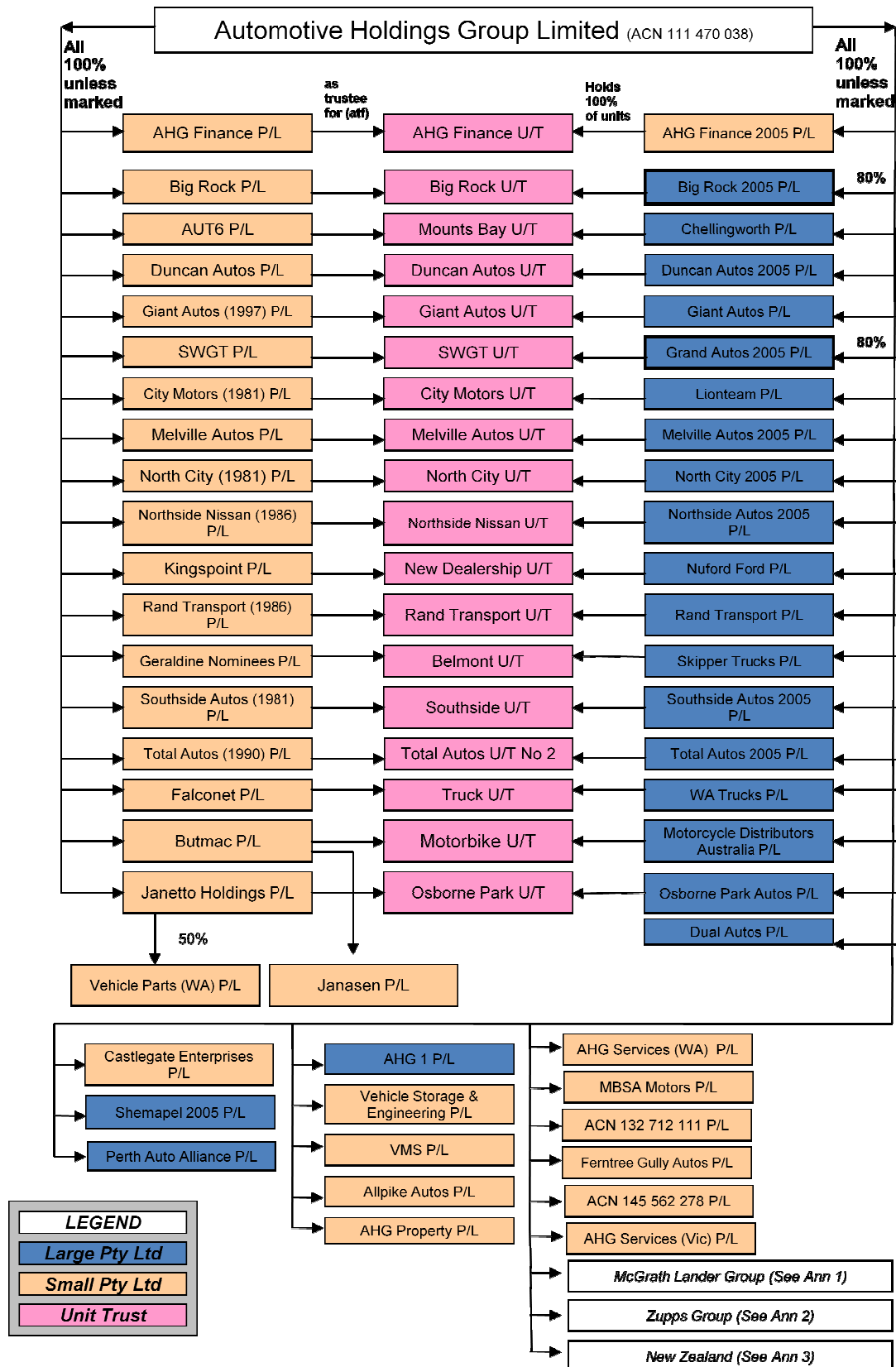
27. Interest in a jointly controlled operation

A Group subsidiary has entered into a jointly controlled operation called Vehicle Parts (WA) Pty Ltd for the distribution of Subaru Parts. The Company has a 50% (2009: 50%) participating interest in this jointly controlled operation and is entitled to 50% of its profit. The Company's interest in the assets employed and liabilities assumed in the jointly controlled operation are included in the consolidated statement of financial position, in accordance with the accounting policy described in note 1(c) and are set out below:

	Consolidated	
	2010	2009
	\$'000	\$'000
Share of assets employed in joint venture:		
Cash and cash equivalents	123	358
Trade and other receivables	716	509
Inventories	780	575
Deferred tax assets	7	1
	<u>1,627</u>	<u>1,443</u>
Share of liabilities assumed in joint venture:		
Trade and other payables	478	464
Income tax payable	69	71
Deferred tax liabilities	-	2
	<u>547</u>	<u>536</u>
Share of joint venture revenue, expenses and results:		
Revenue	5,721	4,866
Expenses	<u>(5,148)</u>	<u>(4,380)</u>
Profit before income tax	<u>573</u>	<u>486</u>

28. Related party disclosures

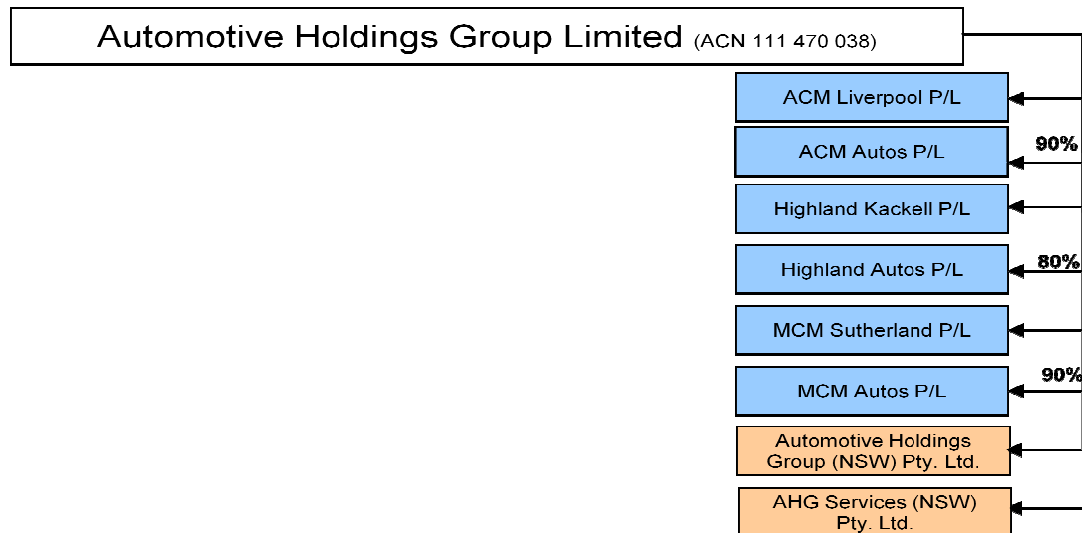
Subsidiaries



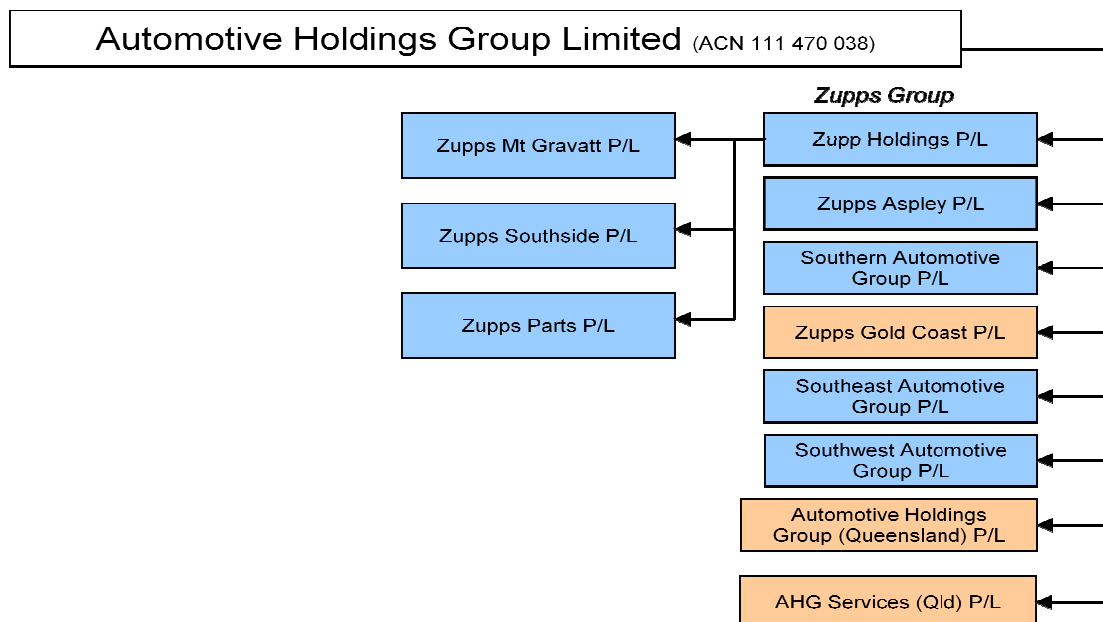
28. Related party disclosures (continued)

Subsidiaries (continued)

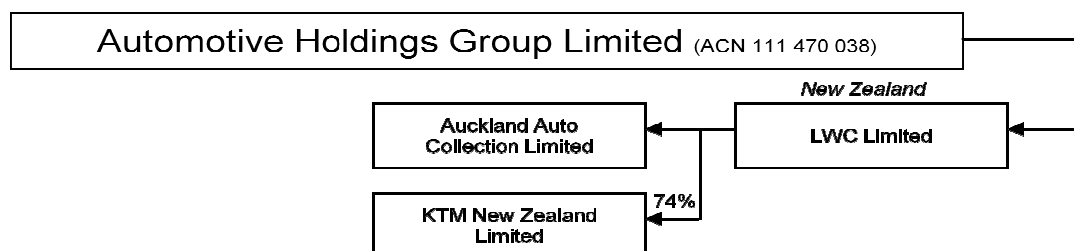
Annexure 1



Annexure 2



Annexure 3



28. Related party disclosures (continued)

Subsidiaries (continued)

The consolidated financial statements incorporate the assets, liabilities and results of the above subsidiaries in accordance with the accounting policy described in note 1(c). All controlled entities are either directly controlled by AHG, or wholly owned within the consolidated entity, have ordinary class shares and are incorporated in Australia or New Zealand.

Ultimate Parent

The parent entity in the wholly-owned group is Automotive Holdings Group Limited.

Transactions with related parties

During the year to 30 June 2010, entities within the wholly owned Group paid rent on premises to:

	Consolidated	
	2010	2009
	\$'000	\$'000
Orient Holdings Pty Ltd	528	510
Auto Management Pty Ltd	1,103	1,065
Expense attributable to the ordinary equity holders of the company	1,630	1,575

The rental agreements are 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. Robert John Branchi is a director of the Company, Orient Holdings Pty Ltd and Auto Management Pty Ltd.

Transactions of directors and director related entities concerning shares

Transactions relating to ordinary shares and subscriptions for new ordinary shares were on the same terms and conditions that applied to other shareholders.

Other transactions of directors and director related entities

Subsidiaries may, from time to time, sell motor vehicles, parts and servicing of motor vehicles for 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 directors or their director-related entities at arms length in the same circumstances.

Detailed remuneration disclosures in relation to key management personnel are provided in the Directors' Report under the heading 'Remuneration Report'.

29. Company Details

The registered office and principal place of business of AHG is 21 Old Aberdeen Place, West Perth, Western Australia 6005.

30. Key management personnel

Key management personnel compensation

	Consolidated	
	2010 \$'000	2009 \$'000
Short-term employee benefits	5,736	4,274
Share-based payments (vested)	350	(17)
Share-based payments (accrued)	456	-
Post-employment benefits	326	477
	6,867	4,734

Refer to note 31 for further details on share-based payments scheme with key management personnel.

Equity instrument disclosures relating to key management personnel

The number of shares in the company held during the financial year by each director of Automotive Holdings Group Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2010		Balance at start of Year	Changes during the year	Balance at the end of the year
Directors	Beneficial Owners			
Robert John Branchi	Auto Management Pty Ltd as trustee for The Branchi Family Trust	17,641,591	12,500 ²	17,654,091
Bronte McGregor Howson	Croystone Nominees Pty Ltd as trustee for BBK Unit Trust	5,000,000	Nil	5,000,000
	BM Howson	547,276	25,000 ²	572,276
	BM & CC Howson	94,000	Nil	94,000
Hamish Calder Williams	Hamish Calder Williams	99,752	12,500 ²	112,252
Gregory Joseph Wall	GJ Wall	20,000	12,500 ²	32,500
Peter William Stancliffe	PW Stancliffe	21,725	12,500 ²	34,225
Giovanni Groppoli	Magix Communications Pty Ltd	30,825	12,500 ²	43,325
David Charles Griffiths	Mrs JM Griffiths, Miss JM Griffiths & Mr TD Griffiths atf Lake Avenue Trust	30,000	12,500 ²	42,500
Michael John Smith ¹	RP Smith	Nil	11,150	11,150
Other Key Management Personnel				
Eugene Kavanagh	E & M Kavanagh	2,374	Nil	2,374
Christopher Bevan Marwick	CB Marwick	901,985	12,500 ²	914,485
John Bernard Moroney	J&H Moroney Family Holdings Pty Ltd	30,719	12,500 ²	43,219
Ronald Michael Nuich		Nil	Nil	Nil
Susan Dianna Symmons	Shucked Investments Pty Ltd	40,000	8,000 ²	48,000
Gus Brian Kininmont		Nil	Nil	Nil

¹ Appointed Director on 6 May 2010

² Acquired under the Share Purchase Plan

30. Key management personnel (continued)

Equity instrument disclosures relating to key management personnel (continued)

2009		Balance at start of Year	Changes during the year	Balance at the end of the year
Directors	Beneficial Owners			
Robert John Branchi	Auto Management Pty Ltd as trustee for The Branchi Family Trust	17,641,591	Nil	17,641,591
Bronte McGregor Howson	Croystone Nominees Pty Ltd as trustee for BBK Unit Trust	5,000,000	Nil	5,000,000
	BM Howson	547,276	Nil	547,276
	BM & CC Howson	50,000	44,000 ¹	94,000
Hamish Calder Williams	Hamish Calder Williams	99,752	Nil	99,752
Gregory Joseph Wall	GJ Wall	20,000	Nil	20,000
Peter William Stancliffe	PW Stancliffe	21,725	Nil	21,725
Giovanni Groppoli	Magix Communications Pty Ltd	30,825	Nil	30,825
David Charles Griffiths	Larksea Investments Pty. Ltd. atf Lake Avenue Trust	30,000	Nil	30,000

Other Key Management Personnel

Eugene Kavanagh	E & M Kavanagh	2,374	Nil	2,374
Christopher Bevan Marwick	CB Marwick	856,088	45,897 ²	901,985
John Bernard Moroney	J&H Moroney Family Holdings Pty Ltd	Nil	30,719 ¹	30,719
Ronald Michael Nuich		Nil	Nil	Nil
Susan Dianna Symmons	Shucked Investments Pty Ltd	20,000	20,000 ³	40,000

¹ On market purchase

² Issued under the Performance Rights Plan

³ Off market transfer

Loans to key management personnel

There were no loans to key management personnel (2009: nil).

Other transactions with key management personnel

Related party disclosures relating to key management personnel are set out in Note 28.

Aggregate amounts of each of the above types of other transactions with key management personnel of Automotive Holdings Group Limited:

30. Key management personnel (continued)

Other transactions with key management personnel (continued)

	Consolidated	
	2010 \$'000	2009 \$'000
Amounts recognised as distributions to shareholders		
Dividends paid	4,181	3,425
Amounts recognised as expense		
Rent of Premises	1,630	1,575

31. Share based payment plans

(i) AHG Performance Rights Plan

The AHG Performance Rights Plan (Plan), approved by shareholders on 29 November 2007, awards eligible senior executives of the Company as determined by the Board from time to time, with rights to acquire shares in the Company (Rights). The vesting of these Rights will be subject to certain specific performance criteria.

Summary of the terms of the Plan are as follows:

Type of Plan

Awards under the Plan will be structured as Rights to acquire ordinary shares in the Company for nil consideration, provided specified performance criteria decided by the Board are met within defined time restrictions.

The Plan rules allow participation by any executive director of the Company and other senior executives of the Company deemed to be eligible by the Board.

Awards under the Plan will be expressed as a number of Rights to acquire a certain number of ordinary shares in the Company (generally one share for every Right).

Purchase Price

Plan participants will not be required to pay any amount in respect of the award of the Rights or on acquisition of the shares pursuant to the exercise of Rights.

Number of Rights to be Issued

The Board will determine the number of Rights to be granted to each participant through an assessment of market remuneration practice, performance against budget and in line with the Company's executive remuneration strategy. The number of Rights to be awarded to eligible executives is based on the 5 day volume weighted average share price. The Board will call on recommendations from the Remuneration & Nomination Committee.

31. Share based payment plans (continued)

(i) AHG Performance Rights Plan (continued)

Vesting

Subject to certain performance criteria being satisfied (see below) Rights will vest on 30 September each year (after the finalisation of the Company's yearly audited financial statements) during the applicable performance period.

In the normal course, the exact number of Rights that will vest will be determined by reference to whether the performance criteria have been achieved. No Rights were issued during the year however Rights from previous years have been linked to TSR for executive directors and performance against budget for eligible operations executives.

Rights linked to Total TSR that remain unvested when the performance criteria are first tested will be carried forward for re-testing on 30 September in the two following performance periods, after which they will immediately lapse. Rights linked to performance against budget lapse immediately if the performance criteria are not met for that particular year.

The Board has retained discretion under the Plan to permit variations to the terms on which Rights are issued (including to permit early vesting of the Rights) in some limited circumstances, particularly where a "cessation event" or "change of control" event occurs. "Cessation events" include (among other things) the death, retirement or redundancy of a participant. "Control" has the meaning given to it in section 50AA of the *Corporations Act 2001*.

Performance Criteria

Performance criteria will be designed to align the performance of senior executives with the interests of shareholders. While performance hurdles will be determined by the Board at its discretion, TSR has been used as a measure of performance for executive directors and achievement to budget for operations executives.

TSR will be determined on the basis of the total shareholder return (including dividends) during the relevant performance period.

As mentioned above, no Rights were issued for the year ended 30 June 2010 however of the 206,993 Rights that were issued in 2007, 155,410 vested in this financial year following performance criteria being met for the period 1 July 2007 to 30 June 2010. The balance of Rights (51,583) lapse.

TSR Schedule

The percentage of TSR Rights that will be exercisable will be calculated by reference to the Company's TSR as follows:

Company's TSR relative to Reference Group comprising of the ASX 300 companies (excluding resources and financial institutions)	Percentage of Rights that are exercisable
< 51 st percentile	0%
≥ 51 st percentile but ≤ 75 th percentile	50% (plus a pro rata increase of 2% for each higher percentile ranking up to the 75 th percentile)
≥ 75 th percentile	100%

31. Share based payment plans (continued)

(i) AHG Performance Rights Plan (continued)

Cap

The aggregate number of shares subject to outstanding Rights (that is, Rights that have not yet been exercised and that have not lapsed) that have been awarded under all of the Company's equity incentive plans will not exceed 5% of the issued share capital.

In accordance with the AHG Performance Rights Plan, the following eligible persons have the right to receive the following shares. Due to the Trustee being required to purchase shares to meet the AHG Performance Rights Plan obligations, the following is a summary of the cost of the shares at 30 June 2010;

AHG Performance Rights Plan		BM Howson		HC Williams		CB Marwick		Total	
		2010 Share Rights	2009 Share Rights	2010 Share Rights	2009 Share Rights	2010 Share Rights	2009 Share Rights	2010 Share Rights	2009 Share Rights
Number of shares	Price	138,142	-	17,268	-	-	-	155,410	-
		\$	\$	\$	\$	\$	\$	\$	\$
Shares purchased to 30 June 2010	\$ 2.25	206,992	-	25,875	-	-	-	232,867	-
Shares to be purchased at 30 June 2010	\$ 2.25	103,828	-	12,979	-	-	-	116,807	-
Amounts payable for unsatisfied dividend rights		-	-	-	-		11,310	-	11,310
Change in value between 30 June 2008 and when shares received by executive		-	-	-	-		(28,487)	-	(28,487)
Total		310,820	-	38,854	-	-	(17,177)	349,674	(17,177)

(ii) AHG Tax Exempt Share Plan

AHG has also introduced a tax exempt share plan that provides eligible employees with more than 3 years service with an opportunity to share in the growth in value of AHG shares and to encourage them to improve the performance of the Group and its return to shareholders by the issue of \$1,000 of shares which are purchased by the employee by way of salary sacrifice.

The number of shares to be purchased by eligible employees is based on the 5 day volume weighted average share price.

(iii) AHG Executive Share Plan

The AHG Executive Share Plan has been established but is not operational. Should the plan become operational, it will allow directors and certain senior executives the opportunity to salary sacrifice their fees, salary, commission or bonus to purchase AHG shares up to a maximum of \$50,000 at a value to be determined.

32. Commitments

Capital Commitments

Property, plant and equipment

Payable:

Within one year

Later than one year but not later than 5 years

Later than five years

Consolidated

2010

\$'000

9,978

-

-

9,978

Remuneration Commitments

Consolidated

2010

\$'000

2009

\$'000

1,000

500

-

-

Finance Lease Commitments

Finance Lease Commitments

Consolidated

2010

\$'000

2009

\$'000

6,911

8,366

12,818

19,739

13,613

11,499

33,342

39,604

(7,528)

(8,003)

25,813

31,601

Within one year

Later than one year but not later than 5 years

Later than five years

Total lease payments

Future finance charges

Lease liability

Representing lease liabilities:

Current

Non-current

5,180

6,513

20,633

25,088

25,813

31,601

32. Commitments (continued)

Hire Purchase Commitments

Hire Purchase Commitments

Consolidated	
2010 \$'000	2009 \$'000
Within one year	1,243
Later than one year but not later than 5 years	4,090
Later than five years	-
Total Lease Payments	5,333
Future finance charges	(904)
HP liability	4,429
Representing HP liabilities:	
Current	934
Non-current	3,495
	4,429

Operating Lease Commitments

Consolidated	
2010 \$'000	2009 \$'000
Within one year	52,418
Later than one year but not later than 5 years	175,436
Later than five years	133,886
	361,740

33. Contingencies

A liability exists for after sales service and finance rebates but the amount can not be quantified. In the opinion of the directors the amount is not material to the financial statements.

At 30 June 2010, trusts within the Group had entered into sale and buyback agreements for a number of vehicles. At this date the directors of the trustee companies are of the opinion that the repurchase price of these vehicles, net of the relevant provision at 30 June 2010, is below their expected selling price.

Deed of Cross Guarantee

Unless separately detailed below, Automotive Holdings Group Limited (the parent entity) has entered into a Deed of Cross Guarantee with each of its eligible wholly-owned Australian subsidiaries (the Closed Group), under which each member of the Closed Group guarantees the debts of other members of the Closed Group.

Please see the table at note 28 (subsidiaries) which details the Group's corporate structure and in particular, those entities that are wholly-owned, those that are not and those that are small proprietary companies and eligible to form part of an Extended Closed Group, being excluded from the Closed Group due to their size.

During the year ended 30 June 2010, Highland Autos Pty Ltd was removed from the Deed of Cross Guarantee by Revocation Deed (contemplated by the Deed of Cross Guarantee).

Since 30 June 2010, but before finalising these accounts, the following subsidiaries were added to the Deed of Cross Guarantee by Assumption Deed (contemplated by the Deed of Cross Guarantee):

- Ferntree Gully Autos Pty Ltd;
- ACN 145 562 278 Pty Ltd; and
- AHG Services (Vic) Pty Ltd

The parent entity has determined that there is no material deficiency not disclosed elsewhere in this Report in any member of the Closed Group and therefore, there is no further liability that should be recognised in relation to these guarantees in the books of the parent.

34. Economic Dependency

The Group is dependent on various vehicle manufacturers for the supply of new vehicles and replacement parts and motorcycles for sale.

Various subsidiaries have dealer agreements with manufacturers. The dealer agreements are franchise agreements for the purpose of the Franchising Code of Conduct which confers on the parties certain rights and obligations in respect of termination, assignment and mediation that override any conflicting provisions in the dealer agreements.

Dealership agreements usually run for a fixed term, typically between 3 and 5 years, often with no automatic right of renewal. There is a risk that these arrangements may not be renewed which would have a detrimental effect on the future financial performance of the Group. The manufacturers and distributors usually include a termination clause which provides them with the ability to terminate the agreements on short notice. If a franchise is terminated, it would have a detrimental effect on the future financial performance of the Group.

35. Events after the balance date

- a) On 3 August 2010 the Company announced the acquisition, for approximately \$24.5 million, of a 43,000 square metre property in Sydney's Castle Hill area. The acquisition will be funded from AHG's cash reserves;
- b) On 10 September 2010 the Company announced that it had entered into a *Heads of Agreement* to acquire Graham Werner Toyota, a Toyota dealership located 30km from the Melbourne CBD at Ferntree Gully. The Company will pay approximately \$12 million to acquire the dealership and net assets. The acquisition will be funded from AHG's cash reserves;
- c) On 10 September 2010 the Company announced that it had been appointed official dealer, in Victoria, Western Australia and the Northern Territory, to sell and service the Higer range of buses and coaches; and
- d) The Chairman of the Group, Mr Robert Branchi, has announced his intention to retire at the conclusion of the 2010 Annual General Meeting. The Group's Deputy Chairman, Mr David Griffiths, will assume the position as Chairman from this time.

36. Auditors remuneration

During the year the following services were paid or payable to the auditor of the parent entity, its related practices and non related audit firms:

Audit Services

Fees paid or payable to BDO Audit (WA) Pty Ltd

Audit and review of financial reports and other audit work under the Corporations Act 2001

Consolidated

2010	2009
\$	\$
478,926	540,309
397,789	322,688
<u>876,715</u>	<u>862,997</u>

Fees paid or payable to affiliated offices of BDO Audit (WA) Pty Ltd

Audit and review of financial reports and other audit work under the Corporations Act 2001

Advisory Services

Fees paid or payable to BDO Audit (WA) Pty Ltd

Advice and provision of support services for AHG's internal Audit function

Provision of Training to AHG management in respect of AHG's Risk Management implementation

-	35,000
-	12,000

Fees paid or payable to affiliated offices of BDO Audit (WA) Pty Ltd

Provision of System Review services

Provision of Training to AHG management in respect of Executive Management Leadership

Provision of accounting assistance to New Zealand entities

14,637	-
10,000	-
20,105	-

Taxation Services

Fees paid or payable to BDO Tax (WA) Pty Ltd

Fees paid or payable to affiliated offices of BDO Tax (WA) Pty Ltd

631,895	450,255
29,895	-

Total of Non-Audit Services provided to the Group

<u>706,532</u>	<u>497,255</u>
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The directors of the company declare that:

1. The financial statements, comprising; the statement of comprehensive income; statement of financial position; statement of cash flows; statement of changes in equity; and accompanying notes, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) Give a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date.
2. The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. 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.
4. The remuneration disclosures included in the directors' report (as part of the audited remuneration report), for the year ended 30 June 2010, comply with section 300A of the *Corporations Act 2001*.
5. The directors have been given declarations by the chief executive officer and chief financial officer required by section 295A.

At the date of this declaration there are reasonable grounds to believe that the companies which are parties to the Deed of Cross Guarantee (see note 33 to the annual accounts) will, as the consolidated entity will, be able to meet any obligations or liabilities to which they are, or may become, subject to, by virtue of the Deed of Cross Guarantee.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



RJ Branchi

Director

Perth

23 September 2010

The Chief Executive Officer and Chief Financial Officer declare that in their opinion the:

- (a) Financial records of the Company have been properly maintained in accordance with CA 286;
- (b) Financial statements and notes to the financial statements for the financial year comply with the accounting standards;
- (c) Financial statements and notes to the financial statements for the financial year give a true and fair view; and
- (d) Any other matters that are prescribed by the regulations in relation to the financial statements and the notes for the financial year are satisfied.

This declaration is signed by the Chief Executive Officer and Chief Financial Officer:



BM Howson



RM Nuich

Perth

23 September 2010

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUTOMOTIVE HOLDINGS GROUP LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Automotive Holdings Group Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Auditor's Opinion

In our opinion:

- (a) the financial report of Automotive Holdings Group Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (a) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Automotive Holdings Group Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Glyn O'Brien', is written over a faint blue 'BDO' stamp.

Glyn O'Brien
Director

Perth, Western Australia
Dated this 23rd day of September 2010

The shareholder information set out below was applicable at 17 September 2010.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	No. of Shareholders
1 - 1000	445
1001 - 5000	710
5001 - 10000	395
10001 - 100000	644
100001 and over	92
	2,286

The number of holders holding a less than marketable parcel of ordinary shares based on the market price as at 17 September 2010 was 240 holders holding 6,070 shares.

B. Equity Security Holders

The names of the twenty largest holders of fully paid ordinary shares are listed below:

	Ordinary Shares	
	Number Held	% of Issued Shares
PFV Pty Ltd <<Wheatley Unit Account>>	35,545,282	15.69
Auto Management Pty Ltd <<Branchi Family Account>>	17,654,091	7.79
Zero Nominees Pty. Ltd.	16,115,400	7.12
Jove Management Pty Ltd <<Wheatley Family Account>>	16,013,124	7.07
JP Morgan Nominees Australia Limited	11,848,620	5.23
AC McGrath & Co Pty Ltd	10,638,765	4.70
National Nominees Pty. Ltd.	10,302,301	4.55
Citicorp Nominees Pty. Ltd.	8,606,762	3.80
Mr VC Wheatley and Ms JE Wheatley <<Pulo Road Super Fund>>	8,552,972	3.78
RBC Dexia Investor Services Australia Nominees Pty Ltd <<PIPooled Account>>	7,099,707	3.13
Jonwen Northside Pty. Ltd. <<The Zupp Asset Holding Account>>	5,620,068	2.48

Automotive Holdings Group Limited
Shareholder and Optionholder Information
30 June 2010

	Ordinary Shares	
	Number Held	% of Issued Shares
Croystone Nominees Pty Ltd <<BBK Unit Account>>	5,000,000	2.21
Cogent Nominees Pty. Ltd.	4,036,250	1.78
HSBC Custody Nominees (Australia) Limited	3,550,839	1.57
Argo Investments Limited	2,938,629	1.30
Jonwen Staff Super Nominees Pty. Ltd. <<Zupps Motors PL STF SF1Account>>	2,149,252	0.95
Creative Corporation Pty Ltd <<Leisk Investment Account>>	1,460,208	0.64
RBC Dexia Investor Services Australia Nominees Pty. Ltd. <<MLCI A/C>>	1,432,427	0.63
Wyllie Group Pty. Ltd.	1,391,905	0.61
Carawatha Holdings Pty. Ltd.	1,391,725	0.61
	171,348,327	75.65

C. Substantial holders

	Ordinary Shares	
	Number Held	% of Issued Shares
PFV Pty Ltd <<Wheatley Unit Account>>	35,545,282	15.69
Auto Management Pty Ltd <<Branchi Family Account>>	17,654,091	7.79
Zero Nominees Pty. Ltd.	16,115,400	7.12
Jove Management Pty Ltd <<Wheatley Family Account>>	16,013,124	7.07

D. Voting Rights

The voting rights attaching to the Ordinary shares are set out below:

- On a show of hands, each member has 1 vote;
- On a poll, each member has 1 vote for each share the member holds;
- The vote may be exercised in person or by proxy, body corporate, representative or attorney;
- If a share is held jointly and more than 1 member votes in respect of that share, only the vote of the member whose name appears first in the register counts.